

into force only on the date fixed in accordance with the Act containing that provision.

LIETTE HARVEY,
Deputy clerk of the Conseil exécutif

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Gouvernement du Québec

O.C. 555-98, 22 April 1998

Hydro-Québec Act
(R.S.Q., c. H-5)

Electricity rates

Approval of Hydro-Québec Bylaw Number 663 establishing electricity rates and their conditions of application

WHEREAS under section 22.0.1 of the Hydro-Québec Act (R.S.Q., c. H-5), the by-laws fixing the rates and conditions upon which power is supplied are subject to the approval of the Government;

WHEREAS under Order in Council 250-87 dated 18 February 1987, such by-laws are excluded from the application of the Regulations Act (R.S.Q., c.R-18.1);

WHEREAS under section 165 of the Act respecting the Régie de l'énergie (1996, c. 61) the Government may, until the coming into force of Chapter IV of that Act, fix or modify a rate for the supply of electric power by Hydro-Québec by adjusting the rates then in effect by not more than the average variation in the annual Consumer Price Index for Canada for the 12 months of the preceding year in relation to such Index for the 12 months of the year preceding that year;

WHEREAS by Order in Council 1352-97 dated 15 October 1997, the Government ordered that the adjustment of the rates at which power is supplied by Hydro-Québec from 1 May 1998 be fixed according to the average variation in the annual Consumer Price Index for Canada for the 12 months of 1996, without exceeding 1.8 %;

WHEREAS according to the data of Statistics Canada, the actual rate of increase in Canada was 1.6 % in 1997;

WHEREAS at its meeting of 13 February 1998, the board of directors of Hydro-Québec approved By-law Number 663 establishing electricity rates and their conditions of application;

WHEREAS Hydro-Québec Bylaw Number 663 provides that rates that are in conformity with the adjustment rate of 1.6 % and its coming into force is fixed at 1 May 1998;

WHEREAS it is expedient to approve Hydro-Québec Bylaw Number 663 establishing electricity rates and their conditions of application;

IT IS ORDERED, therefore, upon the recommendation of the Minister of State for Natural Resources and Minister of Natural Resources:

THAT Hydro-Québec Bylaw Number 663 establishing electricity rates and their conditions of application, attached to this Order in Council and which comes into force on 1 May 1998, be approved.

LIETTE HARVEY,
Deputy clerk of the Conseil exécutif

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Hydro-Québec Bylaw number 663 establishing electricity rates and their conditions of application

DIVISION I
INTERPRETATIVE PROVISIONS

1. Definitions: In this Bylaw, the following terms and expressions have the meanings hereinafter described, unless the context indicates otherwise:

“Act Respecting Health Services”: An Act Respecting Health Services and Social Services (R.S.Q., c. S-4.2).

“annual contract”: A contract the term of which is at least twelve consecutive monthly periods.

“apartment building”: All or part of a building comprising more than one dwelling.

“autonomous electrical system”: A system for the generation and distribution of electricity, independent of the main system, in which the electricity is generated by one or more generating units driven by fossil fuel, gas turbines or wind power.

“available power”: Amount of power which the customer may not exceed for a given contract without the authorization of Hydro-Québec.

“commercial activity”: All actions involved in the marketing or sale of products or services.

“common parts and collective services”: Areas and services of an apartment building or community residence that are used exclusively by the occupants of this apartment building or community residence.

“community residence”: A private building or part of a private building devoted to living purposes which contains dwellings or rooms, or both, that are rented or allocated to different occupants, and has common parts and collective services. Also considered community residences, for purposes of this Bylaw, are intermediate resources that meet the criteria stated in this Paragraph.

“connected load”: That part of the installed capacity connected to the Hydro-Québec system.

“connection point”: Point where the electrical installation of the premises receiving electricity is connected to the Hydro-Québec system.

“consumption period”: Period during which electricity is delivered to the customer and which is included between the two dates used for calculation of the bill.

“contract”: An agreement concluded between the customer and Hydro-Québec for the supply and delivery of electricity, or of electricity and services.

“contract power”: The minimum billing demand for which the customer must pay under the terms of a contract under this Bylaw.

“customer”: Any individual, partnership, corporation or organization having one or more contracts.

“delivery of electricity”: Application and maintaining of voltage at the delivery point, with or without the use of electricity.

“delivery point”: Point located immediately on the load side of Hydro-Québec’s equipment for metering electricity and from which electricity is put at the disposal of the customer. In cases where Hydro-Québec does not install metering equipment, or where the metering equipment is on the line side of the connection point, the delivery point is the connection point.

“demand charge”: An amount to be paid, according to the rate, per kilowatt of billing demand.

“domestic rate”: A rate at which the electricity delivered for domestic use is billed at the conditions set forth in this Bylaw.

“domestic use”: Use of electricity exclusively for living purposes in a dwelling.

“dwelling”: Private living quarters equipped with lodging and eating facilities, including a kitchen or kitchenette, in which the inhabitants have free access to all rooms.

“electricity”: The electricity supplied by Hydro-Québec.

“farm”: Land, buildings and equipment used for crop or animal farming, excluding any dwelling, as well as any facility used for commercial or industrial activity.

“fixed charge”: A set sum of money to be paid per contract for a fixed period regardless of the amount of electricity consumed.

“flat rate”: A rate comprising only a fixed amount to be paid for a fixed period, independent of the amount of energy consumed.

“general rate”: A rate at which the electricity delivered for general use is billed, except in cases where another rate is explicitly provided for in this Bylaw.

“general use”: Use of electricity for all purposes other than those explicitly provided for in this Bylaw.

“Hydro-Québec’s service loop”: A circuit extending Hydro-Québec’s system from its distribution or transmission line to the connection point.

“independent producer”: A producer of electrical power who either consumes for its own needs or sells, to third parties or to Hydro-Québec, all or part of the electrical power it produces.

“industrial activity”: All actions involved in the manufacture, assembly or processing of goods or food-stuffs, or the extraction of raw materials.

“industrial customer”: A customer who uses the electricity delivered under a contract mainly for manufacturing, assembling or processing merchandise or food products or for extracting raw materials.

“installed capacity”: The total rated capacity of the customer’s electrical equipment.

“lumen”: Unit of measurement for the average luminous flux of a bulb, to within 15 %, during its useful life, as specified by the manufacturer.

“luminaire”: An outside lighting installation fitted to a pole and comprising, unless otherwise indicated, a support no longer than two and a half metres, a reflector inside a metal case, a bulb and a refractor and including in some instances a photoelectric cell.

“maximum power demand”: A value which, for application of the rates of this Bylaw, is expressed in kilowatts and corresponds to:

— for domestic contracts, the highest real power demand;

— for contracts other than domestic whose real power demand always equals or is less than 50 kilowatts, the highest real power demand;

— for contracts other than domestic whose real power demand has exceeded 50 kilowatts at least once during the last twelve consecutive monthly periods, the higher of the following values:

a) the highest real power demand; or

b) 90 % of the highest apparent power demand in kilovoltamperes for small and medium power contracts, or 95 % for large power contracts.

These power demands are determined for integration periods of 15 minutes, by one or more maximum demand meters of a type approved by the competent authorities.

If the characteristics of the customer’s load so justify, only maximum demand meters required for billing are maintained in service.

“mixed use”: Use of electricity both for living and other purposes under a single contract.

“monthly”: Refers to an exact period of 30 consecutive days.

“optimization charge”: An additional amount, to be paid per kilowatt in excess of the limits determined by the applicable general rate; this amount is added to the demand charge.

“power”:

1. Small power: a minimum billing demand of less than 100 kilowatts;

2. Medium power: a minimum billing demand of 100 kilowatts or more, but less than 5,000 kilowatts;

3. Large power: a minimum billing demand of 5 000 kilowatts or more.

“public lighting”: Lighting of streets, lanes, highways, expressways, bridges, wharves, bicycle paths, pedestrian walkways, and other public thoroughfares, but excluding parking lots, playgrounds and similar places.

“rate”: The several specifications setting the elements taken into account, as well as the calculation methods, for determining the amounts the customer owes Hydro-Québec for the delivery of electricity and the supply of services under a contract.

“regular meter reading”: A reading of the meter(s) taken for billing purposes at fairly regular intervals and on approximately fixed dates, according to a schedule determined by Hydro-Québec.

“residential outbuildings”: All premises or installations appurtenant to a building serving for living purposes; farms are excluded from this definition.

“rooming house”: A building or part of a building devoted exclusively to living purposes in which lodgings of no more than two rooms, with no kitchen, are let to different inhabitants.

“short-term contract”: A contract whose term is less than twelve consecutive monthly periods.

“summer period”: Period from April 1 to and including November 30.

“supply of electricity”: The application and maintaining of voltage at the connection point, at a frequency of approximately 60 hertz.

“Tourist Establishments Act”: The Tourist Establishments Act (R.S.Q., c.r E-15.1).

“voltage”:

1. Low voltage: nominal phase-to-phase voltage not exceeding 750 volts;
2. Medium voltage: nominal phase-to-phase voltage of more than 750 volts, but not exceeding 50,000 volts;
3. High voltage: nominal phase-to-phase voltage over 50 000 volts.

“winter period”: Period from December 1 of one year up to and including March 31 of the next year.

2. Units of measurement: For application of this Bylaw, power and real power are expressed in kilowatts (kW); apparent power and energy (consumption) are expressed respectively in kilovoltamperes (kVA) and kilowatthours (kWh).

When the unit of power is not given, power expressed in kilowatts is understood.

DIVISION II DOMESTIC RATES

§1. General

3. Application of domestic rates: The domestic rates apply only to contracts under which electricity is delivered for domestic use, except for the cases provided for in this Division.

4. Metering of electricity in apartment buildings: In apartment buildings, the electricity may be metered separately or in bulk, at the choice of the owner or collectively the co-owners, as the case may be.

5. Customer’s choice: Customers qualifying for this Division may choose among the domestic rates they are entitled to, subject to their conditions of application, and the applicable general rate.

6. Definition: In this Division, the following term is defined as follows:

“multiplier”: The factor used to multiply the fixed charge for Rates DM and DT, as well as to multiply the number of kilowatthours for the first part of Rate DM.

§2. Rate D

7. Application: Rate D applies to a contract for domestic use in a dwelling whose electricity is metered separately.

Barring provisions to the contrary, it does not apply:

— to hotels, motels, inns or other establishments covered in the *Tourist Establishments Act*;

— to hospitals, clinics, pavillons d’accueil, long-term care facilities, or other establishments covered in the Act Respecting Health Services.

8. Structure of Rate D: The structure of Rate D is as follows:

39.00 ¢ fixed charge per dans plus

4.74 ¢ per kilowattour for the first 30 kilowatthours per day

5.97 ¢ per kilowatthour for the remaining consumption.

During the winter period, when the maximum power demand exceeds 50 kilowatts, the excess is billed at the monthly price of \$3.06 per kilowatt. When a consumption period to which this monthly demand charge applies overlaps the beginning or end of the winter period, this charge is prorated to the number of days in the consumption period that belong to the winter period.

If applicable, the discounts for supply at medium or high voltage described in Section 21 apply.

9. Apartment building and community residence with dwellings — separate metering: When the owner or collectively the co-owners, as the case may be, of an apartment building or community residence with dwellings have chosen separate metering, the electricity delivered to each dwelling is billed at Rate D.

The electricity destined for the common parts and collective services, metered separately, is covered by a contract and is billed at Rate D, provided that:

— it is used exclusively for living purposes;

or

— when the electricity delivered is not used exclusively for living purposes, the total installed capacity for the common parts and collective services used for purposes other than living is less than or equal to 10 kilowatts.

If either one of the above conditions is not met, the appropriate general rate applies.

When determining the installed capacity used for purposes other than living, central equipment devoted to the heating of water or space or to air conditioning, and used for both living and other purposes, is not considered.

10. Rooming house and community residence with 9 rooms or less: Rate D applies to a contract covering electricity delivered to a rooming house with up to 9 rooms for rent or a community residence with 9 rooms or less.

11. Bed and breakfast: Rate D applies to a contract covering electricity delivered to a bed and breakfast with up to 9 rooms for rent, located in the dwelling occupied by the lessor.

If the bed and breakfast does not meet these conditions, it is subject to the appropriate general rate.

12. Accommodations in a foster family or a foster home: Rate D applies to a contract covering electricity delivered to a dwelling where up to 9 persons are accommodated in a “foster family” or a “foster home” as defined in the Act Respecting Health Services.

13. Residential outbuildings: Rate D applies to a contract covering electricity delivered to one or more residential outbuildings provided that each meets the two following conditions:

a) the outbuilding is used exclusively by the persons occupying the dwelling or apartment building;

b) it is used exclusively for purposes related to the occupancy of the dwelling or apartment building.

In any other circumstances, the electricity delivered for a residential outbuilding is subject to the appropriate general rate.

14. Mixed use: When the electricity delivered is not used exclusively for living purposes, Rate D applies on condition that the installed capacity for purposes other than living is less than or equal to 10 kilowatts. If the installed capacity used for purposes other than living is greater than 10 kilowatts, the appropriate general rate applies.

When determining the installed capacity used for purposes other than living, central equipment devoted to the heating of water or space or to air conditioning, and used for both living and other purposes, is not considered.

15. Farms: Electricity supplied to a farm is subject to the domestic rate.

Electricity not directly used for the dwelling, the residential outbuildings or the farm is measured by an additional meter and billed at the appropriate general rate.

If there is no additional meter, Rate D applies only when the installed capacity of the premises, other than the dwelling, the residential outbuildings or the farm, is less than or equal to 10 kilowatts. If the installed capacity of the premises is greater than 10 kilowatts, the appropriate general rate applies.

16. Metering of electricity and contract: In cases where, at February 1, 1984, the electricity delivered to a dwelling was measured by more than one meter and has continued to be so measured since, all the electricity thus delivered is considered to be part of a single contract.

§3. Rate DM

17. Application: Rate DM applies to a contract covering electricity delivered to an apartment building or community residence with dwellings, for which its owner or collectively its co-owners, as the case may be, have chosen bulk metering.

Barring provisions to the contrary, it does not apply:

— to hotels, motels, inns or other establishments covered in the Tourist Establishments Act;

— to hospitals, clinics, pavillons d'accueil, long-term care facilities, or other establishments covered in the Act Respecting Health Services.

18. Community residence with both dwellings and rooms, community residence or rooming house with 10 rooms or more — bulk metering: On the condition that the electricity is used exclusively for living purposes, including the electricity for common parts and collective services, Rate DM also applies when the electricity is delivered to:

— a community residence with both dwellings and rooms;

— a rooming house or community residence with 10 rooms or more.

When the electricity delivered is not used exclusively for living purposes, Rate DM applies in accordance with the conditions set forth in Section 22.

19. Structure of Rate DM: The structure of Rate DM is as follows:

39.00 ¢ fixed charge per day, times the multiplier, plus

4.74 ¢ per kilowatthour for the first 30 kilowatthours per day, times the multiplier;

5.97 ¢ per kilowatthour for the remaining consumption.

During the winter period, when the maximum power demand exceeds 50 kilowatts, the excess is billed at the monthly price of \$0.75 per kilowatt. When a consumption period to which this monthly demand charge applies overlaps the beginning or end of the winter period, this charge is prorated to the number of days in the consumption period that belong to the winter period.

If applicable, the discounts for supply at medium or high voltage described in Section 21 apply.

20. Multiplier: The multiplier is determined as follows:

a) Apartment building and community residence with dwellings:

Number of dwellings in the apartment building or community residence.

b) Community residence with both dwellings and rooms:

Number of dwellings in the community residence, plus

1 for the first 9 rooms or less, plus

1 for each additional room.

c) Rooming house and community residence with 10 rooms or more:

1 for the first 9 rooms or less, plus

1 for each additional room.

21. Discount for supply at medium or high voltage: When Hydro-Québec supplies electricity at medium or high voltage for a contract at Rate DM and the customer uses it at this voltage or transforms it at no cost to Hydro-Québec, this customer is entitled, for this contract, to a discount in cents per kilowatthour on the price of all energy billed; this discount is determined as follows, according to the supply voltage:

Nominal voltage between phases equal to or greater than

Discount ¢/kWh

5 kV, but less than 50 kV

0.199 ¢

50 kV, but less than 170 kV

0.250 ¢

170 kV

0.340 ¢

22. Mixed use: When the electricity delivered is not used exclusively for living purposes, Rate DM applies on the condition that the installed capacity used for purposes other than living is less than or equal to 10 kilowatts. In such cases, an additional multiplier is added to calculate the fixed charge and the number of kilowatthours to which the first part of Rate DM applies.

If the installed capacity used for purposes other than living exceeds 10 kilowatts, the appropriate general rate applies.

When determining the installed capacity used for purposes other than living, central equipment devoted to the heating of water or space or to air conditioning, and used for both living and other purposes, is not considered.

§4. Rate DT

23. Application: A customer whose contract is eligible for Rate D or Rate DM and who uses, principally for domestic purposes, a dual-energy system which is in accordance with the provisions stipulated in Section 25, may opt for Rate DT.

24. Definition: In this Subdivision, the following term is defined as follows:

“Dual-energy system”: A system used for the heating of space, or space and water, designed in such a way that, for the heating, electricity can be used as the main source of energy and a fuel as an auxiliary source.

25. Characteristics of the dual-energy system: The dual-energy system must meet all the following conditions:

a) the capacity of the dual-energy system, in the fuel mode as well as in the electrical mode, must be sufficient to heat the premises concerned. The energy sources for heating must not be used simultaneously;

b) the dual-energy system must be equipped with an automatic switch permitting the transfer from one source of energy to the other. For this purpose, the automatic switch must be connected to a temperature gauge in accordance with the provisions of Subparagraph *c* hereinafter;

c) the temperature gauge is supplied and installed by Hydro-Québec in a location and under conditions which Hydro-Québec determines. The gauge indicates to the automatic switch when a change of operating mode is required in view of the exterior temperature. The fuel mode is used when the exterior temperature is below -12°C or -15°C , according to the climatic zones defined by Hydro-Québec;

d) the customer may also use a manual switch to change from one source of energy to the other.

26. Recovery after a power failure: The dual-energy system may be equipped with a device that, after a power failure, makes it possible for the dual-energy system to operate, for a certain period, on the auxiliary energy source only, regardless of the exterior temperature. The device must meet Hydro-Québec's requirements.

27. Structure of Rate DT: The structure of Rate DT is as follows:

39.00 ¢ fixed charge per day, plus

3.47 ¢ per kilowatthour for energy consumed when the temperature is equal to or higher than -12°C or -15°C , depending upon the climatic zones defined by Hydro-Québec;

15.54 ¢ per kilowatthour for energy consumed when the temperature is below -12°C or -15°C , as the case may be.

If applicable, the discounts for supply at medium or high voltage described in Section 21 apply.

28. Apartment building or community residence with a dual-energy system — separate metering: For an apartment building or community residence with dwellings with separate metering, the customer who uses a dual-energy system conforming to the provisions of Section 25 may opt for Rate DT. Rate DT applies in accordance with the following conditions:

a) when the electricity destined for a dwelling is metered separately and the meter records the consumption of a dual-energy system, the contract for such dwelling is subject to Rate DT;

b) the electricity destined for the common parts and collective services, metered separately, is billed at Rate DT, on the condition that it supplies a dual-energy system and:

— is used exclusively for living purposes;

or

— when the electricity delivered is not used exclusively for living purposes, the total installed capacity for the common parts and collective services used for purposes other than living is less than or equal to 10 kilowatts.

When determining the installed capacity used for purposes other than living, central equipment devoted to the heating of water or space or to air conditioning, and used for both living and other purposes, is not considered.

29. Apartment building, community residence or rooming house with a dual-energy system — bulk metering: For an apartment building, community residence or rooming house with bulk metering, the customer who uses a dual-energy system conforming to the provisions of Section 25 may opt for Rate DT. If the electricity delivered is used exclusively for living purposes, Rate DT applies according to the following conditions:

a) when there is bulk metering and it records the consumption of a dual-energy system, the electricity is billed at Rate DT, except that:

— the fixed charge is multiplied by the number of dwellings in the apartment building or community residence with dwellings;

— for a rooming house or community residence with 10 rooms or more, the applicable multiplier for calculation of the fixed charge is the sum of:

- 1 for the first 9 rooms or less, plus
- 1 for each additional room.

— for a community residence with both dwellings and rooms, the applicable multiplier for calculation of the fixed charge is the sum of:

- the number of dwellings in the community residence, plus
- 1 for the first 9 rooms or less, plus
- 1 for each additional room;

b) when there is bulk metering but the consumption of a dual-energy system is measured separately, this consumption is covered by a separate contract, eligible

for Rate DT. In such cases, the fixed charge is not multiplied by the number of dwellings or rooms in the building.

