

March 3, 2023

Via Overnight Courier

Nicholas Bournakel
Tilson Technology Management, Inc.
16 Middle Street, 4th Floor
Portland, ME 04101

Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Second Floor - Room N201
Harrisburg, PA 17120

PA PUBLIC UTILITY COMMISSION

MAR 02 2023

PA Public Utility Commission
Secretary's Bureau

**RE: Application of PBI PA AssetCo LLC for Competitive Access Provider (CAP)
Telecommunications Authority Within the Commonwealth of Pennsylvania**

To Whom it May Concern:

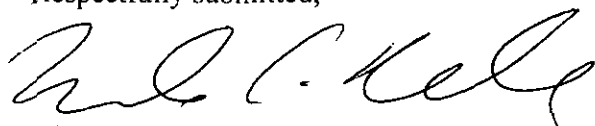
On behalf of PBI PA AssetCo LLC, enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") please find one (1) original application to provide Competitive Access Provider (CAP) telecommunications services in Pennsylvania of PBI PA AssetCo LLC ("PBI AssetCo" or "Applicant") and a check in payment of the \$250.00 filing fee. Pursuant to 52 Pa. Code § 5.14, the Applicant has filed copies of the Application with the Office of Consumer Advocate, Office of Small Business Advocate, and the Office of the Attorney General as evidenced by the attached Certificate of Service. Pursuant to 52 Pa. Code §§ 5.362 and 5.365, Exhibit 5A (Most recent audited financial statements of PBI AssetCo's equity owners), and Exhibit 6A (Tentative Income Statement for the first year of operations of PBI AssetCo), are being filed confidentially under seal with this Application as they contain confidential and proprietary business information for which PBI AssetCo on behalf of its ultimate equity owners respectfully requests confidential treatment by the Commission. The Request for Protective Treatment related to these confidential exhibits is attached to the Application as Exhibit 1. Redacted public copies of the confidentially-filed Exhibits 5A and 6A are attached to this application as Exhibits 5 and 6 and have been served on the entities on the CAP service list along with the Request for Protective Treatment.

As described in greater detail in the attached Application, *see* Question 10, PBI AssetCo's proposed service is a dedicated, facilities-based private line service that is offered to specialized users of telecommunications services that do not require access to 911 service. Accordingly, the

Applicant did not contact any 911 Coordinators via certified letter and has no arrangements under way for the provisioning of emergency 911 service in each of the Counties/Cities in Pennsylvania.

I have enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope as evidence of receipt. If you have any questions, please contact me at the information below.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nicholas Bournakel". The signature is fluid and cursive, with a large initial "N" and "B".

Nicholas Bournakel

Tilson Technology Management, Inc. (Consultant to PBI PA AssetCo LLC)

(207) 671-0893

nbournakel@tilsontech.com

MAR 02 2023

Application of:

PA Public Utility Commission
Secretary's Bureau

PBI PA AssetCo LLC

for approval to offer, render, furnish or supply telecommunications services to the public in the Commonwealth of Pennsylvania.

- 1. IDENTITY OF THE APPLICANT:** The name, address, telephone number, and fax number of the Applicant.

PBI PA AssetCo LLC
Suite 3150, 555 W 5th St,
Los Angeles, CA 90013
Tel: +1 424 278 2173
Fax: 1 424 278 2174

Please identify any predecessors of the Applicant and provide other names under which the Applicant has operated within the preceding five years, including name, address, and telephone number.

Not applicable.

- 2. ATTORNEY:** The name, address, telephone number, and fax number of the Applicant's attorney.

Not Applicable. Please direct any questions to the following application contact:

Nicholas Bournakel – Regulatory, Compliance, & Policy Consultant
Tilson Technology Management, Inc.
16 Middle Street, 4th Floor
Portland, ME 04101
Tel: (207) 671-0893
Fax: (207) 772-3427

- 3. CONTACTS:**

A) APPLICATION: The name, title, address, telephone number, and fax number of the person to whom questions about this application should be addressed.

