

**CONDITIONS OF ELECTRICITY SERVICE
EFFECTIVE APRIL 1, 2014**

PART I – GENERAL PROVISIONS

Chapter 1 – FIELD OF APPLICATION

1.1 The provisions contained herein establish the conditions of electricity service by Hydro-Québec. However, the provisions of chapters 14, 15, 16 and 17 of these Conditions of Service apply only to low voltage service and medium voltage service where the maximum current does not exceed 260 A at three-phase voltage.

1.2 The provisions of these Conditions of Service do not apply to the service of electricity exceeding 1,000 kVA from an off-grid system.

Chapter 2 – INFORMATION

2.1 Hydro-Québec informs its customers of these Conditions of Service.

2.2 When Hydro-Québec performs work whose cost billed to the applicant exceeds the “charge for establishing service” stipulated in the Electricity Rates for Hydro-Québec’s regular working hours, Hydro-Québec conveys the following information to him

(1) all useful information pertaining to the timetable and nature of the work and the technical requirements applicable to work to be performed by the applicant at Hydro-Québec’s request;

(2) the cost of work and the charges related to electricity service that will be billed as provided in the Electricity Rates, and the terms of payment;

(3) the estimated cost of work whose value will, on completion of the work, be revised according to the actual cost incurred.

2.3 The Distributor may carry out promotional activities with respect to any of the conditions set forth in chapters 5 and 11 of these Conditions of Service. Such promotional activities must be temporary and may apply to all customers or to various groups of customers so as to reducing the charges they must pay under Chapter 12 of the Electricity Rates.

The Distributor shall report on such promotional activities to the Régie de l’énergie, as instructed by the Régie.

Chapter 3 – DEFINITIONS AND INTERPRETATION

3.1 In these Conditions of Service, the following terms and expressions have the meanings hereinafter described

allowed amount:

amount that Hydro-Québec determines at the date of signature of a contribution agreement and grants for an extension or modification to be made to the power line, excluding the distribution service loop, further to a request for supply;

annex:

any civil work attached to or incorporated into a building by means of a common wall, so that it constitutes a separate building designed for the installation of a distribution substation;

applicant:

any owner or any person authorized or mandated by an owner, whether or not holding a contract, who applies for electricity service or requests that work related to such service be performed;

available power:

the amount of power which the customer may not exceed for a given contract without the authorization of Hydro-Québec;

base:

any structure designed to support electrical apparatus;

building:

any structure not in contact with any other structure or, if in contact with any other structure, separated from such structure by a complete fire-resistant wall and where its openings are protected by fire-resistant doors that have been approved in accordance with the *National Building Code of Canada*, reproduced in the *Regulation respecting the application of a Building Code — 1990*, ((1993) 125 G.O. II, 5713) in force at the time;

civil work:

all civil engineering work required to complete a project, such as the digging of trenches, the laying of ducts that are not encased in concrete and are placed directly in the ground in a trench, the construction of concrete-encased duct banks, the compacting of backfill materials and the erecting of structures;

commercial activity:

all actions involved in the marketing or sale of products or services;

connection point:

the point where the electrical installation is connected to Hydro-Québec's system. When there is a distribution service loop, the connection point is the point where the customer's service entrance and the distribution service loop meet;

consumption period:

a period during which electricity is delivered to the customer and which extends between the two dates used by Hydro-Québec for calculation of the bill;

contract:

an agreement entered into between a customer and Hydro-Québec for service and delivery of electricity;

contribution agreement:

agreement signed by the applicant and Hydro-Québec including in particular a description of the work to be performed, the cost of the work and, if applicable, the allowed amount;

customer:

an individual, body corporate, partnership or agency holding one or more contracts;

customer's service entrance:

part of the electrical installation of the property to be supplied, from the connection point to the service box or the customer substation;

customer substation:

transforming station that does not belong to Hydro-Québec and that is used to supply electricity to the electrical equipment of the property to be supplied;

delivery of electricity:

the application and maintaining of voltage at the delivery point, whether or not electricity is consumed;

delivery point:

point at which Hydro-Québec delivers electricity and from which the customer may use such electricity, located immediately on the load side of Hydro-Québec's

metering equipment. In cases where Hydro-Québec does not install metering equipment, or where it is on the line side of the connection point, the delivery point is the connection point;

distribution service loop:

any portion of a power line, not located along a public highway, but located between a supply point and a connection point and meeting one of the following conditions

- (1) supplies only one connection point;
- (2) supplies multiple connection points located on the same plot of land;
- (3) supplies multiple connection points located on contiguous plots of land belonging to the same individual or body corporate;

distribution substation:

transforming station of Hydro-Québec, of which only the civil works do not belong to Hydro-Québec, erected on the property to be supplied and which supplies electricity at low voltage to a service box with a rating of more than 600 A;

domestic rate:

a rate at which the electricity delivered for domestic use is billed under the conditions set forth in the Electricity Rates;

domestic use:

the use of electricity exclusively for habitation in a dwelling;

dual-energy system:

any system serving to heat water or space, or any other heating process, that uses electricity and a fuel as sources of energy;

dwelling:

private living quarters equipped with lodging and eating facilities, including in particular a kitchen or kitchenette, along with a private entrance and a complete sanitary facility, in which the occupants have free access to all rooms. A complete sanitary facility consists of a sink, a toilet and a bath or shower;

electrical installation:

any customer substation and any electrical equipment to which Hydro-Québec supplies or is to supply electricity, on the load side of the connection point. The electrical installation includes the customer's service entrance;

Electricity Rates:

“Distribution Tariff” approved by the Régie de l’énergie;

electricity service:

the application and maintaining of voltage at the connection point at a frequency of approximately 60 hertz;

farm:

land, buildings and equipment used to raise crops or livestock, excluding any dwelling or any facility used for commercial activity or industrial activity;

flat-rate sale:

the sale of electricity at a fixed rate, when the consumption of energy is not metered;

highway accessible by flatbed trailer:

any highway maintained by an individual or an organization and accessible to road vehicles and heavy vehicles, within the meaning of section 4 of the *Highway Safety Code* (R.S.Q., c. C-24.2);

industrial activity:

all actions involved in the manufacture, assembly or processing of merchandise or food products, or the extraction of raw materials;

metering equipment:

current transformer, voltage transformer, meter, indicator, auxiliary recording device, auxiliary control unit, terminal testing box, cabling, communication links and any other device belonging to and used by Hydro-Québec for metering electricity;

month:

the period between a date in one calendar month and the corresponding date of the following month;

municipal water supply or sanitary sewer system:

system owned by a municipality and supplying more than 100 properties;

new generation meter:

a radio-frequency meter using bi-directional communication to interact with an advanced metering infrastructure to, in particular, collect, measure and analyze

electricity consumption data.

off-grid system:

a system for the generation and distribution of electricity, independent of the bulk system;

outbuilding:

all premises appurtenant to a building;

payment agreement:

an agreement providing for the amounts owed to be paid in accordance with terms and conditions other than those appearing in Section 11.6. A payment agreement must make provision for payment of the indebtedness and cost of anticipated consumption for the duration of the agreement;

power:

- (1) small power: a demand that is billed only if it exceeds 50kW;
- (2) medium power: a minimum billing demand of less than 5,000 kW;
- (3) large power: a minimum billing demand of 5,000 kW or more;

power line:

all the supports, conductors, civil works and electrical equipments required for the distribution of electricity at medium and low voltage, up to the connection point. The power line includes the distribution service loop, if any;

public highway:

any public highway within the meaning of section 4 of the *Highway Safety Code* (R.S.Q., c. C-24.2) and, under the following conditions, any private roadway, whose maintenance may be the responsibility of an individual, body corporate, partnership or agency:

- (1) the roadway must be open to public vehicular traffic;
- (2) the roadway must be accessible by flatbed trailer year-round;
- (3) the line extension work to be done must allow for the supply of power to more than one property;

rated current:

the electrical current indicated on the service box;

reference offer:

proposal made to the applicant for the supply of electricity to an electrical installation, whose content is determined by Hydro-Québec;

service box:

an assembly consisting of a metal box or cabinet constructed so that it may be locked or sealed, containing either service fuses and a service switch or a circuit breaker, and of such design that the switch or circuit breaker may be manually operated when the box is closed;

short-term contract:

any short-term contract within the meaning of the Electricity Rates;

steady state voltage:

effective value of the voltage evaluated over a 10-minute time integration interval;

supply point:

point on a power line at which the distribution service loop begins. If there is no distribution service loop, the supply point is the connection point;

technical requirement:

anything needed to make the customer's electrical installation compatible with Hydro-Québec's system, or any other requirement related to the installation and operation of Hydro-Québec's system;

temporary supply:

supply of electricity to an electrical installation whose operation in a given place is of limited duration, such as a building site, a dredging site and a traveling circus. Dwellings and trailers not installed on permanent foundations are included;

voltage:

- (1) low voltage: nominal phase-to-phase voltage not exceeding 750 V;
- (2) medium voltage: nominal phase-to-phase voltage of more than 750 V, but less than 44,000 V. The term 25 kV means three-phase voltage of 14.4/24.94 kV, grounded wye;
- (3) high voltage: nominal phase-to-phase voltage of 44,000 V or more;

winter period:

the period from December 1 through March 31 of the next year.

3.2 For purposes of application of these Conditions of Service

- (1) rated current is expressed in amperes (A);
- (2) voltage is expressed in volts (V) or in kilovolts (kV);
- (3) power is expressed in watts (W) or in kilowatts (kW);
- (4) apparent power is expressed in voltamperes (VA), in kilovoltamperes (kVA) or in megavoltamperes (MVA);
- (5) energy is expressed in watthours (Wh) or in kilowatthours (kWh).

Chapter 4 – LIABILITY

4.1 Hydro-Québec guarantees neither the maintaining of voltage and frequency at a stable level nor the continuity of service and delivery of electricity.

Hydro-Québec may not be held liable for any material damage resulting from one or more voltage or frequency variations or losses, service interruptions carried out in compliance with these Conditions of Service or failure to deliver electricity, except in the case of intentional or gross fault.

Hydro-Québec shall not be held liable for damage resulting from a steady state supply voltage not exceeding the following limits

- (1) if the electricity is supplied at low or medium voltage: as provided in the standard specified in Section 14.1;
- (2) if the electricity is supplied at high voltage: a difference of up to 10 % above or below the nominal supply voltage.

4.2 The customer acts as custodian of Hydro-Québec's equipment installed on the property supplied, with the exception of poles and overhead conductors, except where such equipment is located in a place that is under the control of a third party.

4.3 The following do not constitute and must not be interpreted as constituting an evaluation or a guarantee by Hydro-Québec of the functional value, efficiency or safety of the installations supplying the customer, including the electrical installation and protective devices, nor of their compliance with any applicable legislative or regulatory provision

- (1) any contract entered into under these Conditions of Service;
- (2) any agreement entered into under these Conditions of Service;
- (3) any installation effected by Hydro-Québec;
- (4) any connection between the system and the electrical installation;
- (5) any authorization given by Hydro-Québec;
- (6) any inspection or verification effected by Hydro-Québec;
- (7) the service and delivery of electricity by Hydro-Québec.

When the customer does not use electricity in accordance with Sections 18.8 and 18.16, he is liable for any damage caused to other customers or to Hydro-Québec.

PART II – ELECTRICITY SERVICE CONTRACT

Chapter 5 – REQUEST FOR ELECTRICITY SERVICE

5.1 Subject to Section 5.3, a request for electricity service must be made to Hydro-Québec in writing by the prospective contractholder or the latter's duly authorized representative.

