

# **Hydro Quebec Trust for Management of Nuclear Fuel Waste**

Financial Statements  
**December 31, 2006**

February 19, 2007

## Auditors' Report

### To the Trustee of Hydro Quebec Trust for Management of Nuclear Fuel Waste

We have audited the statements of net assets and investments of the **Hydro Quebec Trust for Management of Nuclear Fuel Waste** (the "Trust") as at December 31, 2006 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position and the investments of the Trust as at December 31, 2006 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants

# Hydro Quebec Trust for Management of Nuclear Fuel Waste

Statement of Net Assets

As at December 31, 2006

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	2006 \$	2005 \$
<b>Assets</b>		
Short-term investments, at cost (market value \$36,000,000; 2005 – \$32,000,000)	36,000,000	32,000,000
Accrued interest	182,577	132,630
	<hr/>	<hr/>
	36,182,577	32,132,630
<b>Liabilities</b>		
Income distribution payable	182,577	132,630
	<hr/>	<hr/>
<b>Net assets</b>	<hr/>	<hr/>
	36,000,000	32,000,000

# Hydro Quebec Trust for Management of Nuclear Fuel Waste

Statement of Operations

For the year ended December 31, 2006

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	2006 \$	2005 \$
<b>Income</b>		
Interest	1,273,806	746,528
<b>Net income</b>	<u>1,273,806</u>	<u>746,528</u>

# Hydro Quebec Trust for Management of Nuclear Fuel Waste

## Statement of Changes in Net Assets

For the year ended December 31, 2006

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	2006 \$	2005 \$
<b>Net assets – Beginning of year</b>	32,000,000	28,000,000
<b>Income</b>		
Net investment income	1,273,806	746,528
Income distribution	(1,273,806)	(746,528)
	-	-
<b>Capital contributions</b>	4,000,000	4,000,000
<b>Realized gain on sale of investments</b>		
Cost of investments – Beginning of year	32,000,000	28,000,000
Cost of purchases	132,000,000	116,000,000
	164,000,000	144,000,000
Cost of investments – End of year	(36,000,000)	(32,000,000)
Cost of investments sold during the year	128,000,000	112,000,000
Proceeds from sales	128,000,000	112,000,000
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<b>Net gain on sale of investments</b>		
<b>Net assets – End of year</b>	36,000,000	32,000,000

# Hydro Quebec Trust for Management of Nuclear Fuel Waste

Statement of Investments

As at December 31, 2006

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	Face value \$	Average cost \$	Market value \$
<b>Short-term investments</b>			
Province of Quebec, Treasury bill, January 26, 2007	36,000,000	<u>36,000,000</u>	<u>36,000,000</u>
<b>Total short-term investments and net assets</b>		<u>36,000,000</u>	<u>36,000,000</u>

# Hydro Quebec Trust for Management of Nuclear Fuel Waste

Notes to Financial Statements

December 31, 2006

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## 1 Nature of the Trust

The Trust was established to enable the performance of Hydro-Québec's financial obligations under the terms of Bill C-27, for the purpose of financing the implementation of the nuclear fuel waste management proposal of the Government of Canada, as stipulated in section 11 of Bill C-27.

## 2 Significant accounting policies

### Investments

Investments are stated at cost, which approximates market value. Market value is determined by the closing price at year-end. Gains and losses on the sale of investments are calculated on the basis of the cost at the date of purchase and are posted directly to the statement of changes in net assets.

### Income

The Trust records its income using the accrual basis of accounting.

### Use of estimates

The presentation of financial statements in accordance with Canadian generally accepted accounting principles requires the trustee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 3 Financial instruments

### Financial risk

The Trust is exposed to financial risk associated with interest rate fluctuations and volatility.

### Fair value

As at December 31, 2006, the fair value of all the financial instruments was approximately equal to their book value.