Nicholas Bournakel – Regulatory, Compliance, & Policy Consultant
Tilson Technology Management, Inc.
16 Middle Street, 4th Floor
Portland, ME 04101
Tel: (207) 671-0893
Fax: (207) 772-3427

B) PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY (PEMA): The name, title, address, telephone number and FAX number of the person with whom contact should be made by PEMA (Pennsylvania Emergency Management Agency).

John Romagnoli – General Manager, Infrastructure
16 Middle Street, 4th Floor
Portland, ME 04101
Phone: (866) 804-0592
Fax: (207) 772-3427

C) RESOLVING COMPLAINTS: Name, address, telephone number, and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints and queries filed with the Public Utility Commission or other agencies.

John Romagnoli – General Manager, Infrastructure
16 Middle Street, 4th Floor
Portland, ME 04101
Phone: (866) 804-0592
Fax: (207) 772-3427

Alda Licis
16 Middle Street, 4th Floor
Portland, ME 04101
Phone: (866) 804-0592
Fax: (207) 772-3427

4. FICTITIOUS NAME:

- The Applicant will not be using a fictitious name.
- The Applicant will be using a fictitious name. Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. § 311, Form PA-953.

5. BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS: Applicant has registered its business with the Pennsylvania Department of State. Please check the appropriate registration type for Applicant as designated with the Department.

- Sole proprietor
- Domestic general partnership
- Domestic corporation
- Domestic limited partnership
- Domestic limited liability company
- Domestic limited liability partnership
- *Foreign corporation
- *Foreign general or limited partnership
- *Foreign limited liability company
- *Foreign limited liability general partnership
- *Foreign limited liability limited partnership

*Provide name and address of Corporate Registered Office Provider or Registered Office within PA.

Registered Agent Solutions, Inc.
125 Locust Street
Harrisburg, PA 17101

Attach to the application the name and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

Not Applicable. The Applicant, PBI PA AssetCo LLC, is not a partnership but rather a foreign limited liability company.

Attach to the application proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation or a Certificate of Organization.

The Applicant is incorporated in the State of Delaware and has received authority to transact business in Pennsylvania.

Please see the attached Exhibit 2 for copies of the Applicant's certificate of formation, as well as a copy of the Applicant's authority to transact business in the State of Pennsylvania (Foreign LLC Certificate).

Give name and address of officers:

Devin Campbell
Vice President
400 Burrard Street, Suite 2000
Vancouver, British Columbia V6C 3A6

Jerry Mahnger
President
400 Burrard Street, Suite 2000
Vancouver BC V6C 3A6

Nigel Kirkwood
Vice President
400 Burrard Street, Suite 2000
Vancouver BC V6C 3A6

Adrian Dickman
Secretary
400 Burrard Street, Suite 2000
Vancouver BC V6C 3A6

6. AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:

- The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.
- The Applicant has affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania. Name and address of the affiliates. State whether they are jurisdictional public utilities. Give docket numbers for the authority of such affiliates.

The following affiliates of PBI are registered to do business in Pennsylvania:

Plenary Infrastructure Philadelphia LLC
(Not a public utility subject to the jurisdiction of the Pennsylvania Public Utility Commission)

125 Locust Street
Harrisburg PA 17101

Plenary Penn Bridges Ltd.
(Not a public utility subject to the jurisdiction of the Pennsylvania Public Utility Commission)
838 Walker Road, Suite 21-2
Dover, Delaware
19004, County of Kent

Plenary Walsh Keystone Partners, LLC
(Not a public utility subject to the jurisdiction of the Pennsylvania Public Utility Commission)
838 Walker Road, Suite 21-2
Dover, Delaware
19004, County of Kent

Plenary Broadband Infrastructure PA LLC (This entity has submitted an application seeking a Competitive Access Provider (CAP) CPCN also in a separately-filed application with the Commission.)