If the electricity delivered is not used exclusively for living purposes, Rate DT applies on the condition that the installed capacity used for purposes other than living is less than or equal to 10 kilowatts. In such cases, an additional multiplier is added to calculate the fixed charge of Rate DT.

When determining the installed capacity used for purposes other than living, central equipment devoted to the heating of water or space or to air conditioning, and used for both living and other purposes, is not considered.

30. Farm: For Rate DT to apply to a farm, the following conditions must be met:

a) the dual-energy system must be in accordance with the provisions set forth in Subparagraphs b) c) and d) of Section 25;

b) the capacity of the dual-energy system, in fuel mode as well as in electrical mode, must be sufficient to supply all the energy necessary for heating the dwelling. The energy sources for heating must not be used simultaneously;

c) the installed capacity used for the farm and for any premises other than the dwelling must be less than or equal to 10 kilowatts;

d) a single Hydro-Québec service loop serves both the farm and a dwelling.

31. Transitional measures for farms subject to Rate DT on April 30, 1996: For farms subject to Rate DT on April 30, 1996 that do not meet the conditions outlined in Section 30, Rate DT may continue to apply. However, the customer's before-tax bill shall be increased by:

8 % as of the first consumption period beginning after May 1, 1998

12 % as of the first consumption period beginning after May 1, 1999

16 % as of the first consumption period beginning after May 1, 2000

The transitional measures cease to apply at the latest on April 30, 2001, or earlier when it is more advantageous for the customer to be subject to Rate D.

32. Duration of rate application: Rate DT applies as of the date the appropriate meter is installed. The

customer who opts for Rate DT for the first time may modify the option and choose another rate for which the contract is eligible at any time. Afterwards, any rate opted for must apply for a minimum of 12 consecutive monthly periods. The new rate comes into effect at the beginning of the consumption period following the date of the customer's request, provided the appropriate meter has been installed.

33. Non-compliance with conditions: If a dual-energy system covered by this Subdivision no longer meets one of the conditions of application of Rate DT, the customer must correct the situation within a maximum of 10 working days. Rate DT, described in Section 27, will continue to apply during this period. If the situation is not corrected within the prescribed period, the customer shall no longer be entitled to Rate DT. The contract then becomes subject, at the customer's choice, to one of the rates for which it is eligible according to the Bylaw then in effect. If the customer fails to make this choice, the contract becomes subject, as the case may be, to Rate D or Rate DM, if it is eligible for them, or to the appropriate general rate (G, M or L).

34. Fraud: If the customer commits fraud, manipulates or hinders the functioning of the dual-energy system or uses it for purposes other than those provided for under this Bylaw, Hydro-Québec shall terminate the contract at Rate DT. The contract shall become subject to Rate D or Rate DM, if it is eligible for such rates, or to the appropriate general rate (G, M or L). Rate DT cannot apply again to the same contract for at least 365 days.

§5. Rate DH

35. Application: Rate DH is an experimental time-of-use rate. It applies to contracts that meet the eligibility conditions in Section 36 and selected by Hydro-Québec, on condition that the customer accepts Hydro-Québec's proposal within the stipulated time.

36. Eligibility: To be eligible for Rate DH, a contract must meet the following conditions:

a) the contract has been subject to Rate D for at least 365 days;

b) the capacity of the electrical entrance is equal to or less than 200 amps;

c) the customer's consumption during the winter period(s) included in the 365-day period preceding subscribing to Rate DH equals at least 50 % of his yearly consumption and was a minimum of 80 kWh per day;

d) the metering equipment under the contract is not part of Hydro-Québec's automatic meter-reading project.

37. Metering: Any electricity delivered must be covered under a single contract and measured by a single meter which records consumption separately for each period to which Rate DH applies.

38. Structure of Rate DH: The structure of Rate DH is as follows:

39.00 ¢ fixed charge per day; plus

3.51 ¢ per kilowatthour for energy consumed:

— in the summer period,

— in the winter period, on Saturday and on Sunday,

— in the winter period, between 22h and 6h and between 11h and 15h, Monday to Friday inclusive,

— on December 25 and January 1;

12.96 ¢ per kilowatthour for energy consumed in the winter period, between 6h and 11h and between 15h and 22h, Monday to Friday inclusive.

39. Beginning of application of Rate DH: Rate DH will apply as of the date of installation of the appropriate metering equipment.

40. Duration of commitment: A customer who agrees to be subject to Rate DH undertakes to retain this rate for a minimum duration of 12 consecutive monthly periods.

If the customer terminates the contract before the end of the 12 consecutive monthly periods, Rate D is applied retroactively to the customer's contract, starting on the date on which Rate DH became effective.

DIVISION III GENERAL RATES FOR SMALL POWER

§1. Rate G

41. Application: General Rate G applies to a contract whose minimum billing demand is less than 100 kilowatts.

42. Structure of Rate G: The structure of monthly Rate G for an annual contract is as follows:

\$11.67 fixed charge, plus

\$13.59 per kilowatt of billing demand in excess of 40 kilowatts,

plus

7.41 ¢ per kilowatthour for the first 11,700 kilowatthours,

3.74 ¢ per kilowatthour for the remaining consumption.

The minimum monthly bill is \$35.01 when polyphase electricity is delivered.

If applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304 apply.

43. Billing demand: The billing demand at Rate G is equal to the maximum power demand during the consumption period concerned, but it cannot be less than the minimum billing demand as defined in Section 44.

44. Minimum billing demand: The minimum billing demand for each consumption period shall be equal to 65 % of the maximum power demand during a consumption period that falls wholly in the winter period included in the 12 consecutive monthly periods ending with the consumption period concerned.

When the minimum billing demand is 100 kilowatts or more, the contract ceases to be eligible for Rate G and becomes subject to Rate M.

Rate M applies from the start of the consumption period during which the minimum billing demand reached 100 kilowatts or more.

When a customer terminates an annual contract and subscribes for another for the delivery of electricity at the same location and for similar purposes within the following 12 consecutive monthly periods, these two contracts are considered to be a single contract for calculation of the minimum billing demand.

45. Increase in minimum billing demand to 100 kilowatts or more: The minimum billing demand for an annual contract subject to Rate G may be increased to 100 kilowatts or more, at any time, upon written request from customer.

Following such increase, the contract is no longer eligible for Rate G and becomes subject to Rate M or L. The contract power and Rate M or L come into effect, at the customer's choice either at the beginning of the consumption period during which Hydro-Québec receives the written request for revision, or at the beginning of one of the three preceding consumption periods.

In the event the customer does not specify the date the revision of the contract power is to take effect, it shall take effect at the beginning of the consumption period during which Hydro-Québec receives the written request for revision.

46. Revision of the minimum billing demand at the beginning of the contract to 100 kilowatts or more: Once within the first 12 monthly periods of the contract, the customer may retroactively change his minimum billing demand to 100 kilowatts or more, provided that the following conditions are met:

- a) the customer's current contract is an annual one;
- b) it is the customer's first annual contract at that location;
- c) the installation supplied under this contract is:
 - a new installation, or
 - an installation which, under the current contract is used for purposes other than those of the previous contract, or whose functioning has been significantly modified.

The revised minimum billing demand and the appropriate general rate, M or L, come into effect either at the beginning of the contract or at the beginning of any consumption period, as the customer chooses.

To obtain this revision, the customer must make the request in writing to Hydro-Québec before the end of the 14th monthly period following the date of the beginning of the contract.

47. Short-term contract: A short-term contract for general use of small power, where the electricity delivered is metered and the contract has a duration of at least one monthly period, is eligible for Rate G, except that the monthly fixed charge and minimum monthly bill are increased by \$11.67.

In the winter period, the monthly demand charge is increased by \$4.71.

When a consumption period to which the increased monthly demand charge applies overlaps the beginning or the end of the winter period, this increase is prorated to the number of days in the consumption period that belong to the winter period.

48. Installation of maximum-demand meters: In the case of contracts at Rate G, Hydro-Québec installs a maximum-demand meter when the customer's electrical installation, the connected apparatus and their utiliza-

tion are such that the maximum power demand is likely to exceed 40 kilowatts.

49. Winter activities: The conditions of this Section apply only to contracts subject to them as of April 30, 1988.

The short-term contract characterized by a seasonal activity, repeated from year to year (excluding cottages, restaurants, hotels, motels or similar installations), covering at least the winter period and under which the greater part of the electricity is consumed during such period, is subject to the following conditions:

- a) all electricity whose consumption is noted between December 1 of one year and March 31, inclusive, of the following year is billed according to the conditions for short-term contracts set out in Section 47;
- b) the dates taken into account for billing purposes must be between December 1 of one year and March 31, inclusive, of the following year, and the commencement of the first consumption period is set at December 1;
- c) the delivery point is permanently energized, but the electricity consumed between May 1 and September 30, inclusive, must be used exclusively for the maintenance of mechanical or electrical equipment supplied with electricity under the contract concerned;
- d) if Hydro-Québec notes that the customer uses the electricity delivered under this contract for purposes other than those set out in Subparagraph *c*, the conditions of application set out in Subparagraphs *a* and *b* shall no longer apply;
- e) the customer's before-tax bill is increased by 8%.

§2. Rate G-9

50. Application: General Rate G-9 is designed for contracts which are characterized by limited use of billing demand. It does not apply to contracts whose maximum power demand is always less than 55 kilowatts during 12 consecutive monthly periods ending with the consumption period concerned.

Rate G-9 does not apply to independent producers.

51. Structure of Rate G-9: The structure of monthly Rate G-9 for an annual contract is as follows:

- \$3.51 per kilowatt of billing demand,
- plus
- 7.67 ¢ per kilowatthour.

The minimum monthly bill is \$11.67 when single-phase electricity is delivered, or \$35.01 when polyphase electricity is delivered.

If applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304 apply.

52. Billing demand: The billing demand at Rate G-9 is equal to the maximum power demand during the consumption period concerned, but cannot be less than the minimum billing demand defined under Section 53.

53. Minimum billing demand: The minimum billing demand for a contract at Rate G-9 is the higher of the following values:

a) 75 % of the maximum power demand under such contract, noted during the winter period included in the 12 consecutive monthly periods ending with the consumption period concerned; or

b) the contract power.

When a customer terminates an annual contract and subscribes for another for the delivery of electricity at the same location and for similar purposes within the following 12 consecutive monthly periods, these two contracts are considered to be a single contract for calculation of the minimum billing demand.

54. Short-term contract: A short-term contract for general use of small power, where the electricity delivered is metered and the contract has a duration of at least one monthly period, is eligible for Rate G-9, except that the minimum monthly bill is increased by \$11.67.

In the winter period, the monthly demand charge is increased by \$4.71.

When a consumption period to which the increased demand charge applies overlaps the beginning or the end of the winter period, this increase is prorated to the number of days in the consumption period that belong to the winter period.

55. Winter activities: The conditions of application of Rate G-9 to winter activities apply only to those contracts subject to them as at April 30, 1988. These conditions are those described in Section 49.

However, Rate G-9 for short-term contracts does not apply to contracts subject to the conditions of Section 49, except if this rate is already applied to such contracts on April 30, 1993. In this case, the electricity consumed is billed according to the special conditions applying to short-term contracts described in Section 54.

56. Installation of maximum-demand meters: The maximum power demand is metered for all contracts subject to Rate G-9.

§3. Rate GD

57. Application: Rate GD applies to annual small-power contracts held by independent producers. It is offered as a back-up energy source for independent producers whose usual energy source is temporarily unavailable or under maintenance.

Rate GD does not apply if the only equipment used by the customer to produce electricity are emergency generators.

58. Beginning of the application of Rate GD: Rate GD applies as of the date on which the appropriate metering equipment is installed. All the electricity supplied under Rate GD must be covered by a separate contract.

59. Structure of Rate GD: The structure of monthly Rate GD is as follows:

\$4.35 per kilowatt of billing demand,

plus

4.50 ¢ per kilowatthour for the energy consumed in the summer period;

11.49 ¢ per kilowatthour for the energy consumed in the winter period.

If applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304 apply.

60. Billing demand: Billing demand at Rate GD corresponds to the maximum power demand during the consumption period concerned, but is never less than the minimum billing demand as defined in Section 61.

61. Minimum billing demand: For contracts under Rate GD, the minimum billing demand is the higher of the following amounts:

a) the highest of the maximum power demands during the 24 consecutive monthly periods ending at the end of the consumption period concerned; or

b) the contract power chosen by the customer, which cannot be less than 50 kilowatts.

When a customer terminates an annual contract and subscribes for another for the delivery of electricity at

the same location and for similar purposes within the following 12 consecutive monthly periods, these two contracts are considered to be a single contract for calculation of the minimum billing demand.

§4. *Transitional Rate*

62. Transitional rate: The transitional rate, defined in Subdivision 4 of Division IV, also applies to small-power customers subject to a contract billed according to the off-peak price of energy at Rate BT which is about to expire, taking into account the provisions in Section 63.

63. Adjustment of the customer's bill: The adjustment of the customer's bill, described in Section 80, applies to small-power customers. However, the reference index must be raised by the average increase of Rate G, not Rate M.

DIVISION IV GENERAL RATES FOR MEDIUM POWER

§1. *Rate M*

64. Application: General Rate M applies to a contract whose minimum billing demand is at least 100 kilowatts, but less than 5,000 kilowatts.

65. Structure of Rate M: The structure of monthly Rate M for an annual contract is as follows:

\$11.97 per kilowatt of billing demand,

plus

3.72 ¢ per kilowatthour for the first 210 000 kilowatthours,

2.42 ¢ per kilowatthour for the remaining consumption.

If applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304 apply.

66. Contract power: The contract power at Rate M cannot be less than 100 kilowatts.

When a customer terminates an annual contract and subscribes for another for the delivery of electricity at the same location and for similar purposes within the following 12 consecutive monthly periods, these two contracts are considered as one contract in regard to the contract power.

If the contract ceases to be eligible for Rate G because of a minimum billing demand of 100 kilowatts or more and becomes subject to Rate M, the contract power at Rate M is at least equal to the minimum billing demand at Rate G. This contract power takes effect at the beginning of the consumption period during which the minimum billing demand reaches 100 kilowatts or more.

67. Billing demand: The billing demand at Rate M is equal to the maximum power demand during the consumption period concerned, but cannot be less than the contract power, which becomes the minimum billing demand.

68. Optimization charge: When, for a consumption period that falls wholly or partly in the winter period, the billing demand exceeds 133 1/3 % of the contract power, such excess is subject to a monthly optimization charge of \$12.78 per kilowatt.

This charge is prorated to the number of days in the consumption period that belong to the winter period.

However, a customer holding an annual contract may increase the contract power in accordance with Section 69; the customer is then exempt from the optimization charge up to 133 1/3 % of the new contract power.

69. Increase in contract power: The contract power for an annual contract at Rate M may be increased at any time upon written request by the customer. The revision of the contract power takes effect, at the customer's choice, either at the beginning of the consumption period during which Hydro-Québec receives the written request for revision, or at the beginning of one of the three previous consumption periods.

If, because of an increase in contract power, the contract becomes eligible for Rate L, the revision of the contract power and Rate L take effect, at the customer's choice, at the beginning of the consumption period during which Hydro-Québec receives the written request for revision, or at any date during that consumption period, or at the beginning of one of the three previous consumption periods.

In the event the customer does not specify the date the revision of the contract power is to take effect, it shall take effect at the beginning of the consumption period during which Hydro-Québec receives the written request for revision.

70. Decrease in contract power: The contract power for an annual contract at Rate M can be decreased after 12 consecutive monthly periods from the last increase or decrease, unless the customer is bound by contract to

maintain this power for a longer period. To this end, the customer must send a written request to Hydro-Québec.

Provided that the effective decrease in contract power takes place only after the 12 consecutive monthly periods required under the preceding Paragraph, the change in contract power may come into effect either:

a) at the beginning of the consumption period during which Hydro-Québec receives the written request for revision; or

b) at the beginning of the previous consumption period; or

c) at the beginning of any subsequent consumption period,

whichever the customer prefers, and in accordance with the customer's written request.

If, because of a decrease in contract power in accordance with the first Paragraph of this Section, the contract ceases to be eligible for Rate M and becomes subject to Rate G, the revision of the contract power and Rate G take effect, at the customer's choice and in accordance with its written request, either at the beginning of the consumption period during which Hydro-Québec receives the written request for revision, or at the beginning of the previous consumption period, or at the beginning of any subsequent consumption period.

In the event the customer does not specify the date the revision of the contract power is to take effect, it shall take effect at the beginning of the consumption period during which Hydro-Québec receives the written request for revision.

71. Revision of contract power early in contract: Notwithstanding Sections 69 and 70, the customer may retroactively increase or decrease the contract power once within the first 12 monthly periods of the contract, provided that the following conditions are met:

a) the customer's current contract is an annual one;

b) it is the customer's first annual contract at that location;

c) the installation supplied under this contract is:

— a new installation; or

— an installation which, under the current contract, is used for purposes other than those of the previous contract, or whose functioning has been significantly modified.

The revised contract power and the applicable general rate (G, M or L), come into effect either at the beginning of the contract or at the beginning of any consumption period, as the customer chooses. The revised contract power must not be less than that to which the customer is bound by contract to maintain in consideration of the costs incurred by Hydro-Québec to provide service to that customer.

To obtain this revision, the customer must make the request in writing to Hydro-Québec before the end of the 14th monthly period following the date of the beginning of the contract.

72. Short-term contract: A short-term contract for general use of medium power, where the electricity delivered is metered and the contract has a duration of at least one monthly period, is eligible for Rate M, except that, in the winter period, the monthly demand charge is increased by \$4.71.

When a consumption period to which the increased demand charge applies overlaps the beginning or the end of the winter period, this increase is prorated to the number of days in the consumption period that belong to the winter period.

73. Winter activities: The conditions of application of Rate M to winter activities apply only to those contracts subject to them as at April 30, 1988. These conditions are those described in Section 49, except for the rate applied. For eligible contracts, Rate M for short-term contracts described in Section 72 applies.

§2. Rate G-9

74. Rate G-9: Rate G-9, defined in Subdivision 2 of Division III, also apply to medium power, both for annual contracts and short-term contracts.

§3. Rate GD

75. Rate GD: Rate GD, defined in Subdivision 3 of Division III, also apply to medium-power annual contracts.

§4. Transitional Rate

76. Application: This Subdivision applies to medium-power customers subject to a contract billed according to the off-peak price of energy at Rate BT. The transitional rate applies from the date the contract expires.

77. Available power: The transitional rate cannot apply to power higher than the available power stipulated in the contract.

78. Restrictions regarding the use of the power: Power subject to the transitional rate cannot be used for purposes other than those stipulated in the contract.

79. Customer's bill: Starting the first day following the expiry date of the contract, the customer's bill for each consumption period is determined as follows:

1) first, the bill is determined according to the price and billing conditions in effect immediately before the expiry of the contract;

2) the adjustment described in Section 80 is then applied;

3) if applicable, the discounts for supply at medium or high voltage described in Section 253 are then applied.

80. Adjustment of the customer's bill: To determine the applicable adjustment, Hydro-Québec multiplies the customer's bill by the reference index in effect.

The reference index is determined as follows:

— The reference index is set at 1.0 on April 30, 1996.

— It is increased by 8 % on May 1 of each year, starting on May 1, 1996.

— It is also raised by the average increase of Rate M, each time such increase comes into effect.

These increases are cumulative.

81. End of application: The transitional rate shall cease to apply when it is more advantageous for the customer to be subject to the appropriate general rate.

§5. Running-in for New Equipment

82. Application: A customer with a contract subject to Rate M wishing to run in one or more pieces of new equipment in order to operate it later on a regular basis may benefit from the conditions of application of Rate M for running-in use for a minimum of:

— one consumption period, and a maximum of six consecutive consumption periods, for customers to which Section 83 applies;

— one consumption period, and a maximum of 12 consecutive consumption periods, for customers to which Section 84 applies.

To benefit from these conditions, the customer must provide Hydro-Québec with a written notice, at the lat-

est 30 days before the running-in period, indicating the approximate beginning of the running-in period and must submit the running-in equipment type and power to Hydro-Québec for written approval. The power of the running-in equipment must be equal to at least 10 % of the contract power in effect during the consumption period preceding the customer's written request. At the latest 10 days before the beginning of the running-in, the customer must advise Hydro-Québec, for written approval, of the exact date of the beginning of the running-in period.