5.2 Where the requestor has been a customer of Hydro-Québec during the five (5) years preceding the date of the request for electricity service, or where, at the time of his request, he supplies a bill attesting that he has been a customer of a municipal or cooperative electricity distribution system in Québec during the five (5) years preceding the date of the request for electricity service, the "file administration charges" stipulated in the Electricity Rates must be paid.

Where the requestor has not been a customer of Hydro-Québec during the five (5) years preceding the date of the request for electricity service, or where he has not been a customer of a municipal or cooperative electricity distribution system in Québec during the five (5) years preceding the date of the request for electricity service, the "new file charges" stipulated in the Electricity Rates must be paid.

5.3 A request for electricity service at single-phase voltage, 120/240 V, may be made orally for

- (1) an electrical installation with a rated current of 400 A or less intended for domestic use;
- (2) an electrical installation with a rated current of 200 A or less intended for non-domestic use.

5.4 All requests must contain the information listed in Schedule I.

5.5 The contract is entered into upon Hydro-Québec's granting the requestor its consent to the conditions under which electricity service will be supplied and delivered, and, if need be, the limit of available power and the technical specifications of the installations required.

The contract is concluded in writing where required by the requestor or Hydro-Québec.

5.6 Hydro-Québec confirms to each customer in writing the principal specifications of the contract that he holds.

Chapter 6 – OBLIGATIONS OF THE CUSTOMER

6.1 The holder of a contract is a customer of Hydro-Québec and must fulfill the obligations set out in these Conditions of Service and in the Electricity Rates.

A customer of Hydro-Québec may hold one or more contracts.

Where multiple customers hold a single contract, each of them is responsible for the payment in full of the electricity bill.

6.2 The customer must notify Hydro-Québec immediately upon becoming aware of any error appearing in

(1) the confirmation of the specifications of the customer's contract referred to in Section 5.6; or

(2) any contract, including any modifications thereto; or

(3) the electricity bills issued by Hydro-Québec.

The customer must also notify Hydro-Québec immediately of any change to the specifications of his contract made while the contract is in effect.

6.3 The customer remains responsible to Hydro-Québec for electricity covered by the contract as long as the contract has not been terminated.

Notwithstanding Section 7.1, a contract may not be terminated where a customer owing amounts to Hydro-Québec continues to use electricity service at the same address as the one for which termination is requested.

6.4 Every delivery point is covered by a separate contract, except when

(1) on February 1, 1984, the electricity delivered for a dwelling was covered by a single contract although it was metered by more than one unit of metering equipment, if this situation still prevails on or after April 1, 2008, as long as the customer's electrical installation is not modified;

(2) the electricity delivered to the customer can also be delivered to a delivery point located on a backup line;

(3) the electricity is delivered to the customer by more than one line because of the limited capacity of Hydro-Québec's power lines;

(4) the electricity is sold at a flat rate or for purposes of public or Sentinel lighting defined in the Electricity Rates.

6.5 A customer wishing to modify a contract must make a new request. Where the new request complies with the Conditions of Service, a new contract replaces the one in effect.

6.6 Where there is no contract, the occupant, tenant, administrator or owner of a dwelling or a building who may use or uses electricity without holding a contract is considered to have the obligations of a contractholder in accordance with Section 6.1.

This Section must not be interpreted as authorizing anyone using electricity in a given place as occupant, tenant, administrator or owner to do so without concluding a contract.

6.7 Following termination of a contract by a tenant or where it is determined that premises are vacant, Hydro-Québec sends a written notice to the owner asking him to communicate his intentions regarding the maintaining of electricity service.

An owner who agrees to become the holder of a contract for a dwelling or premises left vacant is exempted from the payment of the charges stipulated in Section 5.2.

Refusal to assume responsibility for the consumption of premises left vacant is equivalent to a request for termination of delivery of electricity, which is covered by Section 6.8 once the contract in effect has been terminated in accordance with Section 7.1.

The owner must give Hydro-Québec written notice of such refusal.

An owner who fails to communicate his intentions regarding the maintaining of electricity service within seven (7) clear days from the time the notice is sent is considered to have the obligations of a contractholder in accordance with Section 6.1 once the contract in effect has been terminated in accordance with Section 7.1.

6.8 Notwithstanding any agreement to the contrary between the landlord and the tenant and subject to Sections 12.3 and 12.9, only the owner of a building may request the delivery or the termination of delivery of electricity. When a request is made for delivery of electricity following a termination, the owner must pay the “charge for establishing service” stipulated in the Electricity Rates.

If the owner is not a customer of Hydro-Québec for the building covered by the request, termination of delivery of electricity may be requested by the owner only after the contract is terminated by the tenant.

Chapter 7 – TERM OF THE CONTRACT

7.1 The contract begins on the date stipulated for the commencement of the delivery of electricity, and where delivery begins earlier, on the effective date of the commencement of delivery.

Subject to the categories of use stipulated in Subparagraphs 1 to 4 of the third paragraph

(1) a contract for domestic use is entered into for an initial term of at least one week and continues until either the customer or Hydro-Québec terminates it by giving at least seven (7) clear days' notice to this effect;

(2) a contract for non-domestic use is entered into for an initial term of at least one year and continues for the term agreed upon between the customer and Hydro-Québec, or, where no such term has been agreed upon, from month to month until the customer or Hydro-Québec terminates it by giving at least 30 clear days' notice in writing to this effect prior to the end of the term.

For the following categories of use

(1) a short-term contract is entered into for an initial term of at least one month and continues until the customer or Hydro-Québec terminates it by giving at least 30 clear days' notice in writing to this effect;

(2) a contract for temporary service continues on a day-to-day basis until the customer terminates it by giving Hydro-Québec at least one clear day's notice to this effect;

(3) a contract for complete public lighting service defined in the Electricity Rates is entered into for an initial term of at least one year and continues for the term agreed upon by the customer and Hydro-Québec or, where no such term has been agreed upon, from year to year until the customer or Hydro-Québec terminates it by giving at least 30 clear days' notice in writing to this effect prior to the end of the term;

(4) a contract for general public lighting service defined in the Electricity Rates is entered into for an initial term of at least one month, where the contract comprises only electricity service, and for an initial term of at least one year in

other cases. It continues until the customer or Hydro-Québec terminates it by giving at least 30 clear days' notice in writing to this effect prior to the end of the term.

Chapter 8 – USE OF ELECTRICITY

8.1 The customer provides Hydro-Québec with information respecting the use to which electricity is put and the technical specifications of the electrical installations of the property supplied, as required for the management or safety of the system. He then must notify Hydro-Québec immediately of any change in the information supplied.

8.2 Reselling, renting, lending, exchanging or giving away electricity supplied or delivered by Hydro-Québec is prohibited, except where an entity doing so is operating an undertaking engaged in the distribution of electricity within the meaning of the *Act respecting municipal and private electric power systems* (R.S.Q., c. S-41).

This Section may not be interpreted as prohibiting the rental of any premises or building for a rent that includes the cost of electricity.

Chapter 9 – DEPOSITS AND GUARANTEES OF PAYMENT

9.1 For a contract for domestic use and subject to section 20 of the *Act respecting the mode of payment for electric and gas service in certain buildings* (R.S.Q., c. M-37), Hydro-Québec may require a cash deposit or a guarantee of payment from a customer who, in the 24 months preceding the request for deposit or guarantee, has availed himself of the provisions of the *Bankruptcy and Insolvency Act* (R.S.C. 1985, c. B-3) or received an overdue notice stipulated in Section 12.5 advising him of the possibility of an interruption of service.

9.2 For any new contract for non-domestic use, a cash deposit or a guarantee may be required, except in the following cases

(1) a contract of a customer who does not constitute a risk following an evaluation conducted by Hydro-Québec based on generally recognized criteria, including but not limited to: number of years in business, experience of the managers, payment history, business sector;

(2) a contract of a public agency covered by Schedule II;

(3) a contract of a financial institution covered by Schedule II;

(4) a contract for a building covered by the *Act respecting the mode of payment for electric and gas service in certain buildings*;

(5) a contract relating to flat-rate sale of electricity where there is low electricity consumption, such as telephone booths and cable television equipment directly connected to Hydro-Québec's system;

(6) a contract where a request for a modification affects only the customer's address for service;

(7) the contract of a customer who, in the 24 months preceding the request, has paid by the due date the electricity bills for his other contracts for non-domestic use;

(8) the contract of a customer who is an individual and who, in the 24 months preceding the request, has paid by the due date the electricity bills for his other contracts, provided there is no billing of power for the new contract.

Hydro-Québec may also require a cash deposit or a guarantee of payment from a customer in the following cases:

(1) if, in the 24 months preceding the date of his last bill, the customer failed at least once to pay his electricity bill by the due date.

(2) when the amount billed for 12 consecutive months within the last 24 months exceeds \$500,000 for all of the customer's contracts for non-domestic use, if these contracts are risky or high-risk as defined in Schedule VII. The customer shall provide Hydro-Québec with the financial information required for the risk analysis within 30 business days after the written request is sent. Sections 11.11 and 11.13 apply in such a case, subject to the necessary adjustments. If the customer does not comply with this requirement, all the customer's service contracts are deemed to be high-risk.

Any cash deposit or guarantee of payment required while a contract is in effect must be given within eight (8) clear days of the date Hydro-Québec's written request was sent.

9.3 Any deposit or guarantee under Sections 9.1 and 9.2 may not exceed a sum equal to the highest estimated billing for power and energy, including all taxes, for two (2) consecutive months within the 12-month period following the date on which the amount of the deposit or guarantee is established.

9.4 Any cash deposit bears interest, for the 12 months following April 1 in a given year, at the "rate applicable to deposits" specified in the Electricity Rates.

Interest is calculated as at March 31 of every year and is payable prior to June 1 of that year; where the deposit is refunded, interest is calculated until the date of the refund and is payable on that date.

9.5 Hydro-Québec applies all or part of the deposit and accrued interest or the guarantee to the balance due in the customer's overdue account in the following cases

- (1) the contract covered by the deposit or the guarantee is terminated;
- (2) the delivery of electricity is interrupted under Subparagraph 1 of the second paragraph of Section 12.3 for the contract covered by the deposit or the guarantee.

Any balance of the deposit or guarantee not used is then returned to the customer.

9.6 A customer whose contract is for domestic use and who has made a cash deposit or supplied a guarantee of payment is entitled to the refund of the deposit or the return of the guarantee upon the expiry of the 24 months following the payment of the deposit or the supplying of the guarantee except where, during the said period, he failed more than once to pay his electricity bill by the due date. In such a case, the deposit or guarantee may be retained for an additional 24-month period.

9.7 A customer whose contract is for non-domestic use and who has made a cash deposit or supplied a guarantee of payment is entitled to the refund of the deposit or the return of the guarantee upon the expiry of the retention period established by Hydro-Québec not to exceed 48 months except where, during the last 24 months, he failed at least once to pay his electricity bill by the due date or if the contract is still considered risky or high-risk as defined in Schedule VII. In such cases, the deposit or guarantee may be retained for an additional period established by Hydro-Québec not to exceed 48 months.

9.8 For any contract, the deposit is refunded or the guarantee is returned within 60 days of expiry of the applicable time limit provided in Section 9.6 or 9.7.

Hydro-Québec refunds the deposit and accrued interest, either by crediting them to the customer's account, or by sending them to him directly, at the customer's discretion.

Chapter 10 – METERING OF ELECTRICITY

10.1 Electricity delivered to a customer is metered by metering equipment supplied and installed by Hydro-Québec.

Any equipment or apparatus other than Hydro-Québec's metering equipment is supplied and installed by the customer at his expense.

When electricity is metered at low voltage, the applicant must install Hydro-Québec's current transformers and connect their primary voltage winding when they must be installed in a shielded substation.