SQF, LLC
16 Middle Street, 4th Floor
Portland, ME 04101

- SQF, LLC is a public utility subject to the jurisdiction of the Pennsylvania PUC (Docket number: A-2015-2490501; Utility Code: 3117815).

If the Applicant or an affiliate has predecessors who have done business within Pennsylvania, give name and address of the predecessors and state whether they were jurisdictional public utilities. Give the docket numbers for the authority of such predecessors.

Neither PBI PA AssetCo LLC (“PBI AssetCo”) nor an affiliate of PBI AssetCo have predecessors who have done business within Pennsylvania.

7. AFFILIATES AND PREDECESSORS RENDERING PUBLIC UTILITY SERVICE OUTSIDE PENNSYLVANIA:

- The Applicant has no affiliates rendering or predecessors which rendered public utility service outside Pennsylvania.

- The Applicant has affiliates rendering or predecessors which rendered public utility service outside Pennsylvania. Name and address of the affiliates and predecessors (please identify affiliates versus predecessors).

Please see the attached Exhibit 3 for a listing of states in which PBI AssetCo's affiliate, SQF, LLC, is certificated as a public utility.

8. APPLICANT'S PRESENT OPERATIONS: (Select and complete the appropriate statement)

- The applicant is not presently doing business in Pennsylvania as a public utility.
- The applicant is presently doing business in Pennsylvania as a:
- Interexchange Toll Reseller, InterLATA and/or IntraLATA, (e.g., MTS, 1+, 800, WATS, Travel and Debit Cards)
 - Interexchange Toll Facilities-based carrier, InterLATA and/or IntraLATA, (e.g., MTS, 1+, 800, WATS, Travel and Debit Cards)
 - Competitive Access Provider (dedicated point-to-point or multipoint service; voice or data)
 - Competitive Local Exchange Carrier.
 - Incumbent Local Exchange Carrier.
 - Other (Identify).

9. APPLICANT'S PROPOSED OPERATIONS: The Applicant proposes to operate as:

- Interexchange Toll Reseller, InterLATA and/or IntraLATA, (e.g., MTS, 1+, 800, WATS, Travel and Debit Cards)
- Interexchange Toll Facilities-based carrier, InterLATA and/or IntraLATA, (e.g., MTS, 1+, 800, WATS, Travel and Debit Cards)
- Competitive Access Provider (dedicated point-to-point or multipoint service; voice or data)
- Competitive Local Exchange Carrier.
- Incumbent Local Exchange Carrier
- Other (Identify).

10. **PROPOSED SERVICES:** Describe in detail the services which the Applicant proposes to offer. If proposing to provide more than one category in Item #9, clearly and separately delineate the services within each proposed operation. Provide a brief description of the facilities the Company will use to provide services. Specify whether those facilities are Company-owned or obtained from other companies as UNEs or on a resold basis.

PBI AssetCo seeks authority to provide service as a competitive access provider (“CAP”) in order to provide dark fiber leases, Indefeasible Rights of Use (“IRU”), and wavelength services to wholesale customers. PBI AssetCo will provide this service using a system of fiber optic cables and related infrastructure that it owns or controls.

PBI AssetCo does not intend to provide retail services to end use customers or individuals, but rather seeks to market its dark fiber on a wholesale basis to hyperscalers, major carriers, regional and local carriers, internet service providers, rural and electric cooperatives, and large enterprise customers. PBI AssetCo’s lit services will use optical technology, including multi-wavelength optical technology over dedicated transport facilities to provide telecommunications companies with more efficient transport and greater overall network service options.

PBI AssetCo will offer service subject to the availability of the necessary facilities and/or equipment. PBI AssetCo will reserve the right to refrain from providing service to or from a location where the necessary facilities or equipment are not available. PBI AssetCo will provide both interstate and intrastate services. At this time, PBI AssetCo does not intend to furnish traditional residential or business local telephone services or switched, interexchange telephone service, but rather will market its dark fiber services to wholesale customers.