83. Contract whose billing record includes 12 or more consumption periods at Rate M during which there was no running-in under this Subdivision or Subdivision 6: When all or part of the customer's power demand is for the running-in of equipment and the billing record includes 12 or more consumption periods at Rate M during which there was no running-in, the electricity bill is determined as follows:

— An average price, expressed in ¢/kWh, is determined on the basis of the average billing demand and energy consumed during the last 12 consumption periods during which there was no running-in. Upon written request from the customer, days during which a strike is held at the customer's company are not taken into account when this average is determined. To determine this average price, Rate M in effect during the consumption period concerned of the running-in period is applied to this average, taking into account, if applicable, any discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

— For each consumption period of the running-in period, the energy consumed is billed at the average price, determined according to the preceding Subparagraph, plus 4 %. However, the minimum bill per consumption period corresponds to at least the average billing demand in effect during the last 12 consumption periods preceding the running-in period, multiplied by the demand charge in effect during the consumption period concerned of the running-in period. The demand charge is adjusted, if applicable, as a function of discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

84. Contract whose billing record includes fewer than 12 consumption periods at Rate M during which there was no running-in under this Subdivision or Subdivision 6: If all or part of the customer's power demand is used for the running-in of equipment and customer's billing record includes fewer than 12 consumption periods at Rate M during which there was no running-in, the electricity bill is determined as follows:

— The customer gives Hydro-Québec a written estimate of the power demand and energy that will be consumed, on average, under the contract after the running-in period. An average price, expressed in ¢/kWh, is determined based on this estimate, once it has been approved by Hydro-Québec, by applying Rate M in effect to the estimate, taking into account, if applicable, any discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

— During the running-in period, the energy consumed is billed at this average price, plus 4 %.

At the end of three monthly consumption periods following the end of the running-in period, the bills applying to the running-in period are adjusted if need be. An average price expressed in ¢/kWh, is determined based on the power demand and energy consumed on average during these last three consumption periods and on Rate M in effect during the three consumption periods. If this price, increased by 4 %, is different from the billing price, the bills applying to the running-in period will be adjusted accordingly.

85. Termination of the running-in conditions: If a customer no longer wishes to take advantage of the running-in conditions, it must advise Hydro-Québec in writing. These running-in conditions cease to apply, at the customer's discretion, either at the beginning of the consumption period in effect when Hydro-Québec receives the customer's written notice, at the beginning of either of the two preceding consumption periods or at the beginning of either of the two subsequent consumption periods.

86. Renewal of the running-in conditions: A customer who wishes once again to benefit from the running-in conditions must submit a new request to Hydro-Québec in accordance with the provisions described in Section 82.

§6. Running-in within the Experimental Program for New Heating Technologies

87. Application: A customer with a contract subject to Rate M wishing to run in one or more pieces of new heating equipment in order to operate it later on a regular basis may benefit from the conditions of application of Rate M for running-in within Hydro-Québec's experimental program for new heating technologies, for a minimum of:

— one consumption period, and a maximum of 24 consecutive consumption periods.

The customer must have agreed to participate, at Hydro-Québec's request, in the experimental program for new heating technologies.

88. Contract whose billing record includes 12 or more consumption periods at Rate M during which there was no running-in under this subdivision or subdivision 5: When all or part of the customer's power demand is for the running-in of equipment and the billing record includes 12 or more consumption periods at Rate M during which there was no running-in, the electricity bill is determined as follows:

— An average price, expressed in ¢/kWh, is determined on the basis of the average billing demand and energy consumed during the last 12 consumption periods during which there was no running-in. Upon written request from the customer, days during which a strike is held at the customer's company are not taken into account when this average is determined. To determine this average price, Rate M in effect during the consumption period concerned of the running-in period is applied to this average, taking into account, if applicable, any discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

— For each consumption period of the running-in period, the energy consumed is billed at the average price, determined according to the preceding Subparagraph. However, the minimum bill per consumption period corresponds to at least the average billing demand in effect during the last 12 consumption periods preceding the running-in period, multiplied by the demand charge in effect during the consumption period concerned of the running-in period. The demand charge is adjusted, if applicable, as a function of discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

89. Contract whose billing record includes fewer than 12 consumption periods at Rate M during which there was no running-in under this subdivision or subdivision 5: If all or part of the customer's power demand is used for the running-in of equipment and the customer's billing record includes fewer than 12 consumption periods at Rate M during which there was no running-in, the electricity bill is determined as follows:

— The customer gives Hydro-Québec a written estimate of the power demand and energy that will be consumed, on average, under the contract after the running-in period. An average price, expressed in ¢/kWh, is determined based on this estimate, once it has been approved by Hydro-Québec, by applying Rate M in effect to the estimate, taking into account, if applicable,

any discount for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

90. Termination of the running-in conditions within the Experimental Program for New Heating Technologies: The conditions described in Section 85 apply.

91. Renewal of the running-in conditions within the Experimental Program for New Heating Technologies: The conditions described in Section 87 apply.

DIVISION V

REAL-TIME PRICING RATE OPTION — RATE MR

92. Application: Rate MR is an experimental rate. In a general way, it applies to a medium-power customer who has accepted Hydro-Québec's invitation to participate in the pilot project.

93. Definitions: In this Division, the following terms are defined as follows:

“real energy”: The real hourly consumption recorded during the consumption period concerned.

“reference components”: The reference components include: summer reference energy, winter reference energy, summer reference power, winter reference power and reference overrun. The reference components may include the adjustments necessary to reflect the customer's normal consumption level and profile under Rate M.

Upon renewal of the commitment to Rate MR, the reference components may be revised, to reflect customer's normal consumption level and profile.

In all cases, the reference components shall be agreed upon in writing by the customer and Hydro-Québec.

“reference overrun”: The average, weighted according to the number of hours, of the overruns calculated according to the provisions relating to the optimization charge under Rate M during the winter periods included in the reference period.

“reference period”: 12 consecutive consumption periods prior to the beginning of the application of Rate MR.

“summer reference energy”: The hourly average consumption during the summer periods included in the reference period.

“summer reference power”: The average, weighted according to the number of hours, of the demands billed during the summer periods included in the reference period.

“winter reference energy”: The hourly average consumption during the winter periods included in the reference period.

“winter reference power”: The average, weighted according to the number of hours, of the demands billed during the winter periods included in the reference period.

94. Beginning of the application of Rate MR: Rate MR applies, at the earliest, at the beginning of the first consumption period following the installation of the appropriate metering equipment.

95. Duration of commitment for the first application: Rate MR applies to a contract for 12 consecutive monthly periods.

A customer may end his commitment upon written notice during the first 90 days of the first application of Rate MR. If the customer ends his commitment within this time, the rate to which his contract was fixed at the time of his adhesion to Rate MR is applied to his contract retroactively.

96. Renewal of commitment: A customer may renew a contract subject to Rate MR by sending Hydro-Québec a written request no later than 30 days before the end of the current contract. Rate MR shall then continue to apply to the same contract for a further 12 consecutive consumption periods, subject to Hydro-Québec's approval.

97. Determination of the hourly energy price: The hourly energy price is established by taking into account the hydroelectric power station operating at the margin, the evolution in the demand for electricity, run-offs and the level of Hydro-Québec's reservoirs, opportunities and prices for purchase or sale of electricity on internal and external markets, transmission losses, and a markup.

However, when Hydro-Québec plans to operate non-hydraulic and non-nuclear stations or to use load management measures such as the interruptible power program or power purchases from neighbouring power systems, the hourly energy price is established by taking into account the variable operating and maintenance costs of the last power station or the last load management measure used to maintain the balance between supply and demand, transmission losses, and a markup.

98. Conditions of notification of the hourly energy prices under Rate MR: Hydro-Québec shall notify the customer in the following manner:

Summer period

One week prior to the beginning of each calendar month, Hydro-Québec shall send the customer the hourly energy prices which will be set for the duration of the calendar month.

If, during this period, Hydro-Québec observes, in setting its hourly energy prices, that one of them differs by at least 10 % from that previously set for the month, Hydro-Québec reserves the right to change the hourly prices for a period of at least 24 hours.

Hydro-Québec shall then notify the customer, before 16h on the previous working day, of the revised hourly energy prices to take effect at midnight and remain in effect for the period specified in the notice. Afterwards, the hourly prices set at the beginning of the month will apply once again, unless there are subsequent changes in accordance with this Section.

Winter period

Every working day, before 16 h, Hydro-Québec shall advise the customer of the hourly energy prices which become effective at midnight for at least 24 hours.

If the customer does not receive the Rate MR hourly energy prices, he shall so advise Hydro-Québec before 18 h on the working day concerned. Otherwise, the customer shall be deemed to have received them.

99. Customer's bill: Throughout the period in which Rate MR applies to a contract, the electricity bill for each consumption period is established as follows:

a) the reference consumption, billed in accordance with Section 100;

is added to

b) the marginal consumption, billed in accordance with Section 101.

100. Reference consumption: To bill for the reference consumption for the consumption period concerned, the amounts obtained in Subparagraphs *a*, *b* and *c* below are added together:

a) A first amount is calculated by multiplying the appropriate reference energy (summer and/or winter) by the number of hours in the consumption period con-

cerned and then by billing according to the following monthly structure:

3.72 ¢ per kilowatthour for the first 210,000 kilowatthours;

2.42 ¢ per kilowatthour for the remaining consumption.

b) A second amount is calculated by multiplying the appropriate reference power (summer and/or winter) by a monthly demand charge of \$11.97 per kilowatt.

c) A third amount is calculated, during the winter period, by multiplying the reference overrun by a monthly optimization charge of \$12.78 per kilowatt.

If applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304 apply.

101. Marginal consumption: To bill for marginal consumption during the consumption period concerned, the amount obtained in Subparagraph *b* is subtracted from the amount obtained in Subparagraph *a*:

a) A first amount is calculated by multiplying the real consumption for the consumption period concerned by the Rate MR hourly energy prices.

b) A second amount is calculated by multiplying the appropriate reference energy (summer and/or winter) by the number of hours in the consumption period concerned and by the average MR price for the period.

The average MR price for the consumption period concerned is calculated by dividing the total obtained in Subparagraph *a* by the total real consumption during the consumption period concerned.

102. Conditions of transition at the end of the commitment: At the end of the commitment to Rate MR, the appropriate general rate shall apply immediately.

In the case of a contract to Rate M, the contract power equals:

— the contract power in effect on the date participation in Rate MR began if the customer terminates its contract within the first 90 days of the application of Rate MR;

or

— the contract power chosen by the customer if the customer participates in Rate MR for at least 12 con-

secutive monthly consumption periods or if Hydro-Québec terminates the pilot project.

103. Conditions for adjustment of summer and/or winter reference energy and summer and/or winter reference power: If, during a continuous period of at least one hour,

— electricity was not supplied to the customer because Hydro-Québec interrupted the supply of electricity; or

— the customer was prevented from using electricity, wholly or in part, at the request of Hydro-Québec; or

— the customer was prevented from using electricity, wholly or in part, as a result of war, rebellion, riot, serious epidemic, fire or any other case of force majeure, excluding strikes or lockouts on the customer's premises.

The summer and/or winter reference energy during that event is adjusted to equal the real energy, solely for that consumption period.

The summer and/or winter reference power associated with such summer and/or winter reference energy corresponds to the maximum power demand during the event.

DIVISION VI

GENERAL RATES FOR LARGE POWER

§1. Rate L

104. Application: General Rate L applies to an annual contract whose minimum billing demand is 5,000 kilowatts or more.

105. Structure of Rate L: The structure of monthly Rate L is as follows:

\$10.95 per kilowatt of billing demand;

plus

2.42 ¢ per kilowatthour.

If applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304 apply.

106. Contract power: The contract power at Rate L must not be less than 5 000 kilowatts.

When a customer terminates an annual contract and subscribes for another for the delivery of electricity at the same location and for similar purposes within the following 12 consecutive monthly periods, these two contracts are considered as one contract in regard to the contract power.

107. Billing demand: The billing demand at Rate L is equal to the maximum power demand during the consumption period concerned, but cannot be less than the contract power, which becomes the minimum billing demand.

108. Optimization charge: If at any point in a day during the winter period the maximum power demand exceeds 110 % of the contract power, the overrun is subject to a daily optimization charge of \$6.38 per kilowatt. For each day during which such an overrun occurs, the charge will be applied to the number of kilowatts resulting from the highest overrun during the day.

For each consumption period, however, the amount calculated by applying the daily optimization charges is limited to the amount that would result from applying monthly optimization charge to the portion of the billing demand exceeding 110 % of the contract power. This optimization charge is \$19.14 per kilowatt.

For purposes of this Section, a day is defined as the period from 00:00 h to 24:00 h.

109. Increase of contract power: The contract power for a contract at Rate L may be increased at any time upon the written request of the customer, but not more than once per consumption period. The revision of the contract power takes effect, at the choice of the customer, either at the beginning of the consumption period during which Hydro-Québec receives the written request for revision, or at the beginning of one of the three previous consumption periods. If the customer wishes to increase the contract power at any date in a consumption period, Hydro-Québec must be so advised in writing and must receive the notice during the said consumption period or in the 20 days following it.

110. Decrease in contract power: The contract power for a contract at Rate L may be reduced 12 consumption periods after its last increase or decrease, unless the customer is contractually bound to maintain the power for a longer period. To this end, the customer must send a written request to Hydro-Québec.

Provided that the effective decrease in contract power takes place only after the 12 consumption periods stipulated in the preceding Paragraph, the revision takes effect either:

a) at any point during the consumption period during which Hydro-Québec receives the written request for revision; or

b) at any point during the previous consumption period; or

c) at any point during any subsequent consumption period,

whichever the customer prefers, in accordance with the customer's written request.

If, because of a decrease in contract power in accordance with the first Paragraph of this Section, the contract ceases to be eligible for Rate L, the revision of the contract power and the applicable general rate take effect, at the customer's choice and in accordance with the written request, at any date in the consumption period during which Hydro-Québec receives the request, or at any date in the preceding or any subsequent consumption period.

111. Division of consumption period: When a consumption period overlaps the beginning or the end of the winter period, the billing demand is set separately for the summer period portion and the winter period portion, but it shall under no circumstances be less than the contract power.

When the revision of the contract power, carried out in accordance with Sections 109 or 110, does not take effect on a date coinciding with the beginning of a consumption period, the billing demand may be differed for each part of the consumption period, provided that the revision entails a variation in the contract power equal to or greater than the higher of the following two values:

a) 10 % of the contract power,

or

b) 1 000 kilowatts.

However, for each part, the billing demand must not be less than the corresponding contract power.

112. Revision of contract power early in contract: Notwithstanding Sections 109 and 110, the customer may retroactively increase or decrease the contract power once within the first 12 monthly periods of the contract, provided that the following conditions are met:

a) the customer's current contract is an annual one;

b) it is the customer's first annual contract at that location;

c) the installation supplied under this contract is:

— a new installation; or

— an installation which, under the current contract, is used for purposes other than those of the previous contract, or whose functioning has been significantly modified.

The revised contract power and the applicable general rate (G, M or L) come into effect either at the beginning of the contract or at the beginning of any consumption period, as the customer chooses. The revised contract power must not be less than that to which the customer is bound by contract to maintain in consideration of the costs incurred by Hydro-Québec to provide service to that customer.

To obtain this revision, the customer must make the request in writing to Hydro-Québec before the end of the 14th monthly period following the date of the beginning of the contract.

113. Power demand excluded for billing: Power demand in recovery periods when part of the contract power is interruptible in accordance with Section 218 is not taken into account in setting the billing demand.

Apparent power demand in periods when, at Hydro-Québec's request, the customer disconnects installations for correction of the power factor is also not taken into account in determining the billing demand.

114. Credit for reduction in or interruption of supply: The customer may obtain a credit on the amount payable for power when for a continuous period of at least one hour:

a) electricity was not supplied to the customer because Hydro-Québec interrupted the supply of electricity;

b) the customer was prevented from using electricity, wholly or in part, at the request of Hydro-Québec;

c) the customer was prevented from using electricity, wholly or in part, as a result of war, rebellion, riot, serious epidemic, fire or any other case of force majeure, excluding strikes or lockouts on the customer's premises.

The customer may also obtain a credit on the amount payable for power if Hydro-Québec has interrupted the

supply of electricity twice or more in the same day for a combined total of at least one hour.

To obtain the credit, the customer must request it in writing from Hydro-Québec within 60 days following the end of the incident.

In the case of an interruption of supply, the credit equals the difference between the amount that would have been payable for the complete consumption period and the amount payable for that period with the number of hours of interruption subtracted. In the case of a reduction in supply, it equals the difference between the amount that would have been payable for the complete consumption period and the amount payable for that period adjusted in accordance with the number of hours the supply was reduced and the quantity of power actually delivered to the customer during that number of hours.

This credit does not apply when the interruption is of a nature stipulated in Subdivisions 2 and 3 of this Division or in Division X of this Bylaw, or is due to the customer's non respect of the contract.

For purposes of this Section, a day is defined as the period from 00:00 h to 24:00 h.

115. Conditions applying to municipalities: One of the two following conditions applies to a contract held by a municipality that is a Hydro-Québec customer:

a) Rate L and associated conditions of application, as set out in this Bylaw; or

b) Rate L as in effect April 30, 1990 and associated conditions of application at that date, except for the optimization charge, which must be adjusted to reflect conditions determined in this Bylaw; the customer's bill will be multiplied by 1.3358.

Option *b* above is reserved for contracts to which it applies on April 30, 1998.

Option *b* will continue to be offered as long as one or more municipalities make use of it. The applicable multiplier is revised annually.

When a municipality wishes to terminate option *b*, it must notify Hydro-Québec in writing and this decision is irrevocable. The change comes into effect at the beginning of the consumption period during which Hydro-Québec receives the written notice, or at the beginning of the subsequent consumption period or at the beginning of one of the three previous consumption periods, whichever the customer prefers.

No matter which option is chosen, if a municipality has one or more customers billed at Rate L, it is entitled to a refund of 15 % of their bills if the maximum power demand during a given consumption period is equal to or greater than 5 000 kilowatts for each customer concerned. If the maximum power demand is between 4 300 and 5 000 kilowatts, the percentage of the refund is determined as follows:

$$\frac{(\text{Maximum power demand} - 4,300 \text{ kW}) \times 15 \%}{700 \text{ kW}}$$

For a municipality to be entitled to the 15 % refund, the customer cannot be a former Hydro-Québec customer unless it became the customer of the municipality with Hydro-Québec's consent.

If the maximum power demand is less than 4,300 kilowatts, the municipality is not entitled to a refund.

To obtain a refund, the municipality must provide Hydro-Québec with vouchers for each consumption period to prove that it is entitled to a refund.

For the purpose of application of this Section, "municipality" designates a municipality which is a customer of Hydro-Québec and which operates its own distribution system.

§2. Rate LC

116. Application: Rate LC applies to a contract for large power under which intermittent secondary energy is delivered as auxiliary power for a boiler operated in the fuel mode.

Under a contract at Rate LC, the available power required by the customer must be at least 5 000 kilowatts, and the energy must be metered separately from that which is delivered under any contract subject to any other rate, except Rate LP.

117. Available power: The available power for a contract at Rate LC must be the subject of a written agreement between the customer and Hydro-Québec. It may be revised once a year, on the contract renewal date, taking into account the availability of Hydro-Québec's system. If Rate LC and Rate LP apply to the same contract, the available power must be the same in both cases.

Hydro-Québec may, depending on its system-management needs and the availability of the system, refuse to deliver energy at this rate.

118. Definitions: In this Subdivision, the following terms are defined as follows:

“delivery period”: A period of varying duration during which the intermittent secondary energy that is the subject of an agreement in accordance with the provisions of this Subdivision is delivered.

“intermittent secondary energy”: Temporary surpluses of energy that Hydro-Québec sells in accordance with the provisions of this Subdivision.

119. Structure of Rate LC: The structure of Rate LC is as follows:

Annual fixed charge: \$1 000.

Price of energy: Determined in accordance with the procedure described in Sections 126 and 127.

120. Date of application of Rate LC: Rate LC applies as of May 1 of each year. Any contract subject to this rate shall remain in effect until the following April 30 inclusively, unless the customer decides to terminate it, in accordance with the provisions of Section 124.

If a contract at Rate LC takes effect on a date subsequent to May 1, it shall remain in effect until the following April 30, inclusive, unless the customer decides to terminate it. In such case, payment of the annual fixed charge must be made in accordance with the provisions of Section 122.

121. Conditions of admission to Rate LC: To obtain Rate LC, customers must inform Hydro-Québec in writing of their intention to eventually purchase intermittent secondary energy in accordance with the conditions of this Subdivision. The customer's contract becomes subject to Rate LC when the appropriate metering equipment has been installed.

122. Payment of the annual fixed charge: The annual fixed charge is included in the bill issued for the first consumption period ending after May 1, or in the bill issued for the first consumption period in which the contract at Rate LC takes effect, if such date is other than May 1. The fixed charge must be paid in full even if Rate LC takes effect after May 1. It shall not be reimbursed if the customer terminates the contract at Rate LC.