When electricity is metered at medium voltage or at high voltage, the applicant must install Hydro-Québec's voltage and current transformers and connect their primary voltage winding.

10.2 Subject to the Electricity Rates, electricity delivered is metered separately for each delivery point on the property supplied, except where

- (1) the electricity is sold at a flat rate;
- (2) the electricity service is provided for the purpose of public lighting and Sentinel lighting defined in the Electricity Rates;
- (3) on April 15, 1987, the electricity was metered by a single unit of metering equipment and that is still the case on and after April 1, 2008, although it is delivered to multiple delivery points on the property supplied, as long as the customer's service entrance is not modified.

10.3 Even where there are multiple units of metering equipment in a building, Hydro-Québec must be able to effect an overall metering of electricity delivered throughout, or in a portion of, the building, for the purpose of analysing electricity consumption.

10.4 The customer can opt for a meter determined by Hydro-Québec that has no radio-frequency emission. In such a case, the customer must submit a written request to Hydro-Québec and pay the "initial installation charge" and the "monthly meter reading charge" stipulated in the Electricity Rates for each service contract. Such a request can be made at any time.

When Hydro-Québec plans to replace the meters in a given region by new generation meters, it sends the customer a written notice to that effect at least 30 days before the replacement date. If the customer submits its request within 30

days of this notice, he is eligible for the “installation credit” stipulated in the Electricity Rates. Besides, a customer is not required to pay the “initial installation charge” if a meter without radio-frequency emission installed by Hydro Québec under the present Section is already in place at the time the request is submitted.

Hydro-Québec maintains the metering without radio-frequency thus installed on the premises until the termination of the customer’s service contract. However, the customer can request that a new generation meter be installed at any time, in which case no “monthly meter reading charge” will apply to the current consumption period.

The present Section is subject to the following prior conditions:

- (1) the customer must take the required steps and obtain the necessary authorizations for Hydro-Québec to access the property supplied for the reasons and under the conditions set forth in Section 13.1; and
- (2) the customer’s electrical installation must be single-phased and rated 200 A or less; and
- (3) in the 45 days preceding the customer’s request, no interruption of service notice has been sent to the customer pursuant to subparagraphs 1 to 4 of the second paragraph of Section 12.3 for which the customer has not remedied the situation in full or entered into a payment agreement with Hydro-Québec;

If service is interrupted by Hydro-Québec pursuant to subparagraphs 1 to 4 of the second paragraph of Section 12.3 for any of the client’s service contract, Hydro-Québec can proceed with the installation of a new generation meter without further notice for all delivery points. In such a case, the customer cannot submit a request under this Section within 24 months of the interruption of service. The “initial installation charge” will apply to any new request submitted under this Section.

Chapter 11 – BILLING AND PAYMENT

Division 1 – Billing procedures

11.1 Hydro-Québec reads the meters for billing purposes at one of the following frequencies

- (1) at least once a year for installations that are distant and difficult of access;

(2) about every 60 days and at least every 120 days, for contracts under which only electricity consumption is billed;

(3) about 30 days, for contracts under which power demand and electricity consumption are both billed.

11.2 In the case of a contract under which only energy is billed, Hydro-Québec sends the customer a bill at least once every 90 days. Hydro-Québec must have access to the meter in order for the said period to apply in regard to the initial bill.

If no bill is sent within the stipulated period, Hydro-Québec will accept payment of the balance owing in two (2) consecutive instalments according to the due date stipulated in Section 11.6. Hydro-Québec may also conclude a payment agreement with the customer.

Notwithstanding Section 11.1, when Hydro-Québec is unable to read the meters, it establishes bills based on an estimate of energy consumption or of power demand and energy consumption. It makes readjustments on a subsequent bill established after a meter reading.

Hydro-Québec also establishes the initial bill and the final bill based on an estimate of energy consumption or of power demand and energy consumption. If Hydro-Québec has not read the meter at the termination date of the contract, the customer may supply his own meter reading and Hydro-Québec establishes the bill accordingly.

11.3 Where only energy is billed, Hydro-Québec sends the customer a final bill within 60 days of the date the contract is terminated.

Where power and energy are billed, Hydro-Québec sends the customer a final bill within 30 days of the date the contract is terminated.

If no bill is sent within the stipulated period, Hydro-Québec will accept payment of the balance owing in two (2) consecutive instalments according to the due date stipulated in Section 11.6. Hydro-Québec may also conclude a payment agreement with the customer.

Hydro-Québec must have access to the meter and the customer must have duly notified Hydro-Québec of the termination date of his contract in order for the periods stipulated in this Section to apply.

11.4 In cases where electricity metered by Hydro-Québec's metering equipment or billed is not the electricity actually used, or in the absence of metering

equipment, Hydro-Québec establishes energy consumption and billing demand on the basis of one or more of the following elements

- (1) data from metering tests;
- (2) inventory of connected apparatus and an estimate of their average use;
- (3) values recorded during consumption periods immediately preceding or following the breakdown of metering equipment or during the same period of the preceding year;
- (4) any other means of establishing or estimating energy consumption or power demand.

In the case of an off-grid system whose electricity delivered to customers is not usually metered, Hydro-Québec may also establish the average consumption per contract within a given category of use.

11.5 In cases where electricity billed to the customer is not the electricity actually used or where there is some error in the bill, Hydro-Québec makes the appropriate corrections as follows

- (1) For a contract for domestic use or a contract for non-domestic use under which only energy is billed
 - (a) where the correction involves applying a debit to the customer's bill, Hydro-Québec claims from the customer the amount resulting from the application of the correction for all consumption periods affected, but not exceeding six (6) months;
 - (b) where the correction involves applying a credit to the customer's bill, Hydro-Québec refunds the customer
 - (i) in the case of a failure of the metering equipment, or of a discrepancy in the billing multiplier, the amount resulting from the application of the correction for all consumption periods affected;
 - (ii) in all other cases, the amount resulting from the application of the correction for all consumption periods affected, but not exceeding 36 months;
 - (iii) where the period is indeterminate, it is deemed to be six (6) months.

Notwithstanding Sub-subparagraph (1) (a) above, if it is established that the customer was aware of the failure or the error and did not notify Hydro-Québec in

accordance with Sections 6.2 and 8.1, Hydro-Québec claims the amount resulting from the application of the correction for all consumption periods affected.

(2) For a contract for non-domestic use under which power and energy are billed

(a) where the correction involves applying a debit to the customer's bill, Hydro-Québec claims from the customer

(i) in the case of a failure of the metering equipment, or of a discrepancy in the billing multiplier, the amount resulting from the application of the correction for all consumption periods affected, but not exceeding 36 months;

(ii) in all other cases, the amount resulting from the application of the correction for all consumption periods affected, but not exceeding 12 months.

Notwithstanding Sub-subparagraph (2) (a) above, if it is established that the customer was aware of the failure or the error and did not notify Hydro-Québec in accordance with Sections 6.2 and 8.1, Hydro-Québec claims the amount resulting from the application of the correction for all consumption periods affected.

(b) where the correction involves applying a credit to the customer's bill, Hydro-Québec refunds the customer

(i) in the case of a failure of the metering equipment, or of a discrepancy in the billing multiplier, the amount resulting from the application of the correction for all consumption periods affected;

(ii) in all other cases, the amount resulting from the application of the correction for all consumption periods affected, but not exceeding 36 months;

(iii) where the period is indeterminate, it is deemed to be six (6) months.

(3) Notwithstanding Sub-subparagraphs (1) (a) and (2) (a) above, where a customer changes the use to which electricity is put by the customer such that the rate category applicable to the customer under the Electricity Rates is modified and where the customer has not notified Hydro-Québec of such change in accordance with Sections 8.1 and 18.19, Hydro-Québec claims the amount resulting from the application of the correction for all consumption periods affected.

(4) Notwithstanding Subparagraphs (1) and (2) above, in cases involving crossed meters

(a) where the correction involves applying a debit to the bill of one customer and a credit to the bill of another customer, Hydro-Québec makes the appropriate corrections, claiming from or refunding the customer, as the case may be, the amount resulting from the application of the correction for all consumption periods affected, but not exceeding 36 months;

(b) where the period is indeterminate, it is deemed to be six (6) months;

(c) the provisions of Subparagraph (4) apply where two (2) or more meters are affected by a correction, with the necessary adjustments being made.

(5) When Hydro-Québec determines that the electrical installation or metering equipment has been manipulated in such a way as to falsify the metering of the electricity, or when the metering of electricity is impeded, Hydro-Québec claims the amount resulting from the application of the correction for all consumption periods affected.

(6) The following are excluded from the bill correction provisions

(a) corrections to bill estimates established in accordance with Section 11.2;

(b) revision of equalized payments plans established in accordance with Section 11.9;

(c) the consumption of electricity contemplated in Section 6.6;

(d) errors caused by wilful damage to Hydro-Québec's equipment;

(e) contracts billed according to a flat rate under the Electricity Rates.

(7) In all cases where Hydro-Québec refunds an amount to a customer, interest is calculated on the amount refunded at the prime rate of the National Bank of Canada in effect on the first business day of the month in which the amount is refunded. This provision does not apply in the case of a correction made in accordance with Subparagraph 4 above.

(8) All periods contemplated in this Section are determined starting from the date of Hydro-Québec's notice informing the customer of the discovery of the irregularity. If the irregularity was reported by the customer, the periods contemplated in this Section are determined starting from the date of the customer's notice informing Hydro-Québec of the discovery of the irregularity.

(9) Where the correction involves applying a debit to the customer's bill, Hydro-Québec agrees, at the customer's request, that the amount resulting from the application of the correction may be paid in two consecutive instalments following the due date referred to in Section 11.6. Hydro-Québec may also come to a payment agreement with the customer.

Division 2 – Payment procedures

11.6 All bills must be paid in Canadian dollars, within 21 days of the billing date. If the twenty-first day is a day when Hydro-Québec's customer service department is closed, the due date is deferred to the next following business day. Failure to pay by the due date results in administration charges applied to the unpaid balance at the rate applicable at the billing date, calculated in accordance with the "administration charges applicable to billing by Hydro-Québec" as established in the Electricity Rates.

If Hydro-Québec is advised by a financial institution that payment cannot be made because of insufficient funds, the "charge for insufficient funds" as established in the Electricity Rates is applied.

11.7 The customer may pay its bill by mail or to any authorized agent of Hydro-Québec listed in Schedule IV.

11.8 The customer may not deduct from his bill an amount due to him from Hydro-Québec or a direct claim or counter-claim which he has, or claims to have, against Hydro-Québec.

11.9 A customer may, on agreement with Hydro-Québec, use the equalized payments plan under which the anticipated cost of electricity is divided into 12 monthly instalments based on an estimate of future consumption, subject to an overpayment or balance owing at the end of the agreement or at the annual revision, once the actual consumption is known.

Any service contract is eligible except for large-power contracts, provided that the consumption history is about 11 months at the relevant premises for a reasonable projection to be done.

Hydro-Québec reviews the equalized payments plan of the contract every year before the winter period. If there is a balance owing, Hydro-Québec allows this amount to be spread out over the next 12 months. Hydro-Québec may also work out a payment arrangement with the customer.

If there is a substantial discrepancy between the monthly instalments billed and the actual cost of the electricity consumed, Hydro-Québec may perform interim reviews, taking into account any rate adjustment.

The equalized payments plan will cease to apply in the following cases:

- (1) at any time, on the customer's request;
- (2) when the contract is terminated.

Moreover, Hydro-Québec may terminate a customer's participation in the equalized payments plan if the customer has missed more than one instalment.