The Company's services will generally be provided on a monthly basis and will be available twenty-four (24) hours per day, seven (7) days per week, subject to the availability of necessary service, equipment and facilities.

PBI AssetCo intends to reserve the right to discontinue furnishing the service upon its written notice, when necessitated by conditions beyond its control or when the customer is using the service in violation of the law.

PBI AssetCo’s proposed service is a dedicated, facilities-based private line service that is offered to specialized users of telecommunications services that do not require access to 911 service. Accordingly, PBI AssetCo did not contact any 911

Coordinators via certified letter and has no arrangements under way for the provisioning of emergency 911 service in each of the Counties/Cities in Pennsylvania.

11. **SERVICE AREA:** Describe the geographic service area in which the Applicant proposes to offer services. Clearly and separately delineate the service territory for each category listed in Item #9. For Competitive Local Exchange Carrier operations, you must name and serve the Incumbent Local Exchange Carriers in whose territory you request authority.

PBI AssetCo proposes to provide service throughout the Commonwealth of Pennsylvania.

12. **MARKET:** Describe the customer base to which the Applicant proposes to market its services. Clearly and separately delineate a market for each category listed in Item #9.

PBI will market its dark fiber and lit wavelength transport services to wholesale customers. PBI does not intend to provide retail services to end use customers or individuals, but rather seeks to market its dark fiber and lit wavelength transport services on a wholesale basis to hyperscalers, major carriers, regional and local carriers, internet service providers, rural and electric cooperatives, and large enterprise customers.

13. **PROPOSED TARIFF(S):** Each category of proposed operations must have a separate and distinct proposed tariff setting forth the rates, rules and regulations of the Applicant. Every proposed tariff shall state on its cover page the nature of the proposed operations described therein, i.e., IXC Reseller, CLEC, CAP, or IXC Facilities-based. A copy of all proposed tariffs must be appended to each original and duplicate original and copy of Form 377.

Attached hereto as Exhibit 4, please find PBI's proposed competitive access service tariff.

14. **FINANCIAL:** *Attach the following to the Application:*

A general description of the Applicant's capitalization and, if applicable, its corporate stock structure;

As PBI PA AssetCo LLC (“PBI AssetCo”) is a new entity, PBI AssetCo will be relying on the financials of its ultimate equity owners, Caisse de dépôt et placement du Québec (“CDPQ”), and SQF, LLC (“SQF”). The balance sheets of CDPQ and SQF, attached hereto as Confidential Exhibit 5A, provide evidence of the Applicant’s assets and liabilities. PBI AssetCo, through CDPQ and SQF has substantial assets, and relatively small liabilities.

Current balance sheet, Income Statement, and Cash Flow Statement of Applicant or Affiliated Company, if relying on affiliate for financial security;

See Confidential Exhibit 5A for the most recent independently audited balance sheets, income statements, and cash flow statements of the ultimate equity owners of the Applicant: CDPQ, and SQF, LLC.

A tentative operating balance sheet and a projected income statement for the first year of operation within the Commonwealth of Pennsylvania;

See Confidential Exhibit 6A for the tentative projected income statement for PBI AssetCo within the Commonwealth of Pennsylvania. PBI AssetCo is relying on the submitted confidential balance sheets of CDPQ and SQF, LLC as its ultimate equity owners in the attached confidential Exhibit 5A.

Provide the name, title, address, telephone number and fax number of the Applicant’s custodian for its accounting records and supporting documentation; and indicate where the Applicant’s accounting records and supporting documentation are, or will be, maintained.

Justin Brar
Finance Manager
400 Burrard Street, Suite 2000
Vancouver, British Columbia V6C 3A6
Mobile: (604) 825-2094
Fax: (604) 638-3906

If available, include bond rating, letters of credit, credit reports, insurance coverage and reports, and major contracts.

Not available.

15. **START DATE:** The Applicant proposes to begin offering services on or about

First quarter of 2023.

16. **FURTHER DEVELOPMENTS:** Attach to the Application a statement of further developments, planned or contemplated, to which the present Application is preliminary or with which it forms a part, together with a reference to any related proceeding before the Commission.

Not applicable.

17. **NOTICE:** Pursuant to 52 Pa. Code § 5.14, you are required to serve a copy of the signed and verified Application, with attachments, on the below-listed parties, and file proof of such service with this Commission:

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Office of Attorney General
Office of Consumer Protection
Strawberry Square
Harrisburg, PA 17120

A certificate of service must be attached to the Application as proof of service that the Application has been served on the above-listed parties. A copy of any Competitive Local Exchange Carrier Application must also be served on any and/or all Incumbent Local Exchange Carrier(s) in the geographical area where the Applicant proposes to offer services.

See the attached Exhibit 7 as proof of service that the Application has been served on the above-listed parties.

18. **FEDERAL TELECOMMUNICATIONS ACT OF 1996:** State whether the Applicant claims a particular status pursuant to the Federal Telecommunications Act of 1996. Provide supporting facts.

The Applicant does not claim any particular status pursuant to the Federal Telecommunications Act of 1996.

19. **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, limited to proceedings dealing with business operations in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

The Applicant (PBI AssetCo), its affiliates, its predecessors, and all persons identified in this Application, have not been convicted of a crime involving fraud or similar activity.

In addition, the Applicant (PBI AssetCo), its affiliates, its predecessors, and all persons identified in this Application, have not been a defendant or a respondent in any proceedings dealing with business operations in the last five (5) years, whether before an administrative body or in a judicial forum.

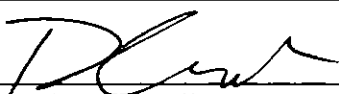
20. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§ 4903 and 4904, relating to perjury and falsification in official matters.

The Applicant understands Item #20.

21. **CESSATION:** The Applicant understands that if it plans to cease doing business within the Commonwealth of Pennsylvania, it is under a duty to request authority from the Commission for permission prior to ceasing business.

The Applicant understands Item #21.

Applicant: PBI PA AssetCo LLC

By: 
Devin Campbell

Title: Vice President - PBI PA Holdco LLC (sole member of PBI PA AssetCo LLC) on behalf of Applicant

22. **AFFIDAVIT:** Attach to the Application an affidavit as follows:

AFFIDAVIT

Province of British Columbia, CANADA :

: ss.

City of Vancouver :

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Devin Campbell, Affiant, being duly sworn according to law, deposes and says that:


Affiant is the Vice President of PBI PA Holdco LLC, sole member of PBI PA AssetCo LLC;

That Affiant is authorized to and does make this affidavit on behalf of PBI PA AssetCo LLC;

That PBI PA AssetCo LLC, the Applicant herein, acknowledges that the Applicant may have an obligation to serve or to continue to serve the public by virtue of the Applicant commencing the rendering of service pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; with the Federal Telecommunications Act of 1996, signed February 6, 1996, or with other applicable statutes or regulations;

That PBI PA AssetCo LLC, the Applicant herein, asserts that Applicant possesses the requisite technical, managerial, and financial fitness to render public utility service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That the facts above set forth are true and correct to the best of the Affiant's knowledge, information and belief, and that Affiant expects said entity to be able to prove the same at any hearing thereof.



Signature of Affiant

Sworn and subscribed before me this 21ST day of FEBRUARY, 2023.
Month Year



Signature of official administering oath

My Commission expires NA

FRANCESCA ANNA LOUISE GIMSON
GOWLING WLG (CANADA) LLP
BARRISTER & SOLICITOR
550 BURRARD STREET - SUITE 2300
BENTALL 5 - VANCOUVER, B.C. V6C 2B5
TELEPHONE: (604) 891-2750

23. § 1.36 Verification.