Payment of the annual fixed charge also entitles the customer to Rate LP, described in Subdivision 3 of this Division.

123. Contract renewal: A contract at Rate LC shall be automatically renewed on May 1 of each year, unless the customer advises Hydro-Québec, in writing, prior to April 1, of his intention to terminate the contract.

124. Termination of contract during the year: Customers may terminate their contract at Rate LC at any time other than a delivery period during which intermittent secondary energy is being delivered to them. They must advise Hydro-Québec of their decision, in writing, indicating the date upon which it shall take effect. Customers are not entitled to Rate LC again until 12 months after their previous contract at such rate is terminated.

Hydro-Québec may terminate Rate LC at any time, upon three months' written notice.

125. Change from Rate LC to another rate: Should customers wish that the power under their contract at Rate LC be transferred to a contract they hold at Rate L, or any other rate for which they are eligible other than Rate LP, they must so advise Hydro-Québec, in writing, at least six months prior to the planned date of the change. Such change shall take effect at the end of this six-month period, or earlier, provided that the appropriate metering equipment has been installed. It must remain in effect for at least 12 consecutive monthly periods before customers are entitled to another contract at Rate LC.

126. Tendering procedure: Prior to the beginning of a delivery period, Hydro-Québec shall forward a call for tenders to customers whose contract is subject to Rate LC and whose facilities are located in geographically accessible sectors according to the relay possibilities of the network. The call for tenders shall specify, for the delivery period concerned, the total quantity of energy available, the duration of the period, the minimum price of the energy, the minimum quantity that may be the subject of a tender, the terms of delivery, and the date prior to which tenders must be forwarded to Hydro-Québec.

Customers must forward a written tender to Hydro-Québec specifying the quantity of energy they wish to purchase, the days and hours during which they wish such energy to be delivered, and the price they agree to pay. Customers must also specify whether they are willing to purchase only part of the quantity of energy specified in the tender, under the same conditions.

127. Allocation of intermittent secondary energy: The quantity of intermittent secondary energy that is the subject of the call for tenders shall be allocated to the tendering customers that offer the highest price and whose tenders are in accordance with the conditions specified in the call for tenders.

No intermittent secondary energy shall be awarded at prices below the minimum price set by Hydro-Québec. Furthermore, Hydro-Québec reserves the right to refuse

any tenders whose conditions are not in accordance with those set out in its call for tenders, and tenders at an equal price that would obligate it to deliver a quantity of intermittent secondary energy in excess of the quantity offered.

Prior to the beginning of the delivery period, Hydro-Québec shall inform tendering customers of whether or not their tender has been accepted. Following such time, it shall confirm, in writing, to customers whose tenders have been accepted, the quantity of energy, duration of delivery, terms of delivery and the price stipulated in the contract.

128. Commitment: Hydro-Québec guarantees delivery of the quantity of energy that is the subject of the contract for the agreed-upon delivery period and under the agreed-upon terms.

Customers undertake to pay for the quantity of energy stipulated in the agreement, even if they do not take delivery of such during the agreed-upon delivery period. They may not take delivery of the unconsumed quantity of energy during a subsequent delivery period.

If the total quantity of energy consumed exceeds the amount agreed upon by less than 5 %, customers shall be billed for the total quantity at the agreed-upon price.

If, as a result of one or several interruptions in supply not provided for under the terms of delivery specified in the call for tenders, customers are prevented from taking delivery of the quantity of energy agreed upon for the delivery period, they shall be billed only for the quantity of energy actually delivered.

129. Unauthorized consumption of energy: If, during a delivery period, customers consume a quantity of energy exceeding the quantity stipulated in the agreement by 5 % or more, or if they consume energy during any period other than that stipulated in the agreement, or if customers do not comply with a request, on the part of Hydro-Québec, to interrupt their use of intermittent secondary energy, Hydro-Québec shall bill them for the unauthorized energy consumed or the quantity exceeding the agreed-upon quantity, at \$1.00 per kilowatthour.

This Section shall not be interpreted as permission to consume energy without authorization.

130. Discounts: No discounts are applicable to the rate in this Subdivision.

131. Restrictions: The provisions of this Subdivision shall not be interpreted as an obligation on the part of Hydro-Québec to assume charges incurred for con-

nection or installation in order for customers to obtain a contract at Rate LC.

Notwithstanding the fact that, in accordance with Section 122, payment of the annual fixed charge entitles customers to Rate LC and Rate LP, the other elements of these rates cannot be applied simultaneously.

§3. Rate LP

132. Application: Rate LP applies to a contract for large power under which electricity is delivered as an auxiliary source of energy for a boiler operated in the fuel mode.

Under a contract at Rate LP, the available power required by the customer must be at least 5 000 kilowatts, and the energy must be metered separately from that which is delivered under any contract subject to any other rate, except Rate LC.

133. Available power: The available power for a contract at Rate LP must be the subject of a written agreement between the customer and Hydro-Québec. It may be revised once a year, on the contract renewal date, taking into account the availability of Hydro-Québec's system. If Rate LP and Rate LC apply to the same contract, the available power must be the same in both cases.

Hydro-Québec may, depending on its system-management needs and the availability of the system, refuse to deliver energy at this rate.

134. Structure of Rate LP: The structure of Rate LP is as follows:

Annual fixed charge: \$1 000.

Price of energy:

a) Winter period:

— supply at high voltage:

7.29 ¢ per kilowatthour.

— supply at medium voltage:

10.11 ¢ per kilowatthour.

b) Summer period:

— supply at high voltage:

3.63 ¢ per kilowatthour for the first 300 hours of use of available power in the summer period;

plus

— 7.29 ¢ per kilowatthour for the remaining energy consumption.

— supply at medium voltage:

3.63 ¢ per kilowatthour for the first 300 hours of use of available power in the summer period;

plus

10.11 ¢ per kilowatthour for the remaining energy consumption.

135. Date of application of Rate LP: Rate LP applies as of May 1 of each year. Any contract subject to this rate shall remain in effect until the following April 30 inclusively, unless the customer decides to terminate it, in accordance with the provisions of Section 139.

If a contract at Rate LP takes effect on a date subsequent to May 1, it shall remain in effect until the following April 30 inclusively, unless the customer decides to terminate it. In such case, payment of the annual fixed charge must be made in accordance with the provisions of Section 137.

136. Conditions of admission to Rate LP: To obtain Rate LP, customers must forward a written request to Hydro-Québec. Contracts at Rate LP shall take effect as of the beginning of the consumption period following the receipt of the request, provided that the appropriate metering equipment has been installed.

137. Payment of the annual fixed charge: The annual fixed charge is included in the bill issued for the first consumption period ending after May 1, or in the bill for the first consumption period in which the contract at Rate LP takes effect, if such date is other than May 1. It shall not be reimbursed if the customer terminates the contract at Rate LP. The fixed charge must be paid in full even if Rate LP takes effect after May 1.

Payment of the annual fixed charge also entitles customers to Rate LC, described under Subdivision 2 of this Division.

138. Contract renewal: A contract at Rate LP shall be automatically renewed on May 1 of each year, unless the customer advises Hydro-Québec, in writing, prior to April 1, of his intention to terminate the contract.

139. Termination of contract during the year: Customers may terminate their contract at Rate LP at any time. They must advise Hydro-Québec of their decision, in writing, indicating the date at which it takes effect. Customers are not entitled to Rate LP again until 12 months after their previous contract at such rate is terminated.

Hydro-Québec may terminate Rate LP at any time, upon three months' written notice.

140. Changes from Rate LP to another rate: Should customers wish that the power under their contract at Rate LP be transferred to a contract they hold at Rate L, or any rate for which they are eligible other than Rate LC, they must so advise Hydro-Québec, in writing, at least six months prior to the planned date of the change. Such change shall take effect at the end of this six-month period, or earlier, provided that the appropriate metering equipment has been installed. It must remain in effect for at least 12 consecutive monthly periods before customers are entitled to another contract at Rate LP.

141. Conditions regarding the delivery of energy: To be able to use energy, customers whose contracts are already subject to Rate LP must request it from Hydro-Québec, specifying the period during which they need such energy. Hydro-Québec may accept or refuse the request depending on the availability of its system during the period indicated by the customer. Where applicable, Hydro-Québec shall confirm its acceptance, in writing, indicating the agreed-upon delivery period and terms.

If, during a period when energy is being delivered under a contract at Rate LP, customers wish to lengthen the period specified in their request, they must forward a further request to Hydro-Québec specifying the supplementary delivery period. Hydro-Québec shall deal with the request in accordance with the procedure described in the first Paragraph of this Section.

142. Commitment: If, during the summer period, Hydro-Québec accepts the customer's request in accordance with Section 141, it shall guarantee delivery of the energy requested by the customer during the agreed-upon period and at the agreed-upon terms.

If, during the winter period, Hydro-Québec accepts the request in accordance with Section 141, it shall guarantee delivery of the energy requested by the customer during a 48-hour period or the requested period, whichever is shorter. Should customers wish to lengthen the period during which they use energy under their contract at Rate LP, they must again contact Hydro-Québec to request authorization.

143. Unauthorized consumption of energy: Should the customer consume energy during periods for which delivery was refused or without having made prior request, all energy consumed during such periods shall be billed at \$1.00 per kilowatthour.

This Section shall not be interpreted as permission to consume energy without authorization.

144. Discount: No discounts are applicable to the rate in this Subdivision.

145. Restrictions: The provisions of this Subdivision shall not be interpreted as an obligation on the part of Hydro-Québec to assume charges incurred for connection or installation in order for the customer to obtain a contract at Rate LP.

Notwithstanding the fact that, in accordance with Section 137, payment of the annual fixed charge entitles the customer to Rate LC and Rate LP, the other elements of these rates cannot be applied simultaneously.

§4. Rate H

146. Application: Rate H applies to large-power contracts characterized by utilization of power mainly outside winter weekdays. It is also available for deliveries of emergency electricity to independent producers whose usual energy supply has failed temporarily.

Rate H does not apply if the only equipment used by the customer to produce electricity are emergency generators.

147. Definition: In this Subdivision, the following term is defined as follows:

“**winter weekday**”: The period between 6h and 22h inclusive during all working days in the winter period. Hydro-Québec may, on oral notice to the customer, consider winter Saturdays and Sundays from 6h to 22h inclusive as “winter weekdays”.

Working days in the winter period do not include December 24, 25, 26 and 31, January 1 and 2, and Good Friday, Holy Saturday, Easter Sunday and Easter Monday, when these days fall in the winter period.

148. Structure of Rate H: The structure of monthly Rate H is as follows:

\$4.35 per kilowatt of billing demand;

plus

3.87 ¢ per kilowatthour for the energy consumed outside winter weekdays;

14.70 ¢ per kilowatthour for the energy consumed on winter weekdays.

If applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304 apply.

149. Billing demand: The billing demand at Rate H is equal to the maximum power demand but it cannot be less than the minimum billing demand, which is the higher of the two following amounts:

Contracts subject to Rate H:

— the highest of the maximum power demands during the 24 monthly periods ending at the end of the consumption period concerned;

or

— the contract power, which cannot be less than 5,000 kilowatts.

Contracts subject to Rates L and H:

— the highest of the maximum power demands during the 24 monthly periods ending at the end of the consumption period concerned. If the customer increases the contract power to Rate L, the minimum billing demand at Rate H may be decreased by a value equivalent to such increase;

or

— the contract power, which cannot be less than 5,000 kilowatts.

150. Contracts subject both to Rate L and Rate H:

If a contract is billed partly at Rate L and partly at Rate H, the power and the energy taken into account for the application of Rate H are respectively the part of the maximum power demand in excess of the billing demand under Rate L as indicated by the customer, and the part of the energy consumed, during any such excess demand, that exceeds that resulting from maximum utilization of this billing demand during the period of excess demand. The periods used to calculate the excess demand are the 15-minute integration periods inherent in Hydro-Québec's metering equipment.

For consumption periods where the contract power at Rate L is exceeded, the customer must advise Hydro-Québec of the billing demand to be billed at Rate L. This

billing demand cannot be less than the contract power at Rate L. This notice must reach Hydro-Québec before the beginning of the third consumption period following the consumption period concerned. If no notice is given, the billing demand at Rate L will be the contract power.

The provisions of this Section apply only to contracts which were subject to this Section on April 30, 1993.

§5. *Transitional Rate*

151. Application: This Subdivision applies to large-power industrial customers subject to a particular contract which is about to expire.

152. Definition: In this Subdivision, the following term is defined as follows:

“**reference period**”: The three consumption periods preceding the consumption period during which the particular contract expires.

153. Conditions of admission: To be subject to the transitional rate, the customer must so advise Hydro-Québec in writing no later than 30 days after the expiry date of the particular contract. Failure to advise Hydro-Québec within the prescribed time limit indicates that the customer does not wish to be subject to the transitional rate. Rate L will then apply in full, starting on the first day after the expiry date of the particular contract.

154. Billing: Starting the first day following the expiry date of the particular contract, the customer's bill for each consumption period is determined based on actual customer data in accordance with Rate L, taking into account, if applicable, the discounts for supply at medium or high voltage, the adjustment for transformation losses described in Sections 303 and 304 and the adjustment stipulated in Section 155.

155. Adjustment of the customer's bill: To determine the applicable adjustment, Hydro-Québec performs the following calculations:

a) an initial amount is calculated based on the particular contract's prices and conditions in effect immediately prior to expiry, for the duration of the reference period;

b) a second amount is calculated based on the Rate L prices and conditions in effect when the particular contract expires, taking into account, if applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304 for the duration of the reference period;

c) a percentage is calculated as follows:

— the difference between the amount determined in Subparagraph *b* and the amount determined in Subparagraph *a* is calculated,

— the result is divided by the amount determined in Subparagraph *b*;

d) the result calculated in Subparagraph *c* is multiplied by:

80 % for the 12 months following expiry of the contract,

60 % for the next 12 months,

40 % for the next 12 months,

20 % for the next 12 months;

e) the applicable adjustment is equal to the customer's bill calculated in accordance with Section 154, multiplied by the result obtained in Subparagraph *d*.

§6. *Running-in Conditions for Industrial Processes*

156. Application: A customer with a contract subject to Rate L wishing to run in one or more pieces of new equipment in order to operate it later on a regular basis may benefit from the conditions of application of Rate L for running-in use for a minimum of:

— one consumption period, and a maximum of six consecutive consumption periods, for customers to which Section 157 applies;

— one consumption period, and a maximum of 12 consecutive consumption periods, for customers to which Section 158 applies.

To benefit from these conditions, the customer must provide Hydro-Québec with a written notice, at the latest 30 days before the running-in period, indicating the approximate beginning of the running-in period and must submit the running-in equipment type and power to Hydro-Québec for written approval. The power of the running-in equipment must be equal to at least 5 % of the contract power in effect during the consumption period preceding the customer's written request, and not less than 500 kilowatts. At the latest 10 days before the beginning of the running-in, the customer must advise Hydro-Québec, for written approval, of the exact date of the beginning of the running-in period.

157. Contract whose billing record includes 12 or more consumption periods at Rate L during which there was no running-in: When all or part of the customer's power demand is for the running-in of equipment and the billing record includes 12 or more consumption periods at Rate L during which there was no running-in, the electricity bill is determined as follows:

— An average price, expressed in ¢/kWh, is determined on the basis of the average billing demand and energy consumed during the last 12 consumption periods during which there was no running-in. Upon written request from the customer, days during which a strike is held at the customer's company are not taken into account when this average is determined. To determine this average price, Rate L in effect during the consumption period concerned of the running-in period is applied to this average, taking into account, if applicable, any discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

For each consumption period of the running-in period, the energy consumed is billed at the average price, determined according to the preceding Subparagraph, plus 4 %. However, the minimum bill per consumption period corresponds to at least the average billing demand in effect during the last 12 consumption periods preceding the running-in period, multiplied by the demand charge in effect during the consumption period concerned of the running-in period. The demand charge is adjusted, if applicable, as a function of discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

158. Contract whose billing record includes fewer than 12 consumption periods at Rate L during which there was no running-in: If all or part of the customer's power demand is used for the running-in of equipment and the customer's billing record includes fewer than 12 consumption periods at Rate L during which there was no running-in, the electricity bill is determined as follows:

— The customer gives Hydro-Québec a written estimate of the power demand and energy that will be consumed, on average, under the contract after the running-in period. An average price, expressed in ¢/kWh, is determined based on this estimate, once it has been approved by Hydro-Québec, by applying Rate L in effect to the estimate, taking into account, if applicable, any discount for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

— During the running-in period, the energy consumed is billed at this average price, plus 4 %.

At the end of three consumption periods following the end of the running-in period, the bills applying to the running-in period are adjusted if need be. An average price, expressed in ¢/kWh, is determined based on the power demand and energy consumed on average during these last three consumption periods and on Rate L in effect during the three consumption periods. If this price, increased by 4 %, is different from the billing price, the bills applying to the running-in period will be adjusted accordingly.

159. Termination of the running-in conditions: If a customer no longer wishes to take advantage of the running-in conditions, it must advise Hydro-Québec in writing. These running-in conditions cease to apply, at the customer's discretion, either at the beginning of the consumption period in effect when Hydro-Québec receives the customer's written notice, at the beginning of either of the two preceding consumption periods or at the beginning of either of the two subsequent consumption periods.

160. Renewal of the running-in conditions: A customer who wishes once again to benefit from the running-in conditions must submit a new request to Hydro-Québec in accordance with the provisions described in Section 156.

§7. Equipment Tests

161. Application: A customer with a contract subject to Rate L wishing to conduct equipment tests may benefit from the conditions of application relative to this Subdivision for a minimum of one hour and a maximum of one consumption period.

To benefit from these conditions, the customer must provide Hydro-Québec with a written notice before the test period, indicating its beginning and duration, subject to Hydro-Québec's written approval.

162. Customer's bill: The customer's bill, for each consumption period, is established according to the following conditions:

a) an initial amount is calculated as follows:

— the billing demand noted outside of the test period(s) and the energy consumed during the consumption period are billed in accordance with Rate L in effect, taking into account, if applicable, any discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

b) a second amount is calculated as follows:

— the billing demand of the consumption period minus the billing demand noted outside of the test period(s);

multiplied by:

10.00 ¢ per kilowatt of demand in the summer period;

30.00 ¢ per kilowatt of demand in the winter period;

multiplied by the number of hours of the test period(s).

c) the customer's bill corresponds to the sum of the results obtained in Subparagraphs *a* and *b*.

DIVISION VII LOAD RETENTION RATE

§1. *Hydro-Québec's Large-Power Industrial Customers*

163. Application: The Load Retention Rate applies to a contract belonging to an industrial customer which, in accordance with the Rates Bylaw in effect, is subject to Rate L as of the date when said customer obtains the Load Retention Rate or was subject to Rate L during the three years preceding the effective date of the present Bylaw.

164. Definitions: In this Division, the following terms are defined as follows:

“collaborator”: Any physical or moral person other than a supplier, including financial institutions, supplying items defined as being among the variable costs of an industrial customer having a Rate L contract.

“reference period”: A period of 12 months for which data are available, preceding the month when Hydro-Québec receives the customer's written application.

“supplier”: Any physical or moral person supplying goods or services defined as being among the variable costs of an industrial customer having a Rate L contract, excluding a company or corporation which is controlled by the customer, or which exercises full or shared control over said customer.

“variable costs”: Production costs which vary proportionally with quantities produced. These costs include but are not limited to the cost of raw materials, labor and energy. They exclude all other costs which do not vary proportionally with quantities produced, such as fixed assets, amortization, financing costs and administrative overhead.

In applying the Load Retention Rate, electricity costs are not included in variable costs.

165. Conditions of admission: A customer wishing to be subject to the Load Retention Rate must so advise Hydro-Québec in writing. The customer's application must contain the following information:

a) financial statements covering the three years preceding the customer's written application, prepared and audited according to generally recognized accounting principles and auditing standards. These financial statements must include results, balance sheet and changes in financial position, with all related notes;

b) interim financial statements for the period falling between the end of the audited fiscal year and the customer's written application;

c) a detailed listing of variable costs regarding the product or products concerned by the load for which application is being made, the evolution of these costs over the reference period and a projection of costs over the next 12 months;

d) the price at which the product or products concerned has or have been sold over the reference period and a projection of said price for the next 12 months.

166. Eligibility: A customer, to be eligible to the Load Retention Rate, must meet the conditions stipulated in Section 165 as well as the following:

a) the customer must demonstrate that it is experiencing financial difficulties entailing cessation of all or part of its operations;

b) the customer must demonstrate, by invoices or other documents, that it has obtained non-reimbursable reductions from its other suppliers or collaborators over the duration of the commitment;

c) the customer must demonstrate that steps will be taken to improve the firm's profitability.