Division 3 – Billing and payment procedures for some large -power service contracts

11.10 The provisions set forth in this division apply to large-power service contracts. They come into effect on April 8th, 2011 and have precedence over any incompatible provision set forth in these *Conditions of Electricity Service* and/or any incompatible provisions of a billing or payment agreement, despite any cancellation deadline stipulated in such an agreement.

In this division, a risky service contract is one with a customer assigned a credit rating in column 4 of the table in Schedule VII, and a high-risk service contract is one with a customer assigned a credit rating in column 5 of the table in Schedule VII.

If a customer has not been assigned a credit rating within the past 12 months by one of the agencies listed in Schedule VII, Hydro-Québec will conduct its own risk analysis using the applicable scorecard in Schedule VII.

The customer shall provide Hydro-Québec with the financial information required for the risk analysis within 30 business days after the written request is sent.

If the customer does not comply with the requirement set forth in the fourth paragraph of this Section, or if he has failed to pay a bill on time, all the customer's large-power service contracts are deemed to be high-risk.

11.11 Subject to any applicable law, Hydro-Québec undertakes to keep confidential all information provided by the customer related to the present division and identified as confidential by said customer.

11.12 When Hydro-Québec intends to apply sections 11.14 to 11.16 to a large-power service contract, it notifies the customer to that effect in writing, specifying the terms and conditions. Upon receipt of the notice, the customer shall communicate with Hydro-Québec and reach an agreement on the date that the new terms and conditions come into effect, as well as reasonable transitional measures.

If no agreement can be reached, the new terms and conditions come into effect eight (8) days after the date the notice was sent. In the case of a high-risk service contract, Hydro-Québec bills any unbilled consumption and power demand, and the bill must be paid within five business days of the billing date.

11.13 A customer who has not been assigned a credit rating by one of the agencies listed in Schedule VII and disagrees with the credit rating assigned by Hydro-Québec may ask to have a recognized credit-rating agency perform a new risk analysis based on the financial information already supplied. The customer shall indicate the grounds of its disagreement concerning the application of Schedule VII in writing and in sufficient detail. Such a request neither suspends nor prevents the application of the terms and conditions provided in sections 11.14 to 11.16 on the basis of the risk analysis done by Hydro-Québec.

The customer shall pay for the new analysis before the credit-rating agency starts its work. If the credit-rating agency assigns a credit rating that changes the results of the application of paragraph 2 of Section 11.10 in the customer's favor, Hydro-Québec will reimburse the cost of the analysis within 30 days.

11.14 For a risky or high-risk service contract, all bills must be paid in Canadian dollars, within five (5) business days of the billing date.

11.15 For a high-risk service contract, Hydro-Québec sends the customer weekly bills based on estimates.

Each month, Hydro-Québec reconciles the energy, power demand, options and services in accordance with the Electricity Rates. The amount of any adjustment is credited or debited to the customer's bill.

11.16 For a high-risk service contract, a cash deposit or a guarantee may be required by Hydro-Québec. Any deposit or guarantee is payable within eight (8) days of Hydro-Québec's request and may not exceed a sum equal to the highest estimated billing for power and energy, including all taxes, for twelve (12) consecutive days within the 12-month period following the date on which the amount of the deposit or guarantee is established. Section 9.4 applies to deposits paid by customers pursuant to this section.

11.17 Section 11.14 ceases to apply when the service contract has no longer been risky within the meaning of Section 11.10 for at least two (2) consecutive quarters.

Sections 11.15 and 11.16 cease to apply when the service contract has no longer been high-risk within the meaning of Section 11.10 for at least two (2) consecutive quarters.

In all cases, these provisions cease to apply at the end of the monthly consumption period following the date of receipt of a written notice to this effect from Hydro-Québec. Any deposit or guarantee provided pursuant to Section 11.16 is then refunded to the customer as per Section 9.8, with any necessary adjustments.

Chapter 12 – REFUSAL OR INTERRUPTION OF SERVICE

Division 1 – Interruption for system purposes

12.1 Hydro-Québec delivers and supplies electricity subject to interruptions which may arise from an emergency, an accident, an equipment failure or the activation of system protective devices.

12.2 Hydro-Québec may, at any time, interrupt service or delivery of electricity for the purpose of maintenance, repairs, modification or management of the system, or for reasons of public utility or safety.

Division 2 – Refusal or interruption of service or delivery of electricity

12.3 Subject to section 20 of the *Act respecting the mode of payment for electric and gas service in certain buildings*, Hydro-Québec refuses to supply or deliver electricity or interrupts such service or delivery in the following cases

- (1) a competent federal, provincial or municipal agency orders it to do so;
- (2) public safety requires that it do so;
- (3) metering equipment or any other Hydro-Québec equipment is manipulated or tampered with, the service or delivery of electricity is impeded or the provisions of Section 13.2 are contravened;

(4) the modifications or adjustments necessary to ensure that the electrical installation of the property supplied complies with the technical requirements set out in these Conditions of Service are not made or, despite Hydro-Québec's request, the causes of disturbances on the system are not eliminated;

(5) the customer does not use electricity in accordance with Sections 8.1, 8.2, 18.8, 18.16 and 18.19;

(6) Hydro-Québec is not authorized to install its equipment on the property supplied, including metering and control equipment, or the rights and installations required for sealing, metering and control have not been granted to Hydro-Québec;

(7) the electrical installation has been connected to Hydro-Québec's system without the latter's authorization;

(8) the electrical installation of the property supplied has not been approved or authorized by a competent authority pursuant to any applicable legislative or regulatory provision;

(9) the occupant, tenant, administrator or owner contemplated by Section 6.6 uses or can use electricity without having entered into a contract.

Hydro-Québec may also refuse to supply or deliver electricity or may interrupt such service or delivery in the following cases

(1) the customer fails to pay his bill on time or fails to comply with the conditions of a payment agreement;

(2) the customer refuses to provide Hydro-Québec with information required under these Conditions of Service or supplies erroneous information;

(3) the customer refuses to make the deposit or supply any other guarantee required under these Conditions of Service;

(4) Hydro-Québec's representatives do not have the access referred to in Section 13.1.

12.4 Between December 1 and March 31 inclusive, Hydro-Québec, in the cases contemplated in Subparagraphs 1 to 4 of the second paragraph of Section 12.3, does not interrupt service or delivery of electricity and does not refuse to supply or deliver electricity to a principal residence occupied by a residential customer whose heating system requires electricity.

12.5 Where Hydro-Québec intends to interrupt the service or delivery of electricity of a customer for a domestic use contract who does not pay his bill on time, it gives the customer an overdue notice advising him of the possibility of an interruption of service, at least 15 clear days before the notice of interruption is sent.

Where Hydro-Québec intends to interrupt the service or delivery of electricity of a customer for a general use contract who does not pay his bill on time, except for large-power customers deemed to be high-risk within the meaning of Section 11.10, it gives the customer an overdue notice advising him of the possibility of an interruption of service, at least eight (8) clear days before the notice of interruption is sent.

In all cases, this overdue notice must be sent by any means making it possible to prove the notice was sent.

12.6 Where Hydro-Québec interrupts the service or delivery of electricity under Section 12.3, except in cases stipulated in Subparagraphs 1 to 3 and 7 of the first paragraph of the said section, it gives the customer at least eight (8) clear days' notice of its intention to interrupt.

This notice must be sent by any means making it possible to prove the notice was sent.

Before interrupting service pursuant to Subparagraph 1 of the second paragraph of Section 12.3, Hydro-Québec proposes, at the request of a customer, a payment agreement.

12.7 The notice referred to in Section 12.6 is valid for a period of 45 days from the date it is sent.

12.8 Where Hydro-Québec is unable to access its installations, in violation of Section 13.1, and where such access is controlled by an owner or his agent or an administrator other than the customer, Hydro-Québec informs such owner, agent or administrator in writing that it intends to interrupt the customer's service if the conditions of access to Hydro-Québec's installations are not complied with.

In such a case, the information is conveyed 30 days before the notice of interruption stipulated in Section 12.6 is sent, with a true copy to the customer.

12.9 When the service or delivery of electricity has been interrupted under Section 12.3, except in the cases provided for in Subparagraphs 1 and 2 of the first paragraph, the customer must remedy the situation which justified the

interruption and pay Hydro-Québec the “charge for interrupting service” stipulated in the Electricity Rates.

The customer does not pay the “charge for establishing service” stipulated in the Electricity Rates when service is re-established during Hydro-Québec’s regular working hours as established in the Electricity Rates.

In the event that the customer requires service to be re-established outside Hydro-Québec’s regular working hours, Hydro-Québec bills the customer for the cost of such request calculated in accordance with Section 17.1, from which the billed charge for interrupting service is deducted.

12.10 For purposes of Section 12.9, the customer, in addition to paying the costs referred to in Section 12.9, must make a deposit or supply a guarantee according to Sections 9.1 and 9.2 if the service or delivery of electricity is interrupted pursuant to Subparagraph 1 of the second paragraph of Section 12.3 and if he is asked to do so.

12.11 Where the service or delivery of electricity is interrupted pursuant to Subparagraphs 1 to 4 of the second paragraph of Section 12.3, Hydro-Québec, with the customer’s consent, re-establishes the service or delivery of electricity to a residential customer whose heating system requires electricity at a principal residence occupied by the customer on or about December 1, in which case the charges referred to in Section 12.9 are added to the customer’s bill.

12.12 When Hydro-Québec has interrupted the service or delivery of electricity under Section 12.3 for at least 30 consecutive clear days, it may immediately terminate the contract by sending the customer written notice to this effect, except in the cases contemplated in Subparagraphs 1 and 2 of the first paragraph of Section 12.3.

The charges stipulated in the Electricity Rates other than the “charge for establishing service” and any other amount then due from the customer for the service or delivery of electricity are payable before service is established.

Chapter 13 – ACCESS TO HYDRO-QUÉBEC’S INSTALLATIONS

13.1 Access to metering equipment is a prior condition for the delivery of electricity to a customer.

Hydro-Québec and its representatives must be able to enter the property supplied in the following cases

- (1) to establish or interrupt the service or delivery of electricity;
- (2) to install, operate, inspect, maintain, repair, modify or remove Hydro-Québec's equipment;
- (3) to verify whether the customer's use of electricity complies with Sections 8.1, 8.2, 18.8, 18.16 and 18.19;
- (4) to read meters.

Hydro-Québec may enter the property supplied at any time, when the continuity of the service and delivery of electricity or safety so require, and between 8:00 a.m. and 9:00 p.m. every day, except Sundays and holidays, for any other reason.

Hydro-Québec's prior authorization must be obtained before proceeding with any work on the property supplied or on the installations which may prevent or hinder exercise of the right of access stipulated in this Section.

13.2 The customer may not hinder the smooth operation of Hydro-Québec's installations, apparatus and equipment and is prohibited from using same and from effecting any manoeuvre or intervention whatsoever thereon without obtaining Hydro-Québec's express authorization to do so.

PART III – SUPPLY

Chapter 14 – MODES OF SUPPLY

14.1 Hydro-Québec supplies electricity at the connection point at a frequency of approximately 60 hertz in accordance with the provisions of this Chapter.

Steady state voltage up to 44,000 V is supplied in accordance with the provisions of standard No. CAN3-C235-83 (R2010) in force at the time of application.

14.2 Electricity is supplied subject to the limitations and upon the conditions described in these Conditions of Service and in accordance with the applicable technical specifications, including the specifications of the distribution substations, civil works and equipment required for such supply.

Division 1 – Supply at low voltage

14.3 Electricity at low voltage is supplied at single-phase voltage of 120/240 V or at three-phase voltage of 347/600 V grounded wye if the sum of the rated current of the service boxes of the electrical installation does not exceed the following limits

- (1) 1,200 A at 120/240 V;
- (2) 6,000 A at 347/600 V.

14.3.1 Where the customer's electrical installation is supplied at 600 V, 3-wire, Hydro-Québec may, at any time, change this voltage to three-phase, 347/600 V, grounded wye. In such a case, it shall give the customer at least 30 days' written notice before the date of the voltage conversion and of the termination of service at the existing voltage. The customer must then update its electrical installation at its expense in order to allow supply at the new voltage, carrying out all work mentioned in Section 14.5, if applicable.

14.4 Electricity at low voltage is supplied directly from the power line where the sum of the rated current of the service boxes is 600 A or less, or where the sum of the rated current of the service boxes exceeds 600 A and the maximum current demand on the distribution service loop does not exceed 500 A, or 600 A for a dual-energy system during the winter period.

Where the sum of the rated current of the service boxes on the distribution service loop exceeds 600 A, electricity at low voltage is supplied from a

distribution substation located on the property to be supplied and installed either on a pole, a base or a platform or in an annex.

Where the applicant and Hydro-Québec agree on another mode of supply at low voltage, the applicant assumes all the additional costs.

14.5 Except where electricity at low voltage is supplied from a distribution substation located on a pole or platform, the applicant must, at his expense, build, install, fit out, maintain and replace the civil works and equipment required for such supply, other than Hydro-Québec's electrical equipment.

14.6 In the case of an electrical installation the sum of the rated current of whose service boxes exceeds 600 A and to which electricity is supplied at 347/600 V, directly from the power line or from a distribution substation installed on a pole, Hydro-Québec advises the customer in writing when it determines that the limit of maximum current demand is exceeded. The customer must then, within six (6) months following the date of receipt of the notice

(1) install, at his expense, the civil works and equipment required for the supply of electricity from a distribution substation that is not installed on a pole; and

(2) pay, when requested, the cost of the portion of the distribution service loop exceeding 30 metres; and

(3) reimburse the total cost incurred by Hydro-Québec for the installation and removal of equipment and materials, including transformers, required for the supply of electricity directly from the power line or from a distribution substation installed on a pole where the limit of current demand is exceeded in the course of the five (5) years following the date on which service is first established. The depreciated value of the equipment and materials recovered for reuse by Hydro-Québec is refunded to the customer who paid for it.

14.7 When electricity is supplied to the electrical installation directly from the power line at low voltage, no load likely to cause an abrupt current demand of 100 A or more may be connected without Hydro-Québec's written authorization.

14.8 Subject to the customer's priority use of the full capacity of the distribution substation, Hydro-Québec may use such substation to supply electricity to the electrical installations of other customers.

Division 2 – Supply at medium voltage

14.9 Electricity at medium voltage is supplied to an electrical installation at three-phase voltage up to a maximum current of 260 A.

When the maximum current required exceeds 260 A supplied at three-phase voltage, electricity is supplied to the electrical installation at medium or high voltage.

14.10 When electricity at medium voltage is supplied at a voltage other than 25 kV, Hydro-Québec may change such voltage to 25 kV at any time.

Any new electrical installation must be designed to receive electricity at 25 kV and at the other voltage, unless Hydro-Québec notifies the customer in writing to the contrary.

If the electricity is delivered at a voltage other than 25 kV, any electrical equipment added or replaced in the customer substation shall be designed to allow for the reception of electricity at 25 kV, unless the customer receives written notice to the contrary from Hydro-Québec.

Hydro-Québec pays the following compensation to the customer:

(1) at the customer's request, and only once per transformer, an amount equal to the difference between the cost of a transformer designed to receive electricity at 25 kV and at the other voltage and the cost of a transformer designed to receive electricity solely at 25 kV;

(2) the credit for supply at medium or high voltage specified in the Electricity Rates for a voltage of 25 kV. This credit applies as of the first complete billing period following the date on which the capacity of the transformer or transformers installed by the customer and capable of receiving electricity at 25 kV allows the customer to use all of the available power he has agreed to with Hydro-Québec.

Subdivision 1 – Voltage conversion

14.11 Starting on April 1, 2008, when Hydro-Québec plans to change the voltage at which electricity is supplied to a customer substation in order to adopt a voltage of 25 kV, it informs the customer in writing, at least 24 months before the anticipated date of the voltage conversion. The customer then has the choice of modifying the customer substation or opting for supply at low voltage.

Following receipt of a conversion notice from Hydro-Québec, any additions, modifications or replacements must be carried out in such a way that the customer substation can ultimately receive electricity at 25 kV. The customer assumes the cost of the additions, modifications and replacements required to be made to his installation. Hydro-Québec informs the customer in writing of the compensations under Schedule V to which he is entitled. At the customer's request, such compensation is paid to him at the time provided in Schedule V or when the electrical installation is able to receive electricity at the new required voltage.

If, when voltage is converted, the customer opts for supply at low voltage, only the compensations provided for in Sections 4 and 5 of Schedule V are paid at his request when the electrical installation is able to receive electricity at low voltage.

14.12 Repealed.

Chapter 15 – SUPPLY OF ELECTRICITY TO THE ELECTRICAL INSTALLATION

15.1 Hydro-Québec supplies and installs the distribution service loop to the connection point, which must be located in a place that is directly accessible from the power line.

15.2 The distribution service loop is

(1) overhead if the power line is overhead at the place where the service loop is connected and electricity is supplied to the electrical installation directly from the power line or from a distribution substation installed on a pole or platform;

(2) underground if the power line is underground at the place where the service loop is connected or electricity is supplied to the electrical installation from a distribution substation other than a distribution substation installed on a pole or platform.

15.3 Where the distribution service loop is underground, the applicant must undertake, at his expense, the civil works required for the supply of electricity to the property to be supplied.

15.4 When the distribution service loop is first installed or is replaced further to an increase in load, the applicant must pay the cost of work related to the distribution service loop before the work begins. The applicant is entitled to an exemption of 30 metres of conductors or cable measured in the most advantageous of the following ways

- (i) from the property line dividing the property to be supplied from a public highway, to the connection point; or
- (ii) from the supply point to the connection point.

The applicant must also pay the “charge for establishing service” stipulated in the Electricity Rates in force at the date of receipt of the request.

In the case of an off-grid system located north of the 53rd parallel, except the Schefferville system, if the new distribution service loop carries a space or water heating load, the applicant must pay the “special connection charge for off-grid systems” stipulated in the Electricity Rates instead of the “charge for establishing service”. This charge also applies in the case of conversion to electricity of a space or water heating system.

The "special connection charge for off-grid systems" does not apply in cases where the service loop is supplying temporary electric heating loads for drying joints or paint construction.

15.5 When interventions are carried out or work is done on Hydro-Québec’s equipment subsequent to the date on which service to the customer’s electrical installation is first established, the person who requested or caused the work to be done must pay for the cost of such work before the work begins, including the cost of modifying the distribution service loop and the cost incurred for the first 30 metres. Work required as a result of a failure on the power line is excluded.

In the case of any request for modification of a connection, disconnection, remaking of any connection splices or establishment of service, the minimum cost of the intervention is the “charge for establishing service” stipulated in the Electricity Rates for Hydro-Québec’s regular working hours, in force at the date of receipt of the request.

However, where Hydro-Québec determines on the premises that service to the installation for which it received a request for intervention has already been established, the cost of the intervention is the “charge for travel without establishing service” stipulated in the Electricity Rates in force at the date of receipt of the request.

When Hydro-Québec determines that the electrical installation or metering equipment has been manipulated in such a way as to falsify the metering of the electricity, or when the metering of electricity is impeded, the customer must pay the "inspection fee" stipulated in the Electricity Rates and the cost of purchase

and installation of the metering equipment unless the customer can show that the manipulation of impediment took place without the customer's knowledge.

15.6 Where the cost of work exceeds the "charge for establishing service" stipulated in the Electricity Rates for Hydro-Québec's regular working hours, Hydro-Québec provides a summary written estimate of the cost of such work.

15.7 Where the power line is overhead and the applicant asks for the service loop to be underground, Hydro-Québec does not supply a distribution service loop.

Where the customer's service entrance is underground and the power line is overhead, the customer's service entrance may be installed on the pole of the power line, following an agreement with Hydro-Québec.

If Hydro-Québec replaces, moves or removes the pole on which is installed the customer's service entrance and the equipment installed on it, the owner of the said equipment must perform, at his expense, the work required to be done on his electrical installation.

15.8 When temporary supply is requested, the applicant pays, before the work begins, the applicable prices for "Flat-fee work" set out in the Electricity Rates, if applicable, or otherwise, the cost of work required for such temporary supply, including the sum of the following items

(1) the "*Temporary metering*" price established in the Electricity Rates, where applicable; if such price is not applicable, the cost of installing metering equipment, transformers, circuit breakers and lightning arresters necessary for the operation of such transformers;

(2) when there is a distribution service loop, the cost of work related to that service loop including the cost for the first 30 metres of conductors or cable measured, provided that

(i) when the power line is overhead, Hydro-Québec does not supply a service loop, except for the medium voltage portion, where electricity is supplied from a distribution substation;

(ii) when the power line is underground, Hydro-Québec supplies, at the applicant's expense, the distribution service loop to the connection point;

(3) when there is a customer's service loop, the cost of work carried out by Hydro-Québec for installation of the service loop;

- (4) the “charge for establishing service” stipulated in the Electricity Rates;
- (5) the cost estimated by Hydro-Québec for dismantling the installations that will no longer be required when temporary supply ends and, if necessary, for restoring the condition of the site.

15.9 The provisions of Chapter 16 do not apply in the case of temporary supply. After dismantling, only the depreciated value of the equipment and materials recovered for reuse by Hydro-Québec is refunded to the applicant who paid for it.

15.10 Any request for backup electricity supply constitutes an option conditional upon Hydro-Québec’s written acceptance, the cost of which is payable by the applicant before work begins and is not refundable. Hydro-Québec informs the customer, in writing, of the terms and conditions for using the backup line.

15.11 Hydro-Québec’s agreement to supply backup electricity does not guarantee either continuity of electricity supply or delivery of electricity.

Chapter 16 – EXTENSION AND MODIFICATION OF DISTRIBUTION LINE

Division 1 – General provisions

16.1 When an extension or modification of the power line is necessary in order to meet a request for supply, the applicant must pay the cost of work required to allow such service to be provided, in accordance with the provisions contained in this chapter. Before the work begins, the applicant and Hydro-Québec sign a contribution agreement.

Any request of the applicant over and above the reference offer is conditional upon Hydro-Québec’s acceptance and constitutes an option. The cost of the additional work required in connection with an option must be paid by the applicant, before the work begins, and is not refundable. No allowed amount applies to an option.

A request for an underground power line where an overhead power line is provided for in the reference offer constitutes an option, the cost of which equals the difference between the total cost of the underground work and the cost of work that would be realised overhead, calculated in accordance with the conditions set out in the Chapter 17.

Only the payment required for work covered by the reference offer, excluding work done on the distribution service loop, may be refunded as provided in this

chapter. In no event may the total refund exceed the contribution paid by the applicant.

The applicant does not contribute to the cost of work to modify the power line in order to allow a load to be increased or electricity to be supplied to a new installation, excluding all work to extend an existing power line, if

(1) the voltage required on the power line is available from the existing power line; and

(2) the increase in available power over a period of five (5) years is less than 5 MVA, including initial power where service was established less than five (5) years before.

16.2 The cost of work to extend an overhead power line, excluding the distribution service loop, is determined by multiplying the applicable price per overhead metre established in the Electricity Rates by the length of the power line to be constructed. The costs related to tree removal, civil works and any right of servitude determined by Hydro-Québec, as required, are added to the said cost.

16.3 The cost of work is determined in accordance with the conditions set out in the Chapter 17 in the following cases

(1) for any intervention on an off-grid system located north of the 53rd parallel;

(2) for any modification of an existing power line;

(3) when Hydro-Québec cannot reach the worksite by a highway accessible by flatbed trailer;

(4) when the work includes crossing a lake or river.

Division 2 – Domestic use – non-developer

16.4 When an overhead power line is extended in order to supply electricity to a dwelling unit serviced by a municipal water supply or sanitary sewer system, the applicant does not contribute to the cost of work for the reference offer.

16.5 When there is no municipal water supply or sanitary sewer system in place, the applicant's contribution for the extension of an overhead power line is equal to the cost of work. The applicant is entitled to an exemption for 100 metres of power line measured, excluding the distribution service loop.

When there is more than one dwelling, the applicant is entitled to the “amount allocated for domestic use” established in the Electricity Rates for each additional dwelling unit.

The applicant chooses to pay the contribution

(1) in a single payment on the date the contribution agreement is signed;

(2) in 30 two-monthly instalments, including interest at the prospective capital cost rate stipulated in the Electricity Rates in effect on the date the contribution agreement is signed. The rate is fixed for the term of the agreement. The first instalment is payable on the date the agreement is signed.

Division 3 – Domestic use – developer

16.6 When an overhead power line is extended in order to supply electricity to a dwelling unit serviced by a municipal water supply or sanitary sewer system, the developer’s contribution for the reference offer is limited to the costs related to tree removal and rights of servitude determined by Hydro-Québec, as required.

16.7 When there is no municipal water supply or sanitary sewer system in place, the developer’s contribution for the extension of an overhead power line is equal to the cost of work. The developer is entitled to an exemption for 100 metres of power line measured, excluding the distribution service loop. This 100-metre exemption is applied one time only for the whole housing project.

For a period of five (5) years following the date the contribution agreement is signed, the developer is entitled to a refund of the “amount allocated for domestic use” established in the Electricity Rates after the connection of each dwelling unit after the first. However, the costs related to tree removal and rights of servitude are not refundable.

Where the streets of the housing project are public highways, all lots and streets covered by the project have an individual cadastral number in accordance with Article 3032 of the Civil Code of Québec, S.Q. 1991, c. 64 and an agreement has been signed with Hydro-Québec for the development of the site or a part of the site to be supplied, Hydro-Québec accelerates the refund of an amount equal to 60 % of the value of the allocations to which the developer is entitled for the site or part of the site to be supplied. In such a case, no further refund is paid to the developer until

(1) the dwelling for which the developer had an exemption for 100 metres of power line has been connected; and

(2) the dwellings for which Hydro-Québec accelerated the refund of 60 % of the value of the allocations have been connected.

The developer must pay the contribution in a single payment on the date the contribution agreement is signed.

16.8 When a developer requests underground supply for a housing development, the cost of the option for each domestic-use building containing eight dwellings or less, supplied at a voltage of 120/240 V, is the applicable “price per building – underground” established in the Electricity Rates, where both of the following conditions are met

(1) part of Hydro-Québec’s electrical equipment is installed above ground; and

(2) where individual houses are planned, the average frontage of the lots of all the individual houses does not exceed 30 metres.

The cost of the option is then the sum of the following components

(1) the applicable “price per building – underground” established in the Electricity Rates;

(2) the number of metres in excess multiplied by the “price per additional metre – underground” established in the Electricity Rates when the average frontage of the lots for all such individual houses exceeds

(i) 15 metres for individual houses when the rated current of the service box does not exceed 200 A;

(ii) 24 metres for individual houses when the rated current of the service box is 400 or 600 A.

The cost of the underground supply option for the buildings of a housing development always includes a local underground power line and a main underground power line where Hydro-Québec is not authorized to construct a main overhead power line. For purposes of this Section, a main overhead power line is a line installed on wood poles that does not include any low voltage transforming equipment or cable.

Furthermore, the cost of the option is increased by the costs related to tree removal and rights of servitude, if any. The applicant must undertake, at his expense, the civil works required for the local power line and service loops.

Division 4 – Non-domestic use

16.9 In the case of non-domestic use, or in the case of a farm, the applicant must pay, on the date the contribution agreement is signed, the excess of the cost of work over the allowed amount.

The allowed amount is the estimated annual average billing demand in kW multiplied by the “amount allocated for non-domestic use” established in the Electricity Rates. In the case of an increase in load for an existing electrical installation, only the additional annual average billing demand is taken into consideration.

16.10 For each of the five (5) years following the date on which service to the electrical installation is first established, Hydro-Québec may require the applicant to pay the “non-domestic use allocation adjustment charge” established in the Electricity Rates for the difference between the initial estimate of annual average billing demand in kW for the installation and the average kW actually billed for that installation. In the case of an increase in load for an existing electrical installation, only the additional annual average billing demand is taken into consideration in the calculation of the difference. The allocation adjustment charge is fixed for the period of five (5) years.

16.11 In the case of an extension of a power line within the limits of an industrial park, Hydro-Québec may opt not to require a contribution for the reference offer where the municipality previously transmitted a development plan to Hydro-Québec and agreed on a plan for installation of the power line based on completion of the public infrastructure work.

Division 5 – Refund of contribution in case of additions or joint use

16.12 For the five (5) years following the date on which the contribution agreement is signed, connection of a new permanent electrical installation to the portion of the power line for which the applicant has paid a contribution gives rise to a refund determined on the basis of the amount allocated in respect of the use that is to be made of the new installation in accordance with the Electricity Rates in force on the date of connection of the addition. Such amount is paid to the applicant during the period of five (5) years, if he so requests, or at the end of the period of five (5) years.

The allowed amount for non-domestic use or for a farm is determined on the basis of the estimated annual average billing demand for the new installation, expressed in kW, multiplied by the “amount allocated for non-domestic use” established in the Electricity Rates.

16.13 Refunds are reduced by the cost of any extension of the power line required to supply electricity to the electrical installation that is added.

Refunds are applied first to the applicant who paid for the extension or modification of the portion of the power line where the new installation is connected. If the contribution paid by such applicant has been refunded in full, the balance refundable is applied to the applicant who paid for the portion immediately prior to that section. This rule applies until any balance refundable has been exhausted.

16.14 The applicant is entitled to an adjustment of the amount of his contribution if, at the time of the initial installation or during the term of his contribution agreement, the Hydro-Québec poles that were included in the cost of work are used by an enterprise with which Hydro-Québec shares the cost and ownership of the poles. Such adjustment is based

- (1) on the “joint-use credit” established in the Electricity Rates where the cost of work is calculated from per-metre prices; or
- (2) in other cases, on the amount estimated by Hydro-Québec.

The total amount of the credit may not exceed the balance of the refundable contribution paid by the applicant.

Division 6 – Abandonment of project

16.15 When a project for the supply of electricity is abandoned after the applicant has agreed in writing to the terms of a summary written estimate provided by Hydro-Québec, the cost of abandonment is the sum of the following components

- (1) the costs incurred for purchases and service contracts as well as compensations to be paid;
- (2) the cost of work done;
- (3) the cost of work made necessary by the abandonment of the project, including, if applicable, dismantling of installations;

(4) actual engineering and applications management costs.

The depreciated value of equipment and materials recovered for reuse by Hydro-Québec is deducted from the cost of abandonment.

In such case the applicant is not entitled to the allocated amounts established in the Electricity Rates or to the applicable contribution exemptions. Any amount paid by the applicant in excess of the amount billed is refunded.

A project is abandoned where

- (1) the applicant advises Hydro-Québec that he is abandoning the project; or
- (2) service has not been established within a 12-month period following the scheduled connection date, unless an agreement is entered into between the applicant and Hydro-Québec.

Chapter 17– COST OF WORK

17.1 For purposes of these Conditions of Electricity Service, the cost of work is calculated by Hydro-Québec from the prices for overhead and underground work and the prices for "Flat-fee work" established in the Electricity Rates where such prices are applicable. All these prices are available for information purposes at Hydro-Québec's customer service department and on Hydro-Québec's website. The "prices for overhead work" apply when Hydro-Québec can reach the worksite by flatbed trailer and use at the site the equipment required to implement the reference offer. The "prices for underground work" apply when the reference offer is for underground work.

In other cases, or where the cost of work cannot be fully calculated in the manner provided for above, the cost of work is Hydro-Québec's estimate calculated as the sum of the following components, the whole in accordance with the table "Calculation of the Cost of Work" set out in Schedule VI of these Conditions of Service.

- 1) cost of materials needed to carry out the work, plus the "acquisition fee", "materials management fee" and "minor materials fee" established in the Electricity Rates;
- (2) cost of labour and equipment needed for the performance of the work and transport, obtained by multiplying hourly rates by number of hours required;

(3) cost of acquiring goods and services supplied by third parties and needed to carry out the work, plus the “acquisition fee” and the “contract management fee” established in the Electricity Rates;

(4) cost of acquiring any right of servitude determined by Hydro-Québec;

(5) when the power line is underground, “provision for reinvestment at end of useful life” established in the Electricity Rates, applicable on the amounts specified in Subparagraphs 1 to 3, excluding civil works;

(6) “engineering and applications management fee,” established in the Electricity Rates, applicable to the amounts specified in Subparagraphs 1 to 5; and

(7) “provision for future operation and maintenance” established in the Electricity Rates, applicable to the amounts specified in Subparagraphs 1 to 3, excluding civil works.

17.2 The amount of the applicant’s contribution is determined on the basis of the prices in effect

(1) at the date of signature of the contribution agreement;

(2) in all other cases, on the date the request is received.

17.3 The cost of purchasing and installing transformers, circuit breakers and lightning arresters necessary for the operation of transformers and the cost of purchasing and installing metering equipment are excluded from the cost of work when the work is carried out in accordance with the reference offer.

If the work relates to an option, the applicant must also pay the applicable *“Medium-voltage metering related to an option”* price provided for in the Electricity Rates. If such price is not applicable, all additional costs of purchasing and installing transformers, circuit breakers and lightning arresters necessary for the operation of transformers and the additional costs of purchasing and installing metering equipment are added to the cost of the option.

17.4 For an installation whose estimated maximum power is less than 2 kW and which is intended for non-domestic use or use other than public lighting and signage, the cost of work is at the applicant’s expense. Where the work requires the addition of a transformer dedicated to supplying a single installation, the cost of the transformer, circuit breaker and lightning arrester necessary for the operation of the transformer and the cost of installing them are included in the cost of work. In this case, the applicant is not entitled to the 30 metres of conductors or cable provided at no charge under Section 15.4.

17.5 Where, at the applicant's request, electricity is supplied at single-phase medium voltage for an electrical installation whose output voltage is low voltage and where the maximum current at low voltage does not exceed 500 A per building, the applicant must pay the price of "*Medium-voltage metering for a small-power installation*" established in the Electricity Rates. The said amount is payable before work begins and is not refundable.

17.6 Where the work includes civil works, once such work has been completed, Hydro-Québec determines the actual cost thereof and adjusts the balance of the contribution previously billed for such work.

17.7 Hydro-Québec remains the owner of the equipment and materials used for the supply of electricity to an electrical installation even if the applicant or the customer contributes to the cost of work carried out by Hydro-Québec.

Chapter 18 – RIGHTS AND OBLIGATIONS

Division 1 – Rights and access

18.1 Hydro-Québec must be able to install, free of charge, on the property to be supplied, in locations that are readily accessible and safe and agreed upon with the applicant, all equipment required for service, delivery, control and metering of electricity, including equipment forming part of the power line if any part of the power line is to be used to supply electricity to the said property.

Hydro-Québec must also be able to install the same equipment subsequent to the date on which service to the customer's electrical installation is first established, in locations that are easily accessible, safe and agreed upon with the customer or the owner of the electrical installation, as the case may be.

Hydro-Québec must also have the right, free of charge, to use the subsoil for the installation, maintaining, connection, operation, modification and extension, use and maintenance of the equipment forming part of Hydro-Québec's power line and the right to seal any point where a connection may be made on the line side of the metering equipment.

18.2 Every building and installation including a swimming pool, outbuilding, platform or rostrum that is put up in proximity to Hydro-Québec's power line and metering equipment must conform to the clearances prescribed in the following standards in force at the time of installation

- (1) Standard CAN3-C22.3 No. 1-06;
- (2) Standard CAN3-C22.3 No. 7-06.

For the purposes of this Section, an outbuilding of less than 13 square metres is excluded provided it can be moved at any time by its owner, at the request of Hydro-Québec.

The owner of the installation must pay the cost of work for modifications required to be made to the power line in order to correct non-compliance with the standards referred to in the first paragraph applicable at the time of installation of the building including the swimming pool, outbuilding, platform or rostrum.

18.3 Subject to the customer's priority use of his telecommunication systems, the customer must allow Hydro-Québec to use the said systems free of charge for purposes of metering and controlling electricity.

18.4 When electricity is supplied at medium or high voltage by more than one power line, such power lines must be used according to Hydro-Québec's instructions.

Where one of the designated lines fails or requires an outage, the applicant or the customer must, with Hydro-Québec's authorization or at its request, take electricity through another line indicated by Hydro-Québec, solely for the duration of work unless Hydro-Québec indicates a longer period of use to him.

18.5 When an emergency generator set is installed, it must be equipped with a switching device authorized by Hydro-Québec.

Division 2 – Electrical installation

18.6 An electrical installation located on the customer's side of the connection point does not belong to Hydro-Québec, with the exception of Hydro-Québec's equipment.

18.7 An electrical installation must correspond to the information supplied to Hydro-Québec pursuant to Section 8.1 and be able to receive electricity according to the agreed mode of supply.

The installation must be approved or authorized by a competent authority under any applicable legislative or regulatory provision.

18.8 An electrical installation must be designed, built, connected, protected, used and maintained in such a way that it

- (1) allows Hydro-Québec to manage, operate and protect its system including metering equipment;
- (2) does not disturb the system;
- (3) does not compromise electricity service to other customers;
- (4) does not put Hydro-Québec's representatives at risk.

18.9 Hydro-Québec must be informed immediately of any electrical or mechanical defect in an electrical installation, known to the customer or of which the customer cannot be unaware, that could disturb the system, compromise supply to electrical installations of other customers or put persons or property, including Hydro-Québec's representatives, at risk.

18.10 When electricity is supplied at medium or high voltage, Hydro-Québec, in order to manage, operate and ensure the safety of the system, must be able to communicate at all times with the person or persons designated by the person responsible for the electrical installation.

The person responsible for the electrical installation must ensure that the designated persons are authorized pursuant to the *Master Electricians Act* (R.S.Q., c. M-3).

18.11 The technical specifications and adjustment of the protective equipment of an electrical installation that is to receive electricity must allow coordination with Hydro-Québec's protective equipment.

18.12 The customer must ensure the protection of property and the safety of persons wherever Hydro-Québec supplies or delivers electricity. The electrical installation and equipment must be protected from voltage variations and losses, frequency variations and accidental groundings. The customer is responsible for guarding against the consequences of voltage variations and losses frequency variations and accidental groundings.

18.13 When the applicant is to put in place civil works required to ensure the supply of electricity to the property to be supplied, such works must be put in place in such a way that Hydro-Québec can install, connect, operate and maintain its electrical equipment thereon in complete safety.

18.14 When Hydro-Québec supplies electricity at medium voltage and the power line is underground, the electrical installation must be designed and installed in such a way that it can receive electricity through more than one source of supply.

18.15 When the power factor, measured at the delivery point, is usually less than 90 %, for domestic use, for a small and medium power contract, or less than 95 % for a large power contract, the customer must install, at his expense, corrective equipment, when Hydro-Québec asks him to do so in writing; however, the corrected power factor must not become capacitive.

The corrective equipment must be designed and installed in such a way that it does not disturb Hydro-Québec's system and that it can be disconnected, entirely or partly, at Hydro-Québec's request or on the basis of the variation of the power used by the customer.

The power factor is the ratio of real power demand, expressed in kW, to apparent power, expressed in kVA.

18.16 The customer must use electricity without exceeding the available power limit authorized by Hydro-Québec. Any increase in available power must be authorized in writing.

18.17 Available power may be revised downward by Hydro-Québec when maximum power demand is less than the available power authorized.

18.18 Hydro-Québec's authorization must be obtained in writing prior to the connection of any electrical generating equipment in parallel with Hydro-Québec's system.

Moreover, in the case of electricity generating equipment that feeds electricity into Hydro-Québec's system, the following additional conditions apply

- (1) the applicant must hold a contract for electricity service that includes the net metering option for a customer-generator established in the Electricity Rates; and
- (2) the applicant must pay the inspection fee established in the Electricity Rates.

18.19 Hydro-Québec's prior authorization must be obtained for any modification of the customer's service entrance or of the use to which electricity is put, or for installation of load control equipment on the line side of the metering equipment. In the latter case, only one current transformer per phase may be installed and must already have been installed by the manufacturer and be used to supply the protective relays of the installation of the property to be supplied.

Any load management equipment not belonging to Hydro-Québec must be installed on the load side of Hydro-Québec's metering equipment.

Only metering transformers not belonging to Hydro-Québec which are used solely for electrical protection or indication of the voltage of the electrical installation may be installed on the line side of Hydro-Québec's metering equipment.

PART IV – TRANSITIONAL PROVISIONS

Chapter 19 – TRANSITIONAL PROVISIONS

19.1 These *Conditions of Electricity Service* replace the *Conditions of Electricity Service* in effect as of April 1, 2013 pursuant to Decision D-2013-043 of the Régie de l'énergie.

19.2 Unless specifically mentioned in this chapter, these Conditions of Service apply to any contract in effect on April 1, 2014 or entered into on or after April 1, 2014.

They also apply to

(1) any request for intervention or work to modify Hydro-Québec's installations or to any request for service received on or after April 1, 2014; and

(2) any request for supply where the contribution agreement was signed after March 31, 2014.

19.3 Repealed.

19.4 Where Hydro-Québec supplies electricity at a medium three-phase voltage that is less than 25 kV the customer is entitled to the "credit for supply at medium or high voltage" established in the Electricity Rates corresponding to the voltage of 25 kV if all the following requirements are met

(1) the customer converts the medium voltage supply himself at no cost to Hydro-Québec;

(2) the transformers in the customer substation that are connected to Hydro-Québec's system are primary dual voltage transformers that were installed pursuant to the regulatory provisions applicable at the time of their installation;

(3) the installed capacity or replaced capacity of the primary dual voltage transformers allows all the available power agreed upon between Hydro-Québec and the customer to be used.

The credit is applicable as of the first billing period commencing after Hydro-Québec receives from the customer a certificate of compliance issued after April 1, 2008.

19.5 Subparagraph 2 of the second paragraph of Section 53 of the Conditions for Electrical Service stipulated in Bylaw No. 634 is repealed effective December 1, 2007. Only contribution agreements signed before December 1, 2007 continue to be subject to the said Subparagraph.

19.6 The exemption for 100 metres of power line established in the first and second paragraphs of Section 16.5 and the first paragraph of Section 16.7 is applicable to requests for supply received by Hydro-Québec after December 1, 2007 and in such cases the applicant is not entitled to the “amount allocated for domestic use” stipulated in the Electricity Rates for the supply of the first dwelling.

19.7 Any contribution agreement signed before April 1, 2008 remains subject until it expires to the conditions of service set out in Bylaw No. 634 respecting the Conditions Governing the Supply of Electricity, subject to sections 19.8 and 19.9.

Hydro-Québec may terminate a contribution agreement signed before April 1, 2008 by refunding to the customer or applicant the balance of the amount paid as a contribution to the cost of work established in the contribution agreement.

19.8 For every additional installation made on or after April 1, 2008 on a power line for which a contribution agreement is in effect, the amounts corresponding to the “amount allocated for domestic use” and the “amount allocated for non-domestic use” established in the Electricity Rates in effect on the date the additional installation is connected apply to the extent of any remaining refundable contribution. However, for any contribution agreement for underground supply signed before December 1, 2007 by Hydro-Québec and an applicant under Section 53 of the conditions of service set out in Bylaw No. 634 respecting the Conditions Governing the Supply of Electricity, the amount corresponding to the “amount allocated for domestic use” established in the Electricity Rates in effect on April 1, 2007 continues to apply until the expiry of the contribution agreement.

19.9 Where a contribution agreement for a domestic use is in effect on April 1, 2008, the “rate of interest applicable to instalment payments” is replaced by the “prospective capital cost rate” stipulated in the Electricity Rates in effect as of April 1, 2008 and is fixed for the remaining duration of the agreement.

The interest rate adjustment will be made by Hydro-Québec retroactively to April 1, 2008 on the date of the first revision of the contribution agreement following April 1, 2008; the resulting credit will be applied to the balance of the contribution agreement.

PART V – SCHEDULES

SCHEDULE I (S. 5.4) – DOMESTIC USE

**INFORMATION REQUIRED IN THE REQUEST
FOR A CONTRACT FOR DOMESTIC USE**

Premises or place to be served

- (1) Name, corporate name;
- (2) Use of facility;
- (3) Street address;
- (4) Billing address.

Contractholder

- (1) Name;
- (2) Address;
- (3) Previous address;
- (4) Home telephone number;
- (5) Social insurance number.

Use of electricity.

Connected loads (where rated current is greater than 200 A)

- (1) Lighting;
- (2) Heating;
- (3) Ventilation;
- (4) Motive power;
- (5) Processes;
- (6) Other.

Power requested.

Date for which service is requested.

SCHEDULE I (S. 5.4) – NON-DOMESTIC USE

**INFORMATION REQUIRED IN THE REQUEST
FOR A CONTRACT FOR NON-DOMESTIC USE**

Premises or place to be served

- (1) Name, corporate name;
- (2) Use of facility;
- (3) Street address;
- (4) Billing address.

Contractholder

- (1) Name;
- (2) Address;
- (3) Previous address;
- (4) Telephone number;
- (5) Enterprise number (N.E.Q.).

Use of electricity.

Connected loads

- (1) Lighting;
- (2) Heating;
- (3) Ventilation;
- (4) Motive power;
- (5) Processes;
- (6) Other.

Power requested.

Date for which service is requested.

SCHEDULE II (S. 9.2)

PUBLIC BODIES AND FINANCIAL INSTITUTIONS

1. Public bodies

(1) the governments of Canada and of Québec and their departments;

(2) government bodies

bodies a majority of whose members are appointed by the government or a minister, whose officials or employees are by law appointed or remunerated in accordance with the *Public Service Act* (R.S.Q., c. F-3.1.1) or the *Public Service Employment Act* (R.S.C., 1985, c. P-33), or at least half of whose share capital is provided from the Consolidated Revenue Fund;

(3) health services or social services institutions

(a) public institutions within the meaning of the *Act respecting health services and social services* (R.S.Q., c. S-4.2) or within the meaning of the *Act respecting health services and social services for Cree native persons* (R.S.Q., c. S-5), amended by section 20 of chapter 23 of the Statutes of 1994;

(b) regional health and social services bodies established under the *Act respecting health services and social services* and Regional Health and Social Services Councils established under the *Act respecting health services and social services for Cree native persons*;

(c) the Corporation d'hébergement du Québec governed by the *Act respecting health services and social services*;

(4) municipal bodies

(a) the Communauté métropolitaine de Montréal, the Communauté métropolitaine de Québec, their transit corporations, the Réseau de Transport de Longueuil, municipal transit corporations and the Municipalité régionale de comté du Fjord-du-Saguenay;

(b) municipalities, county municipalities and regional county municipalities and bodies constituted as agent of any of such municipalities or otherwise subject to their authority;

(5) educational bodies

(a) school boards and public schools, the Conseil scolaire de l'île de Montréal;

(b) general and vocational colleges governed by the *General and Vocational Colleges Act* (R.S.Q., c. C-29);

(c) bodies established under the *Act respecting the Université du Québec* (R.S.Q., c. U-1).

2. Financial institutions

(1) banks governed by the *Bank Act* (R.S.C., 1985, c. B-1.01);

(2) savings and credit unions governed by the *Savings and Credit Unions Act* (R.S.Q., c. C-4);

(3) insurance companies within the meaning of the *Act respecting insurance* (R.S.Q., c. A-32);

(4) trust companies within the meaning of the *Act respecting trust companies and savings companies* (R.S.Q., c. S-29.01).

SCHEDULE III (S. 14.11)

**METHOD FOR ESTABLISHING THE REPLACEMENT VALUE
OF THE CUSTOMER'S ELECTRICAL EQUIPMENT**

The value resulting from an annual depreciation of 4 % for each component installed in the customer substation and which will no longer be used because of a voltage conversion is calculated according to the following formula

$$c = a (100-4b) / 100;$$

a = the cost of the equivalent new equipment installed, including materials, labour and general administrative charges;

b = the age of the component;

c = the depreciated replacement value.

The depreciated replacement value (c) may not be less than 20 % of (a).

SCHEDULE IV (S. 11.7)

LIST OF AUTHORIZED AGENTS

Canadian Imperial Bank of Commerce;

Bank of Montreal;

Laurentian Bank of Canada;

National Bank of Canada;

Royal Bank of Canada;

Scotiabank;

Toronto-Dominion Bank;

Caisse centrale Desjardins.

SCHEDULE V (S. 14.11)

COMPENSATION FOR VOLTAGE CONVERSION

1. Compensation for the addition, modification or replacement of a transformer by a primary dual voltage transformer installed after the date of the conversion notice, applies once only per transformer and equals the difference between

(i) the cost of the transformer designed to receive electricity both at 25 kV and at the existing voltage; and

(ii) the cost of a transformer designed to receive electricity solely at 25 kV;

This compensation is paid once the primary dual voltage transformer is energized.

2. The “credit for supply at medium or high voltage” established in the Electricity Rates corresponding to a voltage of 25 kV.

This credit is applied to the first complete billing period when the capacity of the installed transformers that are able to receive electricity at 25 kV allows all of the available power agreed with the customer to be used.

3. The reasonable cost of materials and labour paid by the applicant to allow his electrical installation to receive electricity at the time of conversion to a voltage of 25 kV.

4. The reasonable cost paid by the applicant to dismantle the electrical installations and civil works required to be dismantled for conversion purposes, excluding costs of decontaminating and restoring the condition of the land.

5. The depreciated value of the electrical equipment replaced, calculated according to the method established in Schedule III, on condition that the transformers

(i) were installed before April 15, 1987 or between April 1, 2008 and March 31, 2013, unless Hydro-Québec has sent a written notice to the customer specifying that the installations were to be designed to receive 25 kV and another voltage; and,

(ii) cannot be used to receive electricity at 25 kV; and

(iii) will no longer be used after the voltage conversion.

SCHEDULE VI (S. 17.1)

CALCULATION OF COST OF WORK

# Line		Overhead	Underground	
			Electrical work	Civil work
Labour and equipment				
1	Labour and equipment needed to carry out the work and transportation of labour	Costs in effect	Costs in effect	-
Goods and services				
2	Acquisition of goods and services supplied by third parties needed to carry out the work	Costs in effect	-	Estimated costs
3	Acquisition fee	Rate established in Electricity Rates multiplied by line 2	-	Rate established in Electricity Rates multiplied by line 2
4	Contract management fee	Rate established in Electricity Rates multiplied by line 2	-	Rate established in Electricity Rates multiplied by line 2
5	Total labour, equipment, goods and services	Sum of lines 1 to 4	Sum of lines 1 to 4	Sum of lines 1 to 4
Materials				
6	Materials needed for power line construction	Costs in effect	Costs in effect	Costs in effect
7	Acquisition fee	Rate established in Electricity Rates multiplied by line 6	Rate established in Electricity Rates multiplied by line 6	Rate established in Electricity Rates multiplied by line 6
8	Materials management fee	Rate established in Electricity Rates multiplied by line 6	Rate established in Electricity Rates multiplied by line 6	Rate established in Electricity Rates multiplied by line 6
9	Minor materials fee	Rate established in Electricity Rates multiplied by line 6	Rate established in Electricity Rates multiplied by line 6	Rate established in Electricity Rates multiplied by line 6
10	Total materials	Sum of lines 6 to 9	Sum of lines 6 to 9	Sum of lines 6 to 9
11	Total labour, equipment, goods, services and materials	Sum of lines 5 and 10	Sum of lines 5 and 10	Sum of lines 5 and 10
12	Provision for reinvestment at end of useful life	-	Rate established in Electricity Rates multiplied by line 11	-
13	Engineering and applications management fee	Rate established in Electricity Rates multiplied by line 11	Rate established in Electricity Rates multiplied by the sum of lines 11 and 12	Rate established in Electricity Rates multiplied by line 11
14	Provision for future operation and maintenance	Rate established in Electricity Rates multiplied by line 11	Rate established in Electricity Rates multiplied by line 11	-
15	Sub-total of cost of work	Sum of lines 11 to 14	Sum of lines 11 to 14	Sum of lines 11 to 14
Servitudes				
16	Acquisition of servitudes	Estimated costs	Estimated costs	Estimated costs
17	Engineering and applications management fee	Rate established in Electricity Rates multiplied by line 16	Rate established in Electricity Rates multiplied by line 16	Rate established in Electricity Rates multiplied by line 16
18	Total servitudes	Sum of lines 16 to 17	Sum of lines 16 to 17	Sum of lines 16 to 17
19	Total cost of work	Sum of lines 15 and 18	Sum of lines 15 and 18	Sum of lines 15 and 18

SCHEDULE VII (S. 9.2, 9.7, 11.10 and 11.13)

CREDIT RISK MANAGEMENT

1. Risk level based on credit ratings

1	2	3	4	5
Rating source	Very low-risk	Low-risk	Risky	High-risk
Standard & Poor's	AAA to A-	BBB+ to BB-	B+ to B-	CCC+ to D
Moody's	Aaa to A3	Baa1 to Ba3	B1 to B3	Caa1 to D
DBRS (LTO)	AAA to A low	BBB high to BB low	B high to B low	CCC high to D
Fitch	AAA to A-	BBB+ to BB-	B+ to B-	CCC+ to D
Hydro-Québec	A	B	C	D

2. Scorecard used by Hydro-Québec to determine credit rating

2.1 Definitions

The definitions below apply to Division 2.2 of this schedule.

Operating efficiency ratios (quantitative)

1. Profit margin ratio as a percentage of sales (TTM : Trailing twelve months)

Gross profit margin, less cost of sales, overhead and administration, as a percentage of sales.

2. Decline in market capitalization (36 months)

Percentage change in common stock price in last 36 months preceding analysis.

3. CRM (Credit Risk Monitor) rating (Z score)

The Z score, which is calculated on the basis of several accounting and financial ratios, indicates a company's risk of default.

4. CRM category

The CRM database compiles all financial statements for public companies internationally. The Distributor uses the CRM category as an industry benchmark to rank the customer in relation to its international competitors.

Liquidity ratios (quantitative)

5. Working capital ratio

Current assets divided by current liabilities. Used to assess a company's ability to meet its financial obligations over the next twelve months.

6. Interest coverage ratio (TTM)

EBITDA/finance charges :

- EBITDA – Earnings before interest, taxes, depreciation and amortization.
- Finance charges – Interest on current and long-term debt.

Debt ratios (quantitative)

7. Total debt/tangible net worth

Total debt – Current and long-term contractual liabilities, excluding suppliers, plus long-term capital leases.

Tangible net worth – Net worth less intangible assets less leasehold improvements.

8. Total debt/EBITDA (TTM)

See above.

9. Total debt/operational liquidity less capital expenditures (TTM)

Total debt – See above.

Operational liquidity – Liquidity generated from operations, as shown in cash-flow statement.

Capital expenditures – Investment in fixed assets.

Other considerations (qualitative)

10. Qualitative Elements

- Fulfilment of obligations under short and long-term banking arrangements.
- Legal suits, problems with regulatory authorities, commitments and contingencies.
- Verification of legal liens related to client's assets.
- Going concern status – Client or Related Entities.
- Insolvency – Client or Related Entities.
- Life stage (startup, growth, decline).
- Magnitude of actuarial deficit of pension plan.
- Economic dependency.
- Scope of related-party transactions.
- Quality of management team.
- Major change in dividend or distribution policy.
- Quality of financial information.

2.2 Criteria for assessing credit risk

<i>Points allocated for each criterion on scorecard</i>				
	<i>(1 point)</i>	<i>(2 points)</i>	<i>(3 points)</i>	<i>(4 points)</i>
<u>Operating efficiency ratios</u>				
(1) Profit margin as percentage of sales (TTM : Trailing Twelve Months)	13% or over	4.00%–12.99%	1.00%–3.99%	under 1.00%
(2) Decline in market capitalization (%)	under 25%	25%–49.99%	50%–74.99%	75% or over
(3) CRM rating (Z-score)	4.00 or over	2.60–3.99	1.10–2.59	under 1.10
(4) CRM category	first quartile	second quartile	third quartile	last quartile
<u>Liquidity ratios</u>				
(5) Working capital ratio	3.80:1 or more	2.0–3.79:1	1.40–1.99:1	under 1.40:1
(6) Interest coverage ratio (TTM)	10.0:1 or more	2.50–9.99:1	1.5–2.49:1	under 1.5:1
<u>Debt ratios</u>				
(7) Total debt/tangible net worth	under 0.16:1	0.16–0.50:1	0.51–1.50:1	over 1.5:1
(8) Total debt/EBITDA (TTM)	under 2:1	2.0–3.99:1	4.0–5.00:1	over 5.0:1
(9) Total debt/operational liquidity less capital expenditures (TTM)	under 5:1	5–9.99:1	10.0–14.99:1	15.0:1 or more
<u>Other considerations (qualitative) (0 to 5 points per element according to severity of the situation)</u>				
(10) Qualitative Elements				
<ul style="list-style-type: none"> • Fulfilment of obligations under short and long-term banking arrangements • Legal suits, problems with regulatory authorities, commitments and contingencies • Verification of legal liens related to client's assets • Going concern status – Client or Related Entities • Insolvency – Client or Related Entities • Life stage (startup, growth, decline) • Magnitude of actuarial deficit of pension plan • Economic dependency • Scope of related-party transactions • Quality of management team • Major change in dividend or distribution policy • Quality of financial information 				

Hydro-Québec rating based on customer's total score*

	A	B	C	D
Public companies	9–19	20–28	29–33	34 or over
Private companies	6–13	14–19	20–22	23 or over

*Score associated with each rating depends on whether a company is public or private. Criteria 2, 3 and 4 are not available for private companies.