Verification

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Province of British Columbia, CANADA :

: ss.

City of Vancouver :

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

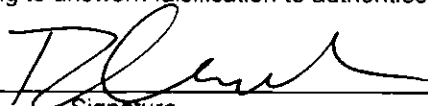
Devin Campbell, Affiant, being duly sworn according to law, deposes and states that:

Affiant is the Vice President of PBI PA Holdco LLC, sole member of PBI PA AssetCo LLC;

That Affiant is authorized to and does make this affidavit on behalf of PBI PA AssetCo LLC;

I, Devin Campbell, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief), and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Feb 21, 2023
Date


Signature

DEVIN CAMPBELL
Printed name

Sworn and subscribed before me this 21ST day of FEBRUARY, 2023.
Month Year


Signature of official administering oath

My Commission expires N/A

FRANCESCA ANNA LOUISE GIMSON
GOWLING WLG (CANADA) LLP
BARRISTER & SOLICITOR
550 BURRARD STREET - SUITE 2300
BENTALL 5 - VANCOUVER, B.C. V6C 2B5
TELEPHONE: (604) 891-2750

DATE OF RECEIPT

MAR 02 2023

EXHIBIT 1

PA PUBLIC INFORMATION
Division
Secretary's Bureau

**Applicant's Request for Confidential Treatment of Confidential Information in
Exhibits 5A and 6A**

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

PBI PA ASSETCO LLC - REQUEST FOR PROTECTIVE TREATMENT

PBI PA AssetCo LLC (“PBI AssetCo” or “Applicant”), on behalf of its ultimate equity owners, Caisse de depot et placement du Quebec (“CDPQ”), and SQF, LLC (“SQF”), and pursuant to 52 Pa. Code § 5.362 and § 5.365, hereby requests that the Pennsylvania PUC (“PUC” or “Commission”) treat as confidential and prevent the public disclosure of the designated confidential and propriety information (the “Confidential Information”) in Confidential Exhibits 5A and 6A of the attached Application for Authority to provide Competitive Access Provider telecommunications services in the Commonwealth of Pennsylvania (“Application”). In support of this Request, PBI AssetCo states as follows:

1. PBI PA AssetCo LLC (“PBI AssetCo” or “Applicant”) is submitting an application (“Application”) for a certificate of public convenience and necessity (“CPCN”) with the Pennsylvania Public Utility Commission (“PUC” or “Commission”) for the authority to provide competitive access provider (CAP) telecommunications services throughout the Commonwealth.

2. As part of its Application for a CPCN, PBI AssetCo is required to make certain financial showings to the PUC and is relying upon the financial statements of both CDPQ and SQF as the ultimate equity owners of its parent company, PBI PA Holdco LLC (“Holdco”).

3. In accordance with 52 Pa. Code §§ 5.362 and 5.365, PBI AssetCo has submitted a sealed confidential copy of the most recent audited financial statements (current balance sheet, income statement, cash flow statement, and other financial information) of its ultimate equity owners, CDPQ and SQF, LLC, upon which entities PBI AssetCo is relying on for its financial

fitness demonstration as provided in response to Question 14 of its Application in Confidential Exhibit 5A.

4. Exhibit 5A to the attached Application of PBI AssetCo contains competitively sensitive and proprietary business information (“Confidential Information”) regarding CDPQ’s and SQF’s finances and competitive business positions.

5. The above-referenced Confidential Information in Exhibit 5A is held as confidential and proprietary business information by PBI AssetCo’s ultimate equity owners, CDPQ, and SQF, LLC.

6. In addition, PBI AssetCo, also in response to Question 14 to its Application, and pursuant to 52 Pa Code § 5.365, filed a sealed Confidential copy of its tentative projected operating income statement within the Commonwealth as Confidential