Hydro-Québec reserves the right to audit all information provided by the customer.

Pending Hydro-Québec's written approval, the contract shall become subject to this Rate, at the option of the customer and according to its written application, either at the beginning of the consumption period in progress when said application is received by Hydro-Québec or upon one of the three succeeding consumption periods.

167. Property of information: Subject to all applicable legislation, Hydro-Québec undertakes to keep confidential all information provided by the customer related to the present Rate and identified as confidential by said customer.

168. Duration of commitment: The Load Retention Rate shall be applied to a contract for a maximum of 24 consumption periods, according to the following conditions:

a) First application

— The Load Retention Rate applies to a contract during 12 consumption periods.

b) Second and last application

— The Load Retention Rate may once again be applied to the same contract for another 12 consumption periods, consecutive or not to the first 12, but beginning no later than 12 months after the end of the first application.

The customer must submit a new written application to Hydro-Québec as provided in Section 165 and show that it is still eligible for the Load Retention Rate, in accordance with Section 166. The Rate shall apply again in accordance with Sections 170 and 171.

169. Determination of the billing coefficient for first application: The billing coefficient is determined as follows for the first application:

a) the relative importance of each category of variable costs for the reference period according to the information obtained under Subparagraph *c)* of Section 165, shall be determined and expressed as a percentage;

b) each percentage calculated according to Subparagraph *a)* shall be multiplied by the percentage of reduction granted by each supplier or collaborator, in accordance with Section 166, and weighted in accordance with Subparagraphs *c)* and *d)* below;

c) each percentage obtained as per Subparagraph *b)* shall be multiplied by the number of days not exceeding 360 days during which each reduction applies and the result shall be divided by 360 days;

d) each percentage obtained as per Subparagraph *c)* shall be multiplied by the number of units to which each reduction applies in relation to the total number of units stipulated for the duration of the commitment;

e) percentages obtained for each cost category are added;

f) the result obtained as per Subparagraph *e)* shall be subtracted from the number (1), and the result corresponds to the billing coefficient.

170. Determination of the billing coefficient for second and last application: The billing coefficient is determined as follows for the second and last application:

a) the relative importance of each category of variable costs for the reference period according to the information obtained under Subparagraph *c)* of Section 165, shall be determined and expressed as a percentage;

b) each percentage calculated according to Subparagraph *a)* shall be multiplied by the percentage of reduction granted by each supplier or collaborator, in accordance with Section 166, and weighted in accordance with Subparagraphs *c)* and *d)* below;

c) each percentage obtained as per Subparagraph *b)* shall be multiplied by the number of days not exceeding 360 days during which each reduction applies and the result shall be divided by 360 days;

d) each percentage obtained as per Subparagraph *c)* shall be multiplied by the number of units to which each reduction applies in relation to the total number of units stipulated for the duration of the commitment;

e) percentages obtained for each cost category are added. The total of the percentages must not exceed the total for the first application;

f) for each consumption period, the result obtained as per Subparagraph *e)* is multiplied by the number of consumption periods since the beginning of the second application, minus one consumption period. This result is divided by 12;

g) the result obtained as per Subparagraph *f)* shall be subtracted from the result obtained as per Subparagraph *e)*;

h) the result obtained as per Subparagraph *g)* is subtracted from the number (1), and the result corresponds to the billing coefficient.

171. Billing at the Load Retention Rate: For each consumption period, the Load Retention Rate, which is applied to the whole or to any eligible portion of a customer's bill, is applied according to the following calculations:

a) a bill is determined according to the customer's actual consumption data and Rate L in effect, taking into account, if applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304. The bill is then multiplied by the billing coefficient determined as per Subparagraph *f* of Section 169 in the case of a first application and as per Subparagraph *h* of Section 170 in the case of a second and last application;

b) on the other hand, another bill based only on the price of energy at Rate L in effect, increased by 10 %, is established;

c) the customer's bill is the highest of *a* or *b* above.

The Load Retention Rate may apply to the whole or to a portion of the customer's load. Such Rate is applied only to the portion of the load which qualifies. If the Load Retention Rate is applied only to a portion of the load, such portion shall be established by written agreement between the customer and Hydro-Québec.

§2. Municipalities' Large Power Industrial Customers

172. Application: This Subdivision applies to municipalities which apply the Load Retention Rate set forth in Subdivision 1 to their large-power industrial customers. In the present Subdivision, "municipality" designates a municipality which is a customer of Hydro-Québec and which operates its own distribution system.

173. Object: Hydro-Québec shall reimburse the municipality the difference between the customer's normal Rate L bill and the bill resulting from the application of the Load Retention Rate set forth in Subdivision 1, for eligible contracts.

174. Terms and conditions of application: The reimbursement mentioned in Section 173 shall be subject to the following conditions:

a) the customer of the municipality shall advise the latter in writing as stipulated in Section 165 and provide all relevant supporting documents, as well as all required information in accordance with Section 166;

b) the municipality shall submit to Hydro-Québec the customer's application and all relevant supporting documents as well as all information required in accordance with Section 166. Hydro-Québec shall determine the eligibility of the contract to the Load Retention Rate and advise the municipality in writing of its acceptance or rejection;

c) Hydro-Québec shall reimburse the municipality the difference between the normal Rate L bill and the Load Retention Rate bill throughout the period during which the contract remains eligible for the Load Retention Rate; Hydro-Québec shall begin to apply the adjustment on the first electricity bill which it issues to the municipality after the 30 days following the end of the consumption period during which it has transmitted to the municipality the acceptance mentioned in Subparagraph *b* above.

DIVISION VIII

U.S. DOLLAR PAYMENT OPTION

§1. Hydro-Québec's Large-Power Industrial Customers

175. Purpose: Under the option described in the present Division, eligible large-power industrial customers may pay their bills in dollars of the United States (U.S.) of America.

176. Definitions: In the present Division, the following terms are defined as follows:

"discounted value of reference revenues": The sum of the annual values of reference revenues in U.S. dollars or reference revenues in Canadian dollars, divided by a discount index. The discount index has a value of 1.0 on the reference date and increases at a rate of 9.3 % per year.

"foreign exchange conversion rate": The foreign exchange rate established under the terms of Section 183, that is, the value of one Canadian dollar expressed in U.S. dollars, calculated to four places following the decimal point.

"market value of U.S. dollars": Value in Canadian dollars obtained from foreign forward exchange rate market quotations for U.S. dollars sold by Hydro-Québec on a predetermined maturity date.

"reference date": July 1 of the year during which the agreement is signed.

"reference energy": Estimated monthly consumption for the duration of commitment to this option.

"reference power": Estimated monthly maximum power demand for the duration of commitment to this option. Under no circumstances may this power exceed the available power which will be in effect following the start-up of the new enterprise.

“reference revenue in Canadian dollars”: The large-power rate in effect on the date on which the customer signs up for this option, revised on May 1 of every year at an annual rate of increase which equals 3 %, applied to reference energy and reference power.

“reference revenue in U.S. dollars”: The reference revenue in Canadian dollars multiplied by the foreign exchange conversion rate before application of the factor of 1.035.

177. Application: The U.S. dollar payment option applies to a large-power contract held by an industrial customer as provided by the Electricity Rates Bylaw in effect.

178. Eligibility provisions: A customer, to be eligible for the U.S. Dollar Payment Option, must:

1) on the reception date of its written request by Hydro-Québec,

a) already be a customer holding a large-power contract,

or

b) undertake to establish a new industrial enterprise in Québec and to conclude, for this enterprise, a large-power contract within three years following signature of such commitment;

2) determine the percentage of sales in U.S. dollars at the time of the written request for a customer holding a large-power contract or estimated at the time of the written request for a customer which does not hold a large-power contract. Such sales in U.S. dollars must represent no less than 50 % of total sales;

3) establish reference power and reference energy;

4) submit an application as provided by Section 179.

179. Conditions of admission: A customer wishing to be subject to the U.S. Dollar Payment Option must so advise Hydro-Québec in writing. Furthermore, the customer must sign a written agreement with Hydro-Québec under which it undertakes to maintain the option for at least two years but no more than 10 years, and to set up a new enterprise if it does not already have a large-power contract. The foreign exchange conversion rate must be set down in this written agreement.

In order for Hydro-Québec to determine if the conditions of admission are respected:

1) **a customer which holds a large-power contract on the date of reception by Hydro-Québec of its written application, must include in its application the following information:**

— written confirmation that the customer has earned no less than 50 % of its total sales in U.S. dollars over the last three full years preceding its application for the contract covered by such application;

2) **a customer which does not hold a large-power contract on the date of reception by Hydro-Québec of its written application must include in its application the following information:**

— written confirmation that the company will earn no less than 50 % of its total sales in U.S. dollars in the first three years of operation,

— the start-up date of the new enterprise.

Hydro-Québec reserves the right to verify all information supplied by the customer.

180. Date of admission: Subject to signature of the agreement provided in Section 179, the contract becomes subject to the U.S. Dollar Payment Option as provided by the Electricity Rates Bylaw in effect and with the following provisions:

a) **for a customer which holds a large-power contract on the date of reception by Hydro-Québec of its written application:**

at the beginning of the first consumption period following signature of the written agreement;

b) **for a customer which does not hold a large-power contract on the date of reception by Hydro-Québec of its written application:**

at the start-up of the new enterprise. Start-up shall take place no later than three years following signature of the written agreement described in Section 179.

181. Duration of commitment: The U.S. dollar payment option applies to a contract as of the date of admission stipulated in Section 180, and remains in effect for the duration set forth in the written agreement. The commitment of both customer and Hydro-Québec is irrevocable.

182. Non-respect of eligibility provisions: If a customer which does not hold a large-power contract fails to take the actions necessary to comply with the commitment made under Subparagraph 1 b of Section 178,

such customer shall pay Hydro-Québec the equivalent of one monthly bill calculated at the large-power rate in effect based on the average estimated monthly reference power and reference energy. This amount is payable within 30 days following the expiration of the time limit of three years after signature of the written agreement described in Section 179.

183. Establishment of the foreign exchange conversion rate applicable to the contract: On a date agreed upon by the customer and Hydro-Québec, foreign forward exchange rate quotations are requested by Hydro-Québec from three Canadian chartered banks, for the same hour, for the sale of reference revenues in U.S. dollars against Canadian dollars.

The foreign exchange conversion rate is calculated in such a manner that the discounted value of reference revenues in U.S. dollars, when converted into Canadian dollars based on the market value of the U.S. dollars, be equal to the discounted value of reference revenues in Canadian dollars.

A foreign exchange conversion rate is then calculated for each of the three series of quotations obtained, based on the method established in the present Section. The series which produces the lowest foreign exchange conversion rate is chosen and such rate is then multiplied by a factor of 1.035. This result becomes the foreign exchange conversion rate applicable to the contract and is submitted to the customer for acceptance.

The customer must, within one hour, either accept or reject this rate by advising Hydro-Québec verbally. Within the following 24 hours, the customer must confirm acceptance in writing and this foreign exchange conversion rate appears in the written agreement, signed as provided by Section 179.

184. Customer's bill: Throughout the period in which the U.S. Dollar Payment Option applies to a contract, the electricity bill for each consumption period is established as follows:

a) an initial amount is calculated based on the prices and conditions of Rate L or Rate LR in effect for the energy and power to be billed for the consumption period in question;

b) a second amount is calculated based on the prices and conditions of Rate L in effect for reference power and reference energy adjusted for the number of days of the consumption period in question;

c) a third amount is calculated by increasing by 10 % the result obtained in Subparagraph *b*;

d) the difference between the amount obtained in Subparagraph *a*) and the amount obtained in Subparagraph *c*) is calculated;

e) the customer's total bill corresponds:

if the bill established under Subparagraph *a* is equal to or less than the bill established under Subparagraph *c*:

— to the result obtained in Subparagraph *a* converted at the foreign exchange conversion rate applicable and payable in U.S. dollars;

if the bill established under Subparagraph *a* is higher than the bill established under Subparagraph *c*:

— to the result obtained in Subparagraph *c* converted at the foreign exchange conversion rate applicable and payable in U.S. dollars,

plus

— the result obtained in Subparagraph *d*) and payable in Canadian dollars.

§2. Municipalities' Large Power Industrial Customers

185. Application: The present Subdivision applies to municipalities which apply the U.S. dollar payment option set forth in Subdivision 1 to their large-power industrial customers. In the present Subdivision, "municipality" designates a municipality which is a customer of Hydro-Québec and which operates its own distribution system.

186. Purpose: For each contract to which the U.S. Dollar Payment Option applies, Hydro-Québec pays to the municipality the bill of the customer established, as provided by the Electricity Rates Bylaw in effect, based on the applicable large-power rate, taking into account, as appropriate, all options, terms and conditions applicable to such contract except the provision applicable according to this Division.

187. Terms and conditions of application: The payment provided in the preceding Section is subject to the following terms and conditions:

a) the customer of the municipality makes written application to said municipality as provided under Section 179, and furnishes all relevant supporting documents;

b) the municipality submits to Hydro-Québec the customer's application and all relevant supporting docu-

ments, as well as all information required in Sections 178 and 179. Moreover, the customer of the municipality must sign, with said municipality, a written agreement in which it undertakes to maintain the option for at least two years but no more than 10 years, and to accept the foreign exchange conversion rate applicable established under the terms of Section 183. In the case of a customer without a large-power contract, the customer must also agree to establish a new enterprise;

c) the municipality pays to Hydro-Québec the customer's bill established under the terms of Section 184.

DIVISION IX

REAL-TIME PRICING RATE OPTION — RATE LR

188. Application: Rate LR is an experimental rate. It applies to a contract subject to Rate L with a customer who has accepted Hydro-Québec's invitation to participate in the pilot project.

A customer whose contract is subject to the emergency power purchase option, is not eligible for Rate LR.

However, at the end of the pilot project, a customer may request that his contract be subject to the emergency power purchase option. In such cases, the customer shall make a written request to Hydro-Québec at least 30 days before the end of the pilot project.

189. Definitions: In this Division, the following terms are defined as follows:

“historical consumption”: The hourly consumptions recorded during the reference period.

“real consumption”: The real hourly consumptions recorded during the consumption period concerned.

“reference consumption”: The hourly consumptions for the entire duration of the commitment to the pilot project, established from the historical consumption. Adjustments may be made to the historical consumption to reflect the customer's normal consumption level and profile under Rate L.

Upon renewal of the commitment to Rate LR, the reference consumption may be revised, to reflect customer's normal consumption level and profile.

In all cases, the reference consumption shall be agreed upon in writing by the customer and Hydro-Québec.

“reference period”: 12 consecutive consumption periods prior to the beginning of the application of Rate LR, as established in Section 190.

190. Beginning of the application of Rate LR: Rate LR applies, at the earliest, at the beginning of the first consumption period following installation of the appropriate metering equipment.

191. Duration of commitment:

a) **First application**

— Rate LR applies to a contract for 12 consecutive monthly consumption periods.

b) **Renewal**

— A customer may renew a contract subject to Rate LR by sending Hydro-Québec a written request no later than 30 days before the end of the current contract. Rate LR shall then continue to apply to the same contract for a further 12 consecutive consumption periods, subject to Hydro-Québec's approval.

A customer may end his commitment upon written notice during the first 90 days of the first application of Rate LR. If the customer ends his commitment within this time, Rate L will be applied to his contract retroactively from the date on which Rate LR took effect.

192. Determination of the hourly energy price: The hourly energy price is established by taking into account the hydroelectric power station operating at the margin, the evolution in the demand for electricity, run-offs and the level of Hydro-Québec's reservoirs, opportunities and prices for purchase or sale of electricity on internal and external markets, transmission losses, and a markup.

However, when Hydro-Québec plans to operate non-hydraulic and non-nuclear stations or to use load management measures such as the interruptible power program or power purchases from neighbouring power systems, the hourly energy price is established by taking into account the variable operating and maintenance costs of the last power station or the last load management measure used to maintain the balance between supply and demand, and a markup.

193. Structure of Rate LR: The structure of Rate LR is as follows:

Hourly energy price determined in accordance with Section 192;

plus

fixed charge determined in accordance with Section 195;

plus

if applicable, an adjustment calculated in accordance with Section 196.

194. Conditions of notification of the hourly energy prices under Rate LR: Hydro-Québec shall notify the customer in the following manner:

Summer period

One week prior to the beginning of each calendar month, Hydro-Québec shall send the customer the hourly energy prices which will be set for the duration of the calendar month.

If, during this period, Hydro-Québec observes, in setting its hourly energy prices, that one of them differs by at least 10 % from that previously set for the month, Hydro-Québec reserves the right to change the hourly prices for a period of at least 24 hours.

Hydro-Québec shall then notify the customer, before 16h on the previous working day, of the revised hourly energy prices to take effect at midnight and remain in effect for the period specified in the notice. Afterwards, the hourly prices set at the beginning of the month will apply once again, unless there are subsequent changes in accordance with this Section.

Winter period

Every working day, before 16 h, Hydro-Québec shall advise the customer of the hourly energy prices which become effective at midnight for at least 24 hours.

If the customer does not receive the Rate LR hourly energy prices, he shall so advise Hydro-Québec before 18h on the working day concerned. Otherwise, the customer shall be deemed to have received them.

195. Calculation of the fixed charge: The fixed charge for each consumption period shall be determined as follows:

a) a first amount is calculated according to the Rate L prices and conditions in effect for the energy and billing demand associated with the reference consumption for the consumption period concerned considering, if applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304, Interruptible Power Program, Load Retention Rate and Transitional Rate;

b) a second amount is calculated according to the Rate LR energy prices for the reference consumption in the consumption period concerned;

c) the fixed charge is equal to the result obtained in Subparagraph *a* minus the result obtained in Subparagraph *b*. The fixed charge may be positive or negative.

196. Adjustment of the customer's bill to take into account power-factor variation: An adjustment for each consumption period shall be made to the customer's bill to take into account power-factor variation observed between the real consumption and the reference consumption. The adjustment is determined using the following formula:

$$\text{Adjustment} = [(PMAre - PMRre) - (PMArf - PMRrf)] \times PEP$$

where

PMAre = maximum power demand associated with the real consumption

PMRre = maximum real power demand associated with the real consumption

PMArf = maximum power demand associated with the reference consumption

PMRrf = maximum real power demand associated with the reference consumption

PEP = effective demand charge at Rate L in effect, considering, if applicable, the discounts for supply at medium or high voltage and adjustment for transformation losses described in Sections 303 and 304.

The adjustment may be positive or negative. If the power factor is equal to or greater than 95 % during both the consumption period concerned and the reference consumption period, no adjustment will be made.

197. Customer's bill: Throughout the period in which Rate LR applies to a contract, the electricity bill for each consumption period is established as follows:

a) a first amount is calculated according to the Rate LR hourly energy prices for the real consumption during the consumption period concerned;

b) to the result obtained in Subparagraph *a* is added the fixed charge calculated in accordance with Section 195;

c) to the result obtained in Subparagraph *b* is added, as the case may be, the adjustment calculated in accordance with Section 196. The result corresponds to the customer's total bill.

198. Conditions of transition at the end of the commitment: The commitment to Rate LR ends in accordance with Section 191. The appropriate general rate shall apply immediately and the contract power equals:

— the contract power in effect on the date participation in Rate LR began if the customer terminates its contract within the first 90 days of the first application of Rate LR;

or

— the contract power chosen by the customer, if the customer participates in Rate LR for at least 12 consecutive consumption periods, or if Hydro-Québec terminates the pilot project.

The customer is then subject to Rate L and the conditions in Sections 109 and 110 apply.

199. Billing conditions for customers simultaneously participating in Rate LR and in the Interruptible Power Program: For customers simultaneously participating in Rate LR and in the Interruptible Power Program, the conditions described in Divisions IX and X apply, except for the following adjustments:

1) the reference consumption is increased to take into account the additional energy that the customer would have consumed if no interruptions had occurred during his reference period;

2) the reference consumption is reduced to take into account the additional energy that the customer consumed during the recovery periods which occurred during his reference period;

3) the reference consumption is reduced to take into account the periods of interruption during the consumption period concerned. The reference consumption, for each hour of interruption, is equal to the highest of the reference consumptions of the consumption period concerned, minus the consumption corresponding to 95 % of the interruptible power in effect at that date;

4) the customer's contribution coefficient for the duration of his commitment to Rate LR is equal to that which was in effect during his reference period. The contribution coefficient may be revised to reflect the customer's normal consumption level and profile. This revision must be the subject of a written agreement between Hydro-Québec and the customer;

5) the variable discounts, recovery periods and failure to interrupt as defined in Sections 212, 218 and 219 do not apply when the customer's contract is subject to Rate LR;

6) the consumption recorded during an interruption period is billed according to the Rate LR price of energy, except that the excess of the real consumption over the reference consumption is billed at 50.00 ¢ per kilowatthour, and this, notwithstanding Section 192.

200. Billing conditions for customers simultaneously participating in Rate LR and in the Transitional Rate and/or the Load Retention Rate: For customers simultaneously participating in Rate LR and in the Transitional Rate and/or the Load Retention Rate, the terms in Divisions VI and/or VII shall apply, except for the following adjustments:

— the adjustment of the customer's bill for the transitional rate as provided in Section 155, and

— the billing coefficient for the Load Retention Rate determined in accordance with Section 169 or 170, whichever applies,

shall not apply to the hourly energy price determined in accordance with Section 192.

201. Adjustment of the reference consumption to take into account a reduction in or interruption of supply, established in accordance with Section 114: When there is a reduction in or interruption of supply, established in accordance with Section 114, the reference consumption for this event is adjusted, for this consumption period only, to be equal to the real consumption.

The billing demand associated with this reference consumption corresponds to the maximum power demand during the event.

DIVISION X INTERRUPTIBLE POWER

§1. General

202. Application: This Division applies to a contract subject to Rate L and who, on April 30, 1997, have contracted for interruptible power.

203. Definitions: In this Division, the following terms are defined as follows:

“base power”: The difference between:

a) the contract power or the highest real power demand during the consumption period concerned, outside of recovery periods, whichever is higher; and

b) the amount of applicable interruptible power.

The base power cannot be greater than the maximum power demand.

“contribution coefficient”: A value, expressed as a percentage, that reflects the estimated proportion of the interruptible power that is actually interrupted, on average, when Hydro-Québec requires it.

“effective hours”: All hours in the winter period, without taking into account:

— December 24, 25, 26 and 31; January 1 and 2; Good Friday, Holy Saturday, Easter Sunday and Easter Monday, when these days fall in the winter period;

— days during which Hydro-Québec has recourse to interruptible power;

— recovery periods in accordance with Section 218;

— days where there is an interruption or reduction in supply in accordance with Section 114;

— days when there is a strike on the customer’s premises, should the customer so request, unless there has been one or more interruption periods during the consumption period concerned.

“failure to interrupt”: Any real power demand during an interruption period that is greater than the applicable base power, plus 5 % of the interruptible power.

“interruptible power”: An amount of real power that the customer agrees not to use during certain periods, at the request of Hydro-Québec.

“interruption period”: The duration of an interruption as indicated by the Hydro-Québec notice given to the customer in accordance with Section 217.

“overrun”: The difference, for each 15-minute integration period of an interruption period, between:

- a) the highest real power demand; and
- b) the applicable base power.

“reference year”: A period of 12 months from October 1 of one year to September 30 of the following year.

“regular program”: A program whereby customers agree to supply interruptible power under an agreement which neither the customer nor Hydro-Québec may terminate without giving four-year written notice.

204. Deadline for joining program: In accordance with Section 202, a customer may join the program on October 1 of a reference year if a written notice has been sent by the customer to Hydro-Québec on the preceding September 1 at the latest, subject to Hydro-Québec’s written approval.

205. Limitation: Hydro-Québec sets limits on the quantities of interruptible power that it intends to obtain, in light of its power system management needs. Hydro-Québec reserves the right to refuse, in whole or in part, any interruptible power offered by a customer.

§2. Regular Program

206. Application: All the provisions of this Subdivision concern the regular Interruptible Power Program.

207. Program options: Customers may choose one of the following options:

	Options		
	I	II	III
maximum annual duration of interruptions per reference year (hours):	90	100	144
maximum number of interruptions per day:	2	2	1
minimum interval between two interruptions (hours):	4	4	7
maximum duration of an interruption (hours):	3	5	16
maximum number of interruptions per reference year:	30	20	9
maximum number of notices of interruption per reference year:	45	35	20

208. Commitment: The interruptible power must be 3 000 kilowatts or more per contract, but in no case may it be more than the contract power. Notwithstanding the provisions of Sections 209 and 210, the contractual commitment shall remain in effect until one of the parties terminates it by giving four years’ written notice. The customer may also reduce its interruptible power on four years’ written notice. However, Hydro-Québec and the customer may mutually agree in writing not to give such notice before an agreed-upon date for terminating the contractual commitment or reducing the interruptible power. Should Hydro-Québec and the customer mutually agree in writing not to give such notice before an agreed-upon date for terminating the contractual com-

mitment or reducing the interruptible power, Hydro-Québec will index, on an annual basis, the fixed discounts provided under Section 212 in accordance with the average inflation rate, until the agreed-upon date.

For the purposes of the application of this Section, the average inflation rate is the percentage gap between the average monthly indices in the first publication of Canadian consumer prices by Statistics Canada for the months of October, November and December, and the corresponding indices of the previous year.

The agreement expires or, as the case may be, the reduced interruptible power applies exactly four years after the notice has been received. If this date is not October 1, the set annual discount, for the last reference year, will be prorated according to the number of days during the winter period during which the interruptible power was in effect.

209. Increase in interruptible power: Subject to acceptance by Hydro-Québec, the customer may increase the interruptible power at any time. This increase is added to the interruptible power previously contracted for; the new interruptible power is contracted for as of the beginning of the first consumption period following the date of acceptance.

210. Decrease in interruptible power: If the customer decreases the contract power, the interruptible power shall either remain unchanged or be reduced by an amount agreed upon by both the customer and Hydro-Québec, whichever the customer prefers, provided that the decrease in interruptible power does not exceed the decrease in contract power and that the interruptible power remains equal to or lower than the new contract power. If the interruptible power is reduced, such reduction shall take effect on the same date as the new contract power.

If the customer subsequently increases its contract power, it must also increase its interruptible power. The relationship between the sum of the increases in contract power and the sum of the increases in interruptible power since the decrease must be at least the same as that which was established at the time of the decrease, up to the original amount.

211. Exceptional decrease in interruptible power: If the interruptible power declines below the minimum of 3 000 kilowatts as a result of a revision in accordance with Section 210, Hydro-Québec shall:

— stop allowing the discounts provided for in this Subdivision, at the revision date, and

— be presumed to have given the notice stipulated in Section 208.

The customer shall once again be granted the discounts if, during the four-year period beginning on the revision date mentioned in the foregoing Paragraph, the interruptible power increases sufficiently to reach or exceed the 3 000-kilowatt limit, in accordance with Section 210.

If during this same four-year period the amount of interruptible power again declines below the 3 000-kilowatt minimum, Hydro-Québec shall stop allowing the discounts provided for in this Subdivision until the end of the notice period referred to in the first Paragraph.

212. Nominal discounts: The nominal discounts are as follows:

a) Annual fixed discount:

Option I:

\$27.65 per kilowatt of interruptible power per reference year.

Option II:

\$35.41 per kilowatt of interruptible power per reference year.

Option III:

\$39.23 per kilowatt of interruptible power per reference year.

b) Variable discount:

6.94 ¢ per kilowatthour of energy associated with interruptible power for:

— the first 69 hours of interruption in a reference year, for Option I,

— the first 70 hours of interruption in a reference year, for Option II,

— the first 80 hours of interruption in a reference year, for Option III;

34.50 ¢ per kilowatthour of energy associated with interruptible power for all subsequent hours of interruption.

213. Calculation of contribution coefficients: Contribution coefficients shall be calculated as follows:

a) Contribution coefficient for a consumption period:

$$C = \frac{I_{\text{eff}}}{I}$$

$$I_{\text{eff}} = I_{\text{min}} + \frac{(P_{\text{max}} - P_{\text{base}} - I_{\text{min}})^2}{4 (P_{\text{max}} - P_{\text{moy}})}$$

I_{min} = the higher of:

a) $2 P_{\text{moy}} - P_{\text{max}} - P_{\text{base}}$

or

b) 0

where

C = the contribution coefficient, expressed as a percentage, determined for the effective hours in a whole or partial consumption period in the winter period of the reference year;

I = interruptible power;

I_{eff} = an estimate, expressed in kilowatts, of the power actually interrupted, on average, when Hydro-Québec asks for interruptible power;

I_{min} = an estimate, expressed in kilowatts, of the minimum amount of power that is actually interrupted when Hydro-Québec asks for interruptible power;

P_{base} = the base power;

P_{moy} = the average power, i.e. consumption during the effective hours divided by the number of effective hours during the consumption period concerned included, in whole or in part, in the winter period;

P_{max} = the maximum power, i.e. the greatest demand for real power during the effective hours of the consumption period concerned included, in whole or in part, in the winter period.

b) Contribution coefficient for a reference year:

The contribution coefficient for a given reference year shall correspond to the average of the contribution coefficient determined for each consumption period included, in whole or in part, in the winter period, weighted according to the effective hours and the quantity of interruptible power of each whole or partial consumption period.

214. Actual discounts applicable to contract: The actual fixed and variable discounts to which the customer is entitled shall correspond to the nominal discounts applicable to the option chosen, multiplied by the contract's contribution coefficient for a given reference year.

The actual discounts shall be applied in two stages:

a) At the beginning of the reference year, the actual discounts shall be determined as a function of the contribution coefficient estimated from the consumption data for the previous reference year, unless:

— there has been an increase or decrease in interruptible power since the end of the winter period of the previous reference year. The contribution coefficient shall then be modified depending on the revised interruptible power;

— there has been an increase or decrease in contract power since the end of the winter period of the previous reference year, in which case the base power shall be adjusted, if applicable. Moreover, the maximum and average power are adjusted in proportion to the increase or decrease in contract power, provided that this increase or decrease leads to a variation corresponding to at least 10 % of the contract power or at least 1,000 kilowatts.

If the consumption data for the previous reference year are not representative of normal operating conditions, the contribution coefficient will be estimated on the basis of consumption data from one or more consumption periods in the winter period of the previous reference year. This estimate will be the subject of a written agreement with the customer.

If there are no representative data for estimating the contribution coefficient, the applicable nominal discounts shall be multiplied by 80 %.

The actual discounts shall be deducted from the customer's bill, in accordance with Section 216.

b) At the end of the winter period, the contribution coefficient shall be determined from real consumption data for the current reference year. If it differs from the contribution coefficient used in accordance with Subparagraph *a* above, the bills already issued for the applicable reference year shall be adjusted accordingly. Such adjustments shall be applied to the bill for the second consumption period that starts in the summer period.

No revision of contract power shall result in retroactive modification of the contribution coefficient.

215. Actual discounts applicable to contracts during running-in periods: If the customer runs in equipment during the winter period, the contribution coefficient will be set, at the beginning of the reference year, on the basis of consumption data for the previous reference year, excluding any running-in period. If consumption data for the previous reference year are not representative of normal operating conditions, the contribution coefficient will be set on the basis of consumption data for one or more consumption periods during the winter period of the preceding reference year. This contribution coefficient will be the subject of a written agreement with the customer.

At the end of the winter period, the contribution coefficient is determined as per Subparagraph *b* of Section 214 only for consumption periods of the winter period which are exempt from running-in.

216. Conditions for deduction of discounts: The discounts established according to Section 214 shall be deducted from the customer's bill as follows:

a) Annual fixed discount:

The discount will be paid in six equal portions deducted from six consecutive bills beginning with the first consumption period beginning after September 20, and each portion will be equivalent to one-sixth of the fixed annual discount granted.

If there is an increase or decrease in interruptible power during the winter period of the reference year, the annual fixed discount will be adjusted in light of the increase or the decrease, according to the number of days of the winter period during which the decrease or increase applies.

b) Variable discount:

This discount, determined in accordance with Section 214, shall apply with respect to the interruptible power in effect at the time of the interruption, to the bill for the consumption period concerned.

217. Notice of interruption: When Hydro-Québec deems it necessary for a customer to stop using the interruptible power contracted for, it shall so advise the customer in writing, under conditions agreed to in writing, and specify the times at which the interruption or interruptions will begin and end. The length of the notice period shall be 18 hours unless Hydro-Québec and the customer have agreed in writing upon some other notice period.

A notice of interruption may be cancelled by written notice, under conditions previously agreed to in writing, at least three hours before the beginning of the planned interruption.

A verbal notice of cancellation or interruption shall also be given, as applicable, in accordance with the conditions agreed to in writing with the customer.

218. Recovery periods: The maximum power demand in the periods listed hereinafter shall not be taken into account in determining the billing demand:

a) between 22h and 6h, the night preceding the beginning of a period for which the customer has been advised of one or more interruptions;

b) between 22h and 6h, the night following one or more interruptions;

c) between 22h Friday and 6h Monday, on a weekend following a period of seven consecutive days during which one or more interruptions occurred;

d) during one of the first four consumption periods beginning in the summer period, if one or more interruptions occurred in the reference year. The billing demand for such recovery period must not be less than the contract power then in effect. It shall be determined as follows:

— it shall correspond to the average of the billing demands for the last two consumption periods of the previous winter period;

— if such billing demands are not representative, it shall correspond to the average of the billing demands for the two corresponding consumption periods during the previous year;

— according to any other more adequate method, if the latter billing demands are not representative.

The customer shall send Hydro-Québec, by March 31 at the latest, a written notice in which it indicates its preference as to the recovery period of the following summer period. If no written notice is sent to Hydro-Québec within the specified period, the third consumption period beginning in the summer period shall be considered the recovery period.

A customer who does not wish to take advantage of the provisions of this Section, in whole or in part, for a given consumption period, shall so advise Hydro-Québec in writing within 15 days following the end of such consumption period.

These recovery periods must in no case be interpreted as a limitation of Hydro-Québec's right to use the interruptible power according to the conditions set out in this Division.

219. Failure to interrupt: Each time a customer does not fully interrupt the interruptible power following a notice of interruption, Hydro-Québec shall apply the following penalty:

a) Fixed discount:

The penalty shall be \$3.00 for each kilowatt included in the total of all overruns during an interruption period.

The maximum penalty shall not exceed the following amounts per failure to interrupt:

Option I:

an amount equal to \$4.00 multiplied *a)* by the customer's interruptible power and *b)* by the customer's contribution coefficient.

Option II:

an amount equal to \$8.00 multiplied *a)* by the customer's interruptible power and *b)* by the customer's contribution coefficient.

Option III:

an amount equal to \$12.00 multiplied *a)* by the customer's interruptible power and *b)* by the customer's contribution coefficient.

b) Variable discount:

The amount of the discount allowed shall be reduced in proportion to the number of 15-minute integration periods in the interruption period during which failure to interrupt is deemed to have occurred.

The total penalties imposed under Subparagraph *a)* of this Section during a given reference year shall not exceed the amount paid to the customer as an annual fixed discount.

If, during a given reference year, a customer incurs three penalties or more equal to the maximum penalty, Hydro-Québec shall terminate the interruptible power commitment under the regular program and demand compensation as provided for under Section 221.

Any revision of the contract power shall not retroactively modify the base power, nor shall it retroactively cancel a customer's failure to interrupt.

220. Transfer of interruptible power: Notwithstanding any other provision of this Subdivision to the contrary, a customer holding more than one contract subject to Rate L in accordance with this Bylaw, may reduce the quantity of interruptible power related to a contract, provided that this reduction is compensated by an equal increase of the interruptible power related to its other contracts, and provided that the new quantities of interruptible power do not infringe the other provisions of this Subdivision.

The commitments relative to the interruptible power transferred shall be governed according to the option which applied to them before the transfer and shall not have been the subject of a notice of termination.

To obtain a transfer of interruptible power, the customer must request it in writing before September 1 of a reference year, and the new quantities of interruptible power come into force on the following October 1.

For the purpose of this Section, the term "customer" includes a company or a partnership which is under its control, controls it or is in common control with it.

221. Termination: In case of termination by the customer within a time period shorter than the one mentioned in Section 208, or by Hydro-Québec upon application of Section 219, the customer shall compensate Hydro-Québec.

The amount of compensation shall be determined as follows: 9.25 % of the annual fixed discount, determined in accordance with Section 214, multiplied by the interruptible power in effect on the date of termination, and by the number of complete months, up to a maximum of 48 months, remaining between the date of termination and the contract's expiry date.

DIVISION XI EMERGENCY POWER PURCHASE OPTION

222. Application: The emergency power purchase option applies to a contract belonging to an industrial customer who participates in the Interruptible Power Program as defined in Division X and whose supply is directly managed by one of Hydro-Québec's regional control centres.

Hydro-Québec has recourse to the emergency power purchase option when Hydro-Québec foresees to resort to power purchases in order to maintain the balance between supply and demand.

223. Definitions: In this Division, the following terms are defined as follows:

“base power”: The power that the customer agrees not to exceed during an interruption period in accordance with Section 227.

“reference year”: A period of 12 months from October 1 of one year to September 30 of the following year.

224. Date of admission: Subject to Hydro-Québec’s written approval, a customer may join the option no later than October 1 of a reference year if a written notice has been sent by the customer to Hydro-Québec on the preceding September 1 at the latest.

225. Duration of commitment: The emergency power purchase option takes effect on the date stipulated in Section 224.

Hydro-Québec and the customer may end their commitment to the emergency power purchase option on 30-day written notice.

226. Duration of an interruption and number of interruptions: An interruption shall last 5 hours. There is no daily, monthly or annual limit on the number of interruptions.

227. Conditions of notification of the power purchase: Hydro-Québec shall verbally advise the customer at least one hour before the scheduled interruption. The customer shall, within 15 minutes, give verbal notice to Hydro-Québec that he agrees or refuses to reduce his power.

If the customer agrees to reduce his power, he shall, in the verbal notice, mention the base power that he agrees not to exceed during the interruption period and provide an estimate of the real power reduction.

Within 2 hours of the verbal notice by Hydro-Québec, the customer shall confirm his acceptance or refusal in writing.

If the customer has refused to reduce his power upon request for interruption, the customer’s written notice shall contain the date and time of Hydro-Québec’s call.

If the customer agreed to reduce his power upon request for interruption, the customer’s written notice shall contain the date and time of Hydro-Québec’s call, the date and time of the interruption, the base power that he agreed not to exceed and an estimate of the real power reduction.

228. Calculation of the power purchased: For each interruption, the power purchased is equal to the difference between the average real power demand of the four

complete 15-minute integration periods preceding Hydro-Québec’s verbal notice and the base power.

However, if the customer is in a recovery period, or in an interruption period which is part of the Interruptible Power Program in accordance with Division X or part of the emergency power purchase option covered in this Division, for one or several 15-minute integration periods during the hour preceding Hydro-Québec’s verbal notice, the real power demand for each integration period concerned is the lesser of:

a) the real power demand for the integration period concerned;

or

b) the billing demand for the consumption period if the customer is in a recovery period or, if he is in an interruption period, the contract power. For the purposes of this Subparagraph, billing demand and contract power retroactively revised are not taken into consideration.

229. Calculation of the credit granted for the power purchased: The credit granted for the power purchased shall be:

the power purchased established in accordance with Section 228,

multiplied by

the duration of the interruption,

multiplied by

5.50 ¢ per kilowatthour.

230. Billing conditions for customers simultaneously participating in the emergency power purchase option and in the Interruptible Power Program: For customers simultaneously participating in the emergency power purchase option and the Interruptible Power Program, the definition of “effective hours” in Section 203 is replaced by the following definition:

“effective hours”: All hours in the winter period, without taking into account:

— December 24, 25, 26 and 31; January 1 and 2; Good Friday, Holy Saturday, Easter Sunday and Easter Monday, when these days fall in the winter period;

— days during which Hydro-Québec has recourse to interruptible power or to the emergency power purchase option;

— recovery periods in accordance with Sections 218 and 231;

— days when there is an interruption or reduction in supply in accordance with Section 114;

— days when there is a strike on the customer's premises, should the customer so request, unless there has been one or more interruption periods during the consumption period concerned.

231. Recovery period: The maximum power demand in the periods listed hereinafter shall not be taken into account in determining the billing demand:

a) between 22h and 6h, the night following one or more interruptions;

b) between 22h Friday and 6h Monday, on a weekend following a period of seven consecutive days during which one or more interruptions occurred.

A customer who does not wish to take advantage of the provisions of this Section, in whole or in part, for a given consumption period, shall so advise Hydro-Québec in writing within 15 days after the end of such consumption period.

232. Failure to interrupt: Each time a customer exceeds the amount of power he agreed not to exceed following an interruption notice, Hydro-Québec shall apply, for each failure to interrupt, a penalty equal to 5.50 ¢ for each kilowatt included in the total of all overruns for each 15-minute integration period during an interruption period.

DIVISION XII RATE INSURANCE OPTION

§1. Hydro-Québec's new large power industrial customers

233. Purpose: The purpose of the option described in the present Division is to provide eligible new large-power industrial customers with insurance against electricity price increases during the years in which the Rate Insurance Option is in effect.

234. Definitions: In the present Division, the following terms are defined as follows:

“average inflation rate”: Average inflation rate expressed as a percentage and corresponding to the difference between, on the one hand, the average of the monthly consumer price index from the first publication of Statistics Canada for the months of October, November and

December and, on the other hand, the average for the corresponding months of the preceding year.

“cumulative inflation index”: The inflation index has a value of 1.0 as of May 1, 1998, and is revised on May 1 of each subsequent year, on the basis of the average rate of inflation.

“cumulative rate increase”: An increase established in the form of a cumulative index and resulting from the application of the revised large-power rate in relation to the application of the reference rate, calculated on the basis of historical consumption data, up to and including the 12 most recent consumption periods available when the rate is revised. This index is set at 1.0 as of May 1, 1998.

“date of admission”: Date on which Rate Insurance Option begins to apply to a contract.

“reference index”: Index by which the customer's bill, calculated at the reference rate, is multiplied. This index is set at 1.0 as of May 1, 1998.

“reference rate”: Large-power rate in effect as of May 1, 1998, except for the provisions related to billing demand.

235. Eligibility provisions: A customer, to be eligible for the Rate Insurance Option, must undertake to establish a new industrial enterprise in Québec and to acquire, for this enterprise, a large-power contract within three years following signature of such commitment, in accordance with Section 236.

Hydro-Québec may refuse access to the Rate Insurance Option.

236. Conditions of admission: A customer wishing to be subject to the Rate Insurance Option must so advise Hydro-Québec in writing no later than September 30, 2002. The request must be accompanied by the following information:

— a summary description of the new enterprise and a summary estimate of expenditures;

— the start-up date of the new enterprise.

Hydro-Québec reserves the right to verify all information supplied by the customer.

Moreover, within 30 days after Hydro-Québec's written acceptance, the customer must sign a written agreement undertaking to maintain the option for at least two years but no more than 10, and to establish a new enterprise.

237. Date of admission: Conditional upon the signing of the agreement provided in Section 236, the contract becomes subject to the Rate Insurance Option as of the start-up date of the new installations. Start-up shall take place no later than three years after signature of the written agreement between the customer and Hydro-Québec.

238. Duration of commitment: The Rate Insurance Option applies to a contract from the date of admission stipulated in Section 237 and remains in effect for the duration set forth in the written agreement.

239. Establishment of the reference index: The reference index is revised annually on May 1 as of May 1, 1999, and on each revision of the applicable large-power rate, as follows:

- a) establishment of the cumulative rate increase;
- b) establishment of the cumulative inflation index;
- c) establishment of the reference index for billing purposes:

if the cumulative rate increase established in Subparagraph a is less than or equal to the cumulative inflation index:

the reference index is equal to the result obtained in Subparagraph a;

if the cumulative rate increase established in Subparagraph a is greater than the cumulative inflation index:

the reference index is equal to the result obtained in Subparagraph b.

240. Billing demand: For a contract subject to the Rate Insurance Option, the billing demand corresponds to the maximum power demand during the consumption period in question, but is never less than the minimum billing demand as defined in Section 241.

241. Minimum billing demand: For a contract subject to the Rate Insurance Option, the minimum billing demand is the higher of the two following amounts:

- a) 25 % of the highest maximum power demand recorded over the last 12 monthly periods ending with the consumption period in question, except in the case of force majeure, strikes or lockouts at the customer's premises; or
- b) the contract power.

242. Customer's bill: For the application period of the Rate Insurance Option the electricity bill, for each consumption period, is established according to the reference rate multiplied by the reference index established under Section 239.

243. Conditions of transition at the end of the commitment: The commitment terminates as provided by Section 238. The appropriate general rate then in effect takes effect when the commitment terminates.

§2. Municipalities' New Large Power Industrial Customers

244. Application: The present Subdivision applies to municipalities which apply the Rate Insurance Option set forth in Subdivision 1 to their new industrial large-power customers. In the present Subdivision, "municipality" designates a municipality which is a customer of Hydro-Québec and which operates its own distribution system.

245. Purpose: Hydro-Québec reimburses the municipality for any shortfalls resulting from the application of the Rate Insurance Option set forth in Subdivision 1 to its customers in the case of eligible contracts.

246. Terms and conditions of application: The reimbursement of shortfalls is subject to the following terms and conditions:

a) the customer of the municipality gives the latter written notice provided for in Section 236;

b) the municipality submits to Hydro-Québec the customer's application and all relevant supporting documents, as well as all information required under Sections 235 and 236. Furthermore, the municipality's customer must sign, with the municipality, a written agreement by which it undertakes to maintain the option for at least two years but no more than 10, as well as to establish a new enterprise;

c) Hydro-Québec reimburses the municipality for an amount corresponding to the shortfall resulting from the application of the option under an eligible contract; Hydro-Québec makes this adjustment on the first electricity bill it issues to the municipality after the expiration of 30 days following the end of the month in which it has received the supporting documents relating to this contract.

However, the shortfall must in no case exceed the difference between the amount which results from application of Hydro-Québec's applicable general rate and that which results from application of the Rate Insurance Option by the municipality.

DIVISION XIII DUAL ENERGY RATE

§1. General

247. Application: This Division applies to annual contracts under which electricity is used in a dual-energy system.

Only the dual-energy systems for which a contract subject to rate BT described in this Division is in effect on May 1, 1996 may continue to benefit from these rates.

248. Definition: In this Division, the following term is defined as follows:

“dual-energy system”: A system used for the heating of water or space, or for any other heating process that uses electricity and a fuel as sources of energy.

249. Characteristics of the dual-energy system before the installation of remote control: For application of Rate BT until the appropriate remote-control equipment and meters are installed, the dual-energy system must meet all the following conditions:

a) the dual-energy system must be equipped with an outdoor temperature gauge and an automatic switch and, if Hydro-Québec deems it appropriate, with a control unit which remains the property of Hydro-Québec;

b) the temperature gauge must meet the requirements of Hydro-Québec and must be installed in a location approved by Hydro-Québec;

c) the dual-energy system must meet the standards of Hydro-Québec;

d) Hydro-Québec may remote control the dual-energy system; to that end, the dual-energy system must be designed in such a way that it can be remote controlled;

e) the maximum power demand under the contract must in no case exceed the installed capacity of the electric heat generators by more than 10 %;

f) the capacity of the dual-energy system in fuel mode must be sufficient to supply all the energy necessary for heating and the processes served by the dual-energy system.

250. Characteristics of the dual-energy system after the installation of remote control: For the application of Rate BT in the remote-control mode, the dual-energy system must meet all of the following conditions:

a) the dual-energy system must be equipped with remote-control equipment and meters that can be used to apply peak and off-peak rates;

b) the dual-energy system must comply with Hydro-Québec’s standards;

c) the maximum power demand for the contract must in no case exceed the installed capacity of the electric heat generators by more than 10 %;

d) the capacity of the dual-energy system in the fuel mode must be sufficient to provide all the heat required for heating and other processes covered by the dual-energy system.

251. Metering: For application of Rate BT until the appropriate remote-control equipment and meters are installed, electricity delivered for dual-energy systems must be metered separately so as to indicate the energy consumed and the maximum power demand.

For the application of Rate BT in the remote-control mode, electricity delivered for dual-energy systems must be metered separately so as to indicate:

— energy consumed during peak and off-peak periods;

—the maximum power demand during peak and off-peak periods.

252. Scope of the expression “365 days”: For the purposes of Rate BT, the expression “365 days” is understood to mean “366 days” for a period of 12 months that includes February 29.

253. Discounts for supply at medium or high voltage: When Hydro-Québec supplies electricity at medium or high voltage for a contract at Rate BT and the customer uses this energy at that voltage or transforms it without cost to Hydro-Québec, that customer has the right, for this contract, to a discount in cents per kilowatt-hour on the price of all the energy billed; this discount is determined as follows, according to the supply voltage:

Nominal voltage between phases equal to or greater than	Discount ¢/kWh
5 kV, but less than 50 kV	0.199 ¢
50 kV, but less than 170 kV	0.250 ¢
170 kV	0.340 ¢

254. Non-compliance with conditions: If, in the winter period, a dual-energy system covered by this Division no longer meets one of the conditions under

which Rate BT applies, Hydro-Québec shall advise the customer, in writing, that the customer must correct the situation within 10 working days.

Should the situation not be corrected before the deadline, Hydro-Québec shall, as of the date of the deadline, in addition to billing the customer for the energy consumed, bill the customer for the maximum power demand during each of the consumption periods in the winter period during which the dual-energy system does not meet such conditions, at the monthly price of \$12.78 per kilowatt.

If the situation is corrected during a consumption period, this monthly price is prorated to the number of days during which the dual-energy system does not meet the conditions.

Should the customer's dual-energy system not meet the conditions for a second time during the same winter period, Hydro-Québec shall, without notice, in addition to billing the customer for the energy consumed, bill the customer for the maximum power demand during each of the consumption periods during which the dual-energy system does not meet such conditions, at the monthly price of \$12.78 per kilowatt.

The conditions set out in the preceding Paragraphs of this Section also apply until the appropriate remote-control and metering device installation, as per Section 267, has been put on line.

255. Fraud: If the customer commits fraud, manipulates or hinders the functioning of the dual-energy system or the remote-control equipment or meters, or uses it for purposes other than those provided for under this Bylaw, Hydro-Québec shall terminate the contract at Rate BT. The contract thus becomes subject to Rate D, if it is eligible for such rate, or to the appropriate general rate (G, M or L). Rate BT cannot apply again to the same contract for at least 365 days.

§2. Rate BT

256. Application: Rate BT applies to an annual contract under which the electricity delivered for a dual-energy system is used for the heating of water or space, or any other heating process, subject to the provisions stipulated under this Subdivision.

257. Definitions: In this Subdivision, the following terms are defined as follows:

The following definitions are in effect until the appropriate remote-control and metering devices have been installed:

“climatic zone”: Part of the area served by Hydro-Québec, defined by the temperatures prevalent in winter and the duration of cold periods.

The map showing the various climatic zones may be consulted at Hydro-Québec's customer service offices.

“day”: The period between 6:30h and 22:00 h.

“hourly range”: A 6 1/2-hour period, at night.

“night”: The period between 22:00 h and 6:30 h.

“off-peak period”:

— any period of the day or night when the outdoor temperature is higher than the temperature transfer point, with the exception of any recovery period; and

— the period covered by the hourly range, with the exception of any recovery period.

“peak period”:

— any period of the day or night when the outdoor temperature is lower than the temperature transfer point, with the exception of the period covered by the hourly range; and

— any recovery period.

“recovery period”: Any period following an interruption of supply of 15 minutes or more, during the winter period; the recovery period is the equivalent of twice the duration of the interruption of supply, to a maximum of four hours.

“temperature transfer point”: The temperature that, when reached, sets off a change from an off-peak to a peak period, or vice versa. Such temperature may vary, depending on the climatic zone, between -20°C and -15°C , -17°C and -12°C , and -15°C and -10°C .

The following definitions are applicable after the appropriate remote-control and metering devices have been installed:

“recovery period”: Any period following an interruption of supply of 15 minutes or more, during the winter period; the recovery period is the equivalent of twice the duration of the interruption of supply, to a maximum of four hours.

“energy shortage period”: A period no longer than 12 months designated by Hydro-Québec on the basis of its hydraulic reserves.

“peak period”: Any period determined by Hydro-Québec according to its system conditions, with the exception of recovery periods.

“off-peak period”: Any period other than a peak or a recovery period.

“peak price”: Price applicable to energy consumed during a peak period or a recovery period.

“off-peak price”: Price applicable to energy consumed during an off-peak period.

258. Conditions applicable to contracts under Rate BT until remote-control devices have been installed: The following conditions apply until the appropriate remote-control and metering devices have been installed:

— during off-peak periods, the dual-energy system can operate in the electrical mode;

— during peak periods and recovery periods, the dual-energy system must operate on fuel.

259. Determination of hourly range and temperature transfer point: Until the appropriate remote-control and metering devices have been installed, the change from an off-peak to a peak period, or vice versa, is governed by hourly ranges and temperature transfer points. These hourly ranges and temperature transfer points are determined each year and may vary according to the climatic zones defined by Hydro-Québec.

Hydro-Québec shall notify the customer in writing, by September 1 of each year at the latest, of changes affecting temperature transfer points and hourly ranges. If notice has not been sent to the customer by that date, it is understood that no changes shall apply to these terms of application.

260. Remote control: Once the appropriate remote-control and metering devices have been installed, Hydro-Québec changes the meter register and sends a signal to this effect, before and after any peak period, by remote control. The meter register is changed automatically before and after all recovery periods.

261. Operation of the remote-control device:

a) During peak periods:

During peak periods, the meter register is changed by remote control according to one of the two options described below. Customers wishing to select Option 2 must secure approval by advising Hydro-Québec in writing within 30 days following the installation of the appropriate remote-control and metering devices. If a notice to this effect is not conveyed to Hydro-Québec within the prescribed time period, Option 1 applies.

Customers may modify their option selection by submitting a written notice to Hydro-Québec within 30 days preceding the end of a 365-day period covered by the contract.

	Option 1	Option 2
Period during which peak prices are applied in peak periods:	From December 1 to March 31 inclusively	From December 1 to March 31 inclusively
Maximum number of hours during which peak prices are applied during peak periods, per winter period:	400 hours	600 hours
Regular peak-price application schedule during peak periods:	From 5:30h to 23:30h, from Mondays to Sundays inclusively	From 5:30h to 23:30h, from Mondays to Sundays inclusively
Maximum number of hours during which peak prices are applied between 23:30h and 5:30h during peak periods, per winter period:	20 hours	20 hours
Maximum number of times peak prices are applied during peak periods, per day:	2	1
Minimum period during which peak prices are applied during peak periods:	2 hours	4 hours
Minimum period between peak price applications during peak periods:	2 hours	4 hours

	Option 1	Option 2
Minimum prior notice before the peak price is applied during peak periods:	30 minutes	4 hours
Minimum prior notice before a change in the duration of the period during which the peak price is applied during peak periods:	30 minutes	4 hours
Times at which prior notices are given concerning application of peak prices during peak periods:	From 5:00h to 21:00h, Mondays to Sundays inclusively	From 5:00h to 21:00h, Mondays to Sundays inclusively

b) During recovery periods:

Peak prices apply during all recovery periods. The meter register is changed before and after recovery periods regardless of the provisions stipulated under Sub-paragraph a) above.

c) During the summer period:

If, exceptionally, the conditions of Hydro-Québec's system so require, the peak prices may also apply during the summer period, provided that Hydro-Québec has informed the customer of this possibility prior to the end of the winter period.

262. Duration of commitment: A customer whose contract is not already subject to a dual-energy rate and who subscribes to Rate BT undertakes to retain this rate for a period of 365 consecutive days. It is obliged to pay the fixed charge for the complete 365-day period, unless another customer immediately enters into a contract covering the same premises.

The customer whose contract has been subject to a dual-energy rate on a continuous basis for at least 365 consecutive days may terminate its contract at Rate BT at any time. If it terminates its contract at Rate BT before the end of a complete 365-day period, it may obtain Rate BT again during the same 365-day period provided that:

— it pays the fixed charges covering the period since the termination of its contract;

— the dual-energy system already installed complies with the requirements set forth in Section 249 or in Section 250.

263. Contract power: In order to establish the monthly fixed charge, in accordance with Section 267, and the minimum consumption allowed, in accordance with Section 270, the customer must subscribe in writing a contract power which cannot be less than 50 kilowatts. This contract power must be at least equivalent to 85 % of the available power, but cannot be higher than available power.

264. Increase in contract power: Subject to Sub-paragraph *c* of Section 250 and Sections 263 and 270, the contract power can be increased after a 365-day period as of the date on which it became effective, or as of the last change in contract power. To this effect, the customer must submit a written request to Hydro-Québec at least 30 days before the end of this 365-day period.

A customer who wishes to increase the contract power for a given 365-day period may do so, provided the fixed charge for the revised contract power is paid retroactively from the beginning of the current 365-day period. The customer's bill is then adjusted retroactively based on the revised contract power.

265. Decrease in contract power: Subject to Sub-paragraph *c* of Section 250 and Section 270, the contract power can be decreased after a 365-day period as of the date on which it became effective, or as of the last change in contract power. To this effect, the customer must submit a written request to Hydro-Québec at least 30 days before the end of this 365-day period.

266. Maximum power demand greater than contract power: If the maximum power demand during a consumption period exceeds the contract power by more than 10 %, Hydro-Québec will apply to the excess a monthly penalty of \$12.78 per kilowatt.

This penalty does not in any way relieve the customer of his responsibility for damage to Hydro-Québec equipment resulting from power demand in excess of the available power.

267. Structure of Rate BT: The structure of Rate BT is as follows:

a) When the appropriate remote-control and metering devices have not been installed:

Monthly fixed charge:

\$33.15 plus

6.18 ¢ per kilowatt of contract power.

Price of energy

3.32 ¢ per kilowatthour for all energy consumed in accordance with the conditions stipulated in this Subdivision.

b) When the appropriate remote-control and metering devices have been installed:

Monthly fixed charge:

\$33.15 plus

6.18 ¢ per kilowatt of contract power.

Price of energy:

3.32 ¢ per kilowatthour for all energy consumed during off-peak periods; plus

7.41 ¢ per kilowatthour for the energy consumed during peak or recovery periods, during the first 25 hours of use of contract power per 365-day period, for Option 1, or during the first 40 hours of use of contract power per 365-day period, for Option 2;

46.00 ¢ per kilowatthour for the rest of the energy consumed during peak or recovery periods.

If applicable, discounts for supply at medium or high voltage apply, in accordance with Section 253.

268. Transitional Rate: The transitional rate set forth in this Section shall apply exclusively to contracts held by greenhouse producers, subject to the prices and conditions governing Rate BT. Until the first consumption period beginning after September 30, 1998, a discount of 25 % shall apply to:

— the price of energy outlined in Section 267 for energy consumed in accordance with the conditions stipulated in this Subdivision, when remote-control and metering devices are not in place;

— the price of energy outlined in Section 267 for energy consumed during an off-peak period, when remote-control and metering devices are in place.

Thereafter, this discount will be:

— 16 % until the first consumption period beginning after September 30, 1999;

— 8 % until the first consumption period beginning after September 30, 2000.

269. Measures in case of successive interruptions of supply: If, after an interruption of supply, another

interruption of supply occurs during the recovery period, the duration of the recovery period following this other interruption of supply corresponds to the higher of:

— the duration of the recovery period determined by the duration of the other interruption of supply;

— the remainder of any previous recovery period that could not be used.

270. Conditions applicable in case of an energy shortage: In case of an energy shortage, Hydro-Québec may decree an energy shortage period. It notifies customers to this effect in writing, by September 1 at the latest. The beginning of the energy shortage period coincides with the beginning of the first consumption period beginning, at the earliest, 60 days after receipt of the notice. In its notice, Hydro-Québec shall specify the duration of the energy shortage period and the amount of energy that it undertakes to deliver to the customer in off-peak periods during the shortage, at the off-peak price. This quantity corresponds at the least to the greater of:

— 10 % of the consumption, under the contract at Rate BT, during the last 12 consumption periods ending on June 30 preceding the sending of the notice; or

— 100 hours of use of the contract power in effect during the previous winter period.

The rest of the energy consumption during off-peak periods is billed at 7.41 ¢ per kilowatthour.

Energy consumption during peak periods is billed at peak price, that is, 46.00 ¢ per kilowatthour.

If Hydro-Québec does not decree an energy shortage period for a given contract more than one year out of three, the customer shall not receive any indemnity.

If Hydro-Québec decrees an energy shortage period for a given contract more than one year out of three, Hydro-Québec shall indemnify the customer for the additional fuel costs.

DIVISION XIV
AUTONOMOUS ELECTRICAL SYSTEMS

§1. Conditions of Application for Domestic Rates for Customers of Autonomous Electrical Systems

271. Rate D: When electricity is delivered from autonomous electrical systems Located North of the 53rd Parallel for domestic use in a single-family dwell-

ing or an apartment building or community residence with separate metering, the contract is subject to Rate D, up to a total of 30 kilowatthours per day. Any additional consumption is billed at 26.50 ¢ per kilowatthour.

272. Rate DM: When electricity is delivered from autonomous electrical systems Located North of the 53rd Parallel for domestic use in an apartment building, community residence or rooming house with 10 rooms or more with bulk metering, the contract is subject to Rate DM, up to a total of 30 kilowatthours per day, times the applicable multiplier, defined in Section 20.

Any additional consumption is billed at 26.50 ¢ per kilowatthour.

273. Rate DT: Rate DT does not apply to a contract covering electricity supplied by autonomous electrical systems.

§2. Conditions of Application for Small and Medium Power Rates for Customers of Autonomous Electrical Systems

274. Rates G, G-9 or M: The electricity delivered by autonomous electrical systems Located North of the 53rd Parallel under a contract at Rate G, G-9 or M, cannot be used for space heating, heating of household water or any other heating application, with the exception of household appliances, industrial or commercial appliances used to cook and store food, and appliances used by light industry for manufacturing applications.

If the customer contravenes the provisions of the preceding Paragraph, Hydro-Québec applies Rate G, G-9 or M, as the case may be, to the fixed charge and billing demand, and all the energy consumed is billed at 58.57 ¢ per kilowatthour.

275. Restrictions applicable to autonomous electrical systems: The rates of this Bylaw do not apply to a delivery of electricity in excess of 1 000 kilovoltamperes by an autonomous electrical system.

§3. Conditions of Application for Dual-Energy Rates of Division XIII for Customers of Autonomous Electrical Systems

276. Dual-Energy Rates: Dual-energy rates of Division XIII do not apply to contracts under which electricity is supplied by autonomous electrical systems.

DIVISION XV
FLAT RATES FOR GENERAL USE

277. Application: The flat rates established by this Division apply to contracts for general use whose electricity consumption is not metered.

278. Structure of Rates T-1, T-2 and T-3: The structure of the flat rates for general use is as follows:

a) Rate T-1, daily contract:

\$3.57 per kilowatt of billing demand per day or portion of a day, with a minimum of one day, up to \$10.71 per kilowatt of billing demand per week;

b) Rate T-2, weekly contract:

\$10.71 per kilowatt of billing demand per week, with a minimum of one week, up to \$32.13 per kilowatt of billing demand per monthly period;

c) Rate T-3, contract for 30 days or more:

\$32.13 per kilowatt of billing demand per monthly period, with a minimum of 30 consecutive days.

279. Minimum monthly bill: The minimum monthly bill per delivery point, for an annual contract or a short-term contract of a repetitive nature from year to year, is of \$6.45 when single-phase electricity is delivered or \$19.35 when polyphase electricity is delivered.

280. Billing demand: For the application of Rates T-1, T-2 and T-3, the billing demand per delivery point is, at the option of Hydro-Québec, based on the installed capacity in kilowatts, or determined by metering tests, or by an approved type of maximum-demand meter installed by Hydro-Québec.

When the billing demand is based on the installed capacity, it is determined as follows:

a) if the energy delivered supplies emergency equipment such as fire pumps, surface-water pumps, national defence sirens, and other similar apparatus used only in case of disaster or fortuitous event, the billing demand is equal to 25 % of the installed capacity in kilowatts, but cannot be less than one kilowatt;

b) if the energy delivered supplies any other load, the billing demand is equal to the installed capacity in kilowatts, taking into account Subparagraph c hereinafter, but in regard to short-term contracts that are not repeated year after year, it cannot be less than one kilowatt for single-phase delivery or four kilowatts for polyphase delivery;

c) for systems with battery recharging devices used only in case of outages on Hydro-Québec's electrical system, the power used for the battery rechargers is not taken into account in determining the billing demand.

If there is a maximum-demand meter, the billing demand is equal to the highest maximum power demand since the date of connection, but it cannot be less than the contract power.

DIVISION XVI PUBLIC LIGHTING RATES

§1. *General*

281. Application: This Division covers the rates and conditions for the supply by Hydro-Québec to the federal and provincial governments and municipalities, or to any person duly authorized by them, of electricity for public lighting and, where applicable, other related services.

282. Customer charged for unusual expenditures: When Hydro-Québec must incur the unusual expenditures mentioned in Sections 292 and 293, it requires full reimbursement of these expenditures from the customer and may impose any other condition it deems necessary before undertaking the work.

The additional operating and maintenance expenditures are determined in current dollars for a period of 15 years; the present value is calculated at the annual rate of 9.3 %.

Reimbursement by the customer of these unusual expenditures gives the customer no right of ownership over the installations for which the unusual expenditures were incurred.

§2. *Rate for General Public Lighting Service*

283. Description of service: The general public lighting service comprises the supply of electricity for public lighting installations as well as, in some cases, the rental of space on poles of Hydro-Québec's distribution system for the attachment of the customer's luminaires.

For municipalities with luminaires not equipped with individual control equipment, this service also comprises the furnishing and operation of supply and control circuits used solely for the operation of the luminaires.

The rate for general public lighting service does not apply to signal lights unless they are connected to public lighting installations whose energy consumption is me-

tered. In cases where it is not metered, the electricity used for the signal lights is subject to the provisions of this Bylaw regarding flat rates for general use.

General public lighting service is available only to municipalities, and to the federal and provincial governments.

284. Rate: The rate for general public lighting service is 7.41 ¢ per kilowatthour for electricity delivered.

285. Determination of consumption: As a rule, the energy consumption is not metered. However, Hydro-Québec may meter the consumption if it deems this necessary.

When it is not metered, the energy consumption is the product of the connected load and 345 hours of monthly utilization.

In the case of tunnels or other facilities that remain lighted 24 hours a day, the energy consumption is the product of the connected load and 720 hours of monthly utilization.

To establish the connected load, Hydro-Québec takes into account the rated power of the bulb and accessories.

286. Expenditures for related services: When Hydro-Québec incurs expenditures for installation, replacement or removal of a luminaire on a pole of its distribution system, or for any other service related to general public lighting service, it requires full reimbursement of those expenditures from the customer.

287. Minimum duration of contract: In cases where the general public lighting service covers only the supply of electricity, the minimum duration of a contract is one month. In other cases, the minimum duration of a contract is one year.

§3. *Rate for Complete Public Lighting Service*

288. Description of service: The complete public lighting service comprises the supply, operation and maintenance of public lighting installations that conform to Hydro-Québec's models and standards, and the supply of electricity to these installations. These installations are mounted on Hydro-Québec's distribution poles or, in the case of distribution lines not along roadways, on poles used exclusively for public lighting.

Only municipalities may obtain installation of new luminaires used for complete public lighting service; Hydro-Québec then installs standard luminaires. However, this Division must never be interpreted as obliging Hydro-Québec to supply this service.

Complete public lighting service for non-standard luminaires is maintained only for installations that date prior to May 1, 1986.

289. Minimum duration of contract: Complete public lighting service is available only under annual contracts. Moreover, a new luminaire must remain in service for at least five years. A customer who asks Hydro-Québec to remove or replace a luminaire before the end of this period must pay the cost of this modification, unless it is occasioned by the malfunctioning of the luminaire.

290. Rates for standard luminaires: The following monthly rates apply for standard luminaires used for complete public lighting service:

— High-pressure sodium-vapour luminaires

Rating of luminaire	Rate per luminaire
3 600 lumens	\$15.36
5 000 lumens	\$16.89
8,500 lumens	\$18.39
14,400 lumens	\$19.83
22,000 lumens	\$23.28

— Mercury-vapour luminaires

Rating of luminaire	Rate per luminaire
10,000 lumens	\$22.26
20,000 lumens	\$29.25

291. Rates for non-standard luminaires: The following monthly rates apply for non-standard luminaires used for complete public lighting service:

— Incandescent luminaires with reflector

Rating of luminaire	Rate per luminaire
1,000 lumens	\$24.21
2,500 lumens	\$28.50
4,000 lumens	\$33.30

— Incandescent luminaires with reflector and refractor

Rating of luminaire	Rate per luminaire
2,500 lumens	\$28.50
4,000 lumens	\$33.30
6,000 lumens	\$37.68

— Mercury-vapour luminaires

Rating of luminaire	Rate per luminaire
7,000 lumens	\$19.98
50,000 lumens	\$59.82

For types of luminaires not mentioned in Section 290 or in this Section, the rate applied at April 30, 1998 is increased by 1.6 %.

292. Poles: The rates for complete public lighting service apply to installations supplied by overhead circuits that are mounted on wood poles. Any other kind of installation is subject to the provisions of Section 282.

However, a customer holding a contract for complete service who was entitled, at April 30, 1998, to the formula stipulating an additional monthly charge for concrete or metal poles, may retain that formula. The additional monthly charge applied at April 30, 1998 continues to apply.

293. Expenditures for installations and related services: When Hydro-Québec supplies, at the customer's request, special installations or services that are not included in the complete public lighting service, the customer must reimburse the total expenditure so incurred by Hydro-Québec. This expenditure, determined in accordance with Section 282, is payable on request.

DIVISION XVII SENTINEL LIGHTING RATES

294. Application: Sentinel lighting service comprises the supply, operation and energizing of photo-electric-cell luminaires of the Sentinel type. These luminaires are the property of Hydro-Québec and are used to light outdoor areas, but they exclude public lighting.

295. Sentinel lighting with poles supplied: When Hydro-Québec installs a pole used exclusively for Sentinel lighting, or when it rents such a pole from a third party, the monthly rates are as follows:

Rating of luminaire	Rate per luminaire
7,000 lumens	\$31.23
20,000 lumens	\$41.13

296. Sentinel lighting with no poles supplied: When Hydro-Québec does not supply or rent poles exclusively for Sentinel lighting, the monthly rates are as follows:

Rating of luminaire	Rate per luminaire
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7,000 lumens	\$24.51
20,000 lumens	\$35.37

DIVISION XVIII
CHARGES RELATED TO THE SUPPLY
OF ELECTRICITY

297. Application: The charges established in this Division are applied in accordance with the provisions of the Bylaw respecting the conditions governing the supply of electricity.

298. Charges related to the electricity service contract:

— **File administration charges**

An amount of \$20.

— **New file charges**

An amount of \$50.

— **Cost of establishing service following a request for termination of service**

A minimum amount of \$130.

299. Charges related to the modes of supplying electricity:

— **Unit amount for a two winding transformer**

An amount of \$2 per kilovoltampere of installed transforming capacity.

300. Charges related to the connection to the system:

— **Costs for the permanent connection of the service loop**

An amount of \$200.

— **Special service loop costs for autonomous electrical systems**

An amount of \$5,000 for the first 20 kilowatts; the excess, if applicable, is billed at \$250 per kilowatt.

— **Amount allocated for domestic use**

An amount of \$2,000 for each dwelling unit.

— **Rate of interest applicable to instalment payments**

1.493 % two-monthly, i.e. 9.3 % annually.

— **Annual credit per dwelling unit**

An amount of \$520 per dwelling unit.

— **Deferral factor**

A deferral factor of 0.26 over 5 years.

— **Annual credit based on the power**

An amount of \$85 per kilowatt.

— **Annual credit based on the energy**

An amount of \$7.05 per kilowatthour.

— **Amount allocated for non-domestic use**

An amount of \$325 per kilowatt.

— **Temporary connection costs**

An amount of \$100.

— **Disconnection costs at the connection point**

An amount of \$100.

— **Annual rate for calculating the present value of the cost of operations, upkeep of the installations and reinvestment in the equipment**

An annual rate of 9.3 %.

— **Administration charges for work to extend or modify the system and the service loop**

Administration charges of 30 %.

301. Charges related to the conditions for the sale of electricity:

— **Rate applicable to deposits**

The rate applied is the rate fixed on April 1 of each year on 1-year guaranteed deposit certificates of the National Bank of Canada.

— **Administration charges applicable to electricity bills**

Administration charges will be applied at the rate indicated in the following table, with reference to the range in which the National Bank of Canada prime lending rate falls on that date.

Reference ranges: National Bank of Canada prime lending rate	Administration charges
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% per annum	% per month
7.99 or less	1.2 (15.38 %/year)
8 to 9.99	1.4 (18.16 %/year)
10 to 11.99	1.6 (20.98 %/year)
12 to 13.99	1.7 (22.42 %/year)
14 to 15.99	1.9 (25.34 %/year)
16 to 17.99	2.1 (28.32 %/year)
18 or more	2.2 (29.84 %/year)

This rate is revised whenever, for a period of 60 consecutive days, the National Bank of Canada prime lending rate falls above or below the reference range used to establish the administration charges presently applied. The new rate is applied as of the 61 st day.

— **Charge for cheques returned by a financial institution because of insufficient funds**

An amount of \$10.

— **Costs of re-establishing service**

A minimum amount of \$50.

DIVISION XIX
SUPPLEMENTARY PROVISIONS

§1. General

302. choice of rate: Unless otherwise provided for in this Bylaw:

a) Customers eligible for different rates may, at the beginning of their contract, choose the rate they prefer. In the case of an annual contract, the customer may make a written request for a change during the contract;

b) a change of rate provided for in foregoing Subparagraph *a* cannot be made before expiration of one year after a previous change made in accordance with this Section. The change of rate becomes applicable, at the customer's discretion, either at the beginning of the consumption period during which Hydro-Québec re-

ceives the customer's written notice, or at the beginning of any subsequent consumption period;

c) In the case of a new contract and only during the first 12 monthly periods, the customer may once opt for another rate for which he is eligible. The change of rate becomes applicable, at the customer's discretion, either at the beginning of the contract, at the beginning of any one of the consumption periods, or at the beginning of any subsequent consumption period.

To obtain this revision, the customer must make the request in writing to Hydro-Québec before the end of the 14th monthly period following the date of the beginning of the contract.

This provision applies only if the customer's current contract is an annual one.

The provisions of this Section do not apply to the following changes:

— Rate G to Rate M or vice versa;

— Rate M to Rate L or vice versa.

303. Discount for supply at medium or high voltage: When Hydro-Québec supplies electricity at medium or high voltage and the customer utilizes it at this voltage or transforms it at no cost to Hydro-Québec, this customer, and this customer alone, is entitled to a monthly discount in dollars per kilowatt on the monthly demand charge applicable to the contract. The discounts, determined according to the supply voltage, are as follows:

Nominal voltage between phases equal to or greater than	Monthly discount \$/kW
5 kV, but less than 15 kV	\$0.501
15 kV, but less than 50 kV	\$0.804
50 kV, but less than 80 kV	\$1.788
80 kV, but less than 170 kV	\$2.193
170 kV	\$2.934

No discount is granted for short-term contracts with a duration of less than 30 days or on the minimum monthly bill under Rates G and G-9.

304. Adjustment for transformation losses: To take account of transformation losses, the following adjustments apply:

a) when the metering point of the electricity is at the supply voltage and the supply voltage is 5,000 volts or more, the discounts set forth in Section 303 are increased by 13.20 ¢;

b) when the metering point is located on the line side of the Hydro-Québec equipment that transforms electricity from a voltage of 5,000 volts or more to the voltage used by the customer, in accordance with a contract, a monthly discount on the demand charge is granted for the contract. The amount of the discount is 13.20 ¢.

305. Power-factor improvement: If the customer installs capacitors, synchronous motors or synchronous condensers that reduce the apparent power demand, Hydro-Québec may, upon the customer's request and in regard to the annual contract thereby affected, adjust the minimum billing demand or the contract power accordingly.

This adjustment takes effect as of the first consumption period in which the meter reading indicates a significant improvement in the ratio of the real-power demand to the apparent-power demand, or as of any subsequent consumption period, at the customer's option.

The adjustment is made by reducing the minimum billing demand by the number of kilowatts of billing demand corresponding to the effective improvement of the said ratio, without such reduction involving a decrease in the minimum billing demand based on the real-power demand during the last 12 monthly periods.

This adjustment does not alter the effective 12 monthly periods the customer has to reduce the minimum billing demand or the contract power of a medium-power or large-power contract.

306. Conditions for supply of electricity at high voltage: In cases where Hydro-Québec supplies electricity at high voltage and the conditions of supply have not been specified in another Hydro-Québec Bylaw, such conditions of supply shall be stipulated in a written agreement between Hydro-Québec and the customer.

This present Bylaw does not oblige Hydro-Québec to grant contracts for contract power greater than 175 000 kilowatts.

§2. Restrictions

307. Restrictions concerning short-term contracts: This Bylaw does not oblige Hydro-Québec to accept short-term contracts for a power demand of more than 100 kilowatts.

308. Adaptation of rates to length of contract:

a) A customer holding an annual small-power or medium-power contract who leaves the premises covered by this contract before having taken delivery of electricity for at least 12 consecutive monthly periods must pay for all the electricity delivered in accordance with the provisions regarding rates for short-term contracts, unless the said customer assumes the financial obligations of the annual contract or another customer immediately enters into a contract covering the same premises.

b) A customer holding a short-term small-power or medium-power contract which, since the beginning of the contract, is subject to the provisions regarding rates for short-term contracts may, if the contract is extended beyond 12 consecutive monthly periods, obtain from Hydro-Québec the applicable annual rate as of the beginning of the contract, notwithstanding Section 302.

309. Available power: The provisions of this Bylaw may in no case be interpreted as allowing the customer to exceed the available power stipulated in the contract.

§3. Billing Conditions

310. Adjusting rates to consumption periods: The monthly rates described in this Bylaw apply as such when the consumption period is 30 consecutive days.

For consumption periods with a different duration, the monthly rates are adjusted in proportion to the number of days in the consumption period as follows:

a) by dividing each of the following elements of the monthly rate by 30: the fixed charge, the demand charge, the number of kilowatthours or hours of use included, if applicable, in each part of the rate, the minimum monthly bill, the optimization charge, the discounts provided for in Section 303 and the adjustment provided for in Section 304, as well as any increase in charges provided for under this Bylaw;

and

b) by multiplying the resultant quantities by the number of days in the consumption period.

§4. Provisions Regarding Rates Bylaw

311. Amendment of Bylaw: Hydro-Québec reserves the right to amend the provisions of this Bylaw at any time, with the approval of the government.

312. Abrogation: Hydro-Québec Bylaws Nos. 658 and 662 are abrogated as of the effective date of this Bylaw.

313. Effective date: This Bylaw becomes effective on May 1, 1998. The rates and conditions established herein apply to electricity consumption and services provided as of that date for the years 1998, 1999, 2000 and 2001, and afterwards, until they are modified or replaced.

For consumption periods that overlap May 1, 1998, consumption and services shall be billed according to the previous rates and the rates of the present Bylaw prorated to the number of days in the consumption period prior to May 1, 1998 and to the number of days in the period beginning after this date.

314. Contracts entered into before the effective date of this Bylaw: Contracts entered into by Hydro-Québec or by one of its subsidiaries before the effective date of this Bylaw remain in effect until the contracts expire, but no automatic renewal clause may be invoked unless the parties otherwise agree.

This Bylaw, as of its effective date, applies to all contracts which give Hydro-Québec termination or modification rights or which allow the rates and conditions to be changed by a Bylaw approved by the government or by any other competent authority.

When notice must be given before Hydro-Québec can terminate a contract or modify the rate and conditions, this Bylaw applies after the notice period has expired.

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Gouvernement du Québec

O.C. 556-98, 22 April 1998

Hydro-Québec Act
(R.S.Q., c. H-5)

Supply of electricity

— **Conditions**
— **Amendment**

Bylaw No. 670 amending Bylaw No. 634 respecting the conditions governing the supply of electricity

WHEREAS under section 22.0.1 of the Hydro-Québec Act (R.S.Q., c. H-5), the conditions upon which power is supplied are fixed by by-law of the Corporation, and such by-law is subject to the approval of the Government;

WHEREAS at its meeting of 17 April 1998, Hydro-Québec's board of directors made Bylaw No. 670 amending Bylaw No. 634 respecting the conditions governing the supply of electricity;

WHEREAS under section 12 of the Regulations Act (R.S.Q., c. R-18.1), a proposed regulation may be made notwithstanding the publication requirements of section 8 of that Act if the authority approving it is of the opinion that the urgency of the situation requires it;

WHEREAS under section 18 of that Act, a regulation may come into force within a shorter time period than that provided for in section 17 of that Act where the authority that has approved it is of the opinion that the urgency of the situation requires it;

WHEREAS under sections 13 and 18 of that Act, the reason justifying the absence of prior publication and such coming into force shall be published with the regulation;

WHEREAS the Government is of the opinion that the urgency due to the following circumstances justifies the absence of prior publication and such coming into force of Bylaw No. 670 amending Bylaw No. 634 respecting the conditions governing the supply of electricity:

— it is required that the customers concerned may immediately benefit from the elimination of special service loop costs for autonomous electrical systems;

WHEREAS it is expedient to approve the Regulation;

IT IS ORDERED, therefore, upon the recommendation of the Minister of State for Natural Resources and Minister of Natural Resources:

THAT Bylaw No. 670 amending Bylaw No. 634 respecting the conditions governing the supply of electricity, attached to this Order in Council, be approved.

LIETTE HARVEY,
Deputy clerk of the Conseil exécutif
