

## Section 5 - FINANCIAL/LEGAL

### Attachment 5.3.1 Financing experience

As discussed Section 5 of this Proposal, Hydro-Québec will finance its transmission project with corporate financing sources by managing a combination of internally generated cash flows from operations and short term investments, and issuance of debt, just as it financed the existing HQ Hydropower Resources, rather than through a project finance structure. Hydro-Québec maintains a 30% capitalization rate, although its debt issuances are unconditionally guaranteed by the government. Furthermore, in 2016, about 59% of the investments were self-financed (paid with cash from operations). Between 2005 and 2016, that annual ratio<sup>1</sup> has varied between 41% and 83%.

Hydro-Québec's access to corporate financing is sufficient to fund large scale projects. The tables set forth below present the most recent transmission projects carried out by Hydro-Québec TransÉnergie as well as the investments made by Hydro-Québec Production from 2005 through 2016.

Project	Description	Amount*	In Service Dates
1. Integration of the Romaine Complex.	Construction of four segments of new transmission to interconnect 1550 MW hydroelectric complex at La Romaine: Romaine-2 – Arnaud: 163 miles Romaine-1 – Romaine-2: 17 miles Romaine-4 – Montagnais: 109 miles Romaine-3 – Romaine-4: 20 miles Also includes 4 switchyards, a switching substation at 735 kV, and transmission system upgrades.	\$1,842 million	2014-2020
2. Integration of contracted wind farms pursuant to Hydro-Québec Distribution's March 2005 request for proposals.	Integration of 14 wind farms totaling 1,936 MW of installed capacity.	\$1,466 million	2011-2015

<sup>1</sup> Self-financing ratio: *Cash flows from operating activities less dividend paid, divided by sum of cash flows from investing activities, excluding net disposal or acquisition of short-term investments, and repayment of long term debt.*

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3. Chamouchouane– Bout-de-l'Île Project	Construction of a new, 249 mile, 735 kV transmission line between Chamouchouane substation in La Doré (Lac-Saint-Jean) and the future 735/120/25-kV Judith-Jasmin substation, in Terrebonne, and moving a section of an existing 735-kV line over 11 miles.	\$1,135 million	2018
4. Outaouais Interconnection	Construction of a new 1,250 MW HVDC interconnection between Hydro-Québec 315 kV network, from a new converter station built by ABB at Chenier, Montréal, to Ontario's Hydro One 230 kV network at a new converter station at the Outaouais substation.	\$662 million	2009-2010
5. Integration of contracted wind farms pursuant to Hydro-Québec Distribution's February 2003 request for proposals.	Integration in the Gaspésie region of 8 wind farms totaling 990 MW of installed capacity.	\$598 million	2006-2012

*\* In Canadian dollars. Amount approved by the Régie de l'énergie du Québec.*

### HQ Production Investments in generation assets for the years 2005 through 2016 (in millions of Canadian dollars) :

	Development	Maintenance	Total
<b>2005</b>	1,334	446	1,780
<b>2006</b>	1,174	441	1,615
<b>2007</b>	1,404	403	1,807
<b>2008</b>	1,403	491	1,894
<b>2009</b>	1,422	644	2,066
<b>2010</b>	1,234	666	1,900
<b>2011</b>	951	516	1,467
<b>2012</b>	951	560	1,511
<b>2013</b>	965	416	1,381
<b>2014</b>	887	326	1,213
<b>2015</b>	663	294	957
<b>2016</b>	562	344	906
<b>Total</b>	<b>12,950</b>	<b>5,547</b>	<b>18,497</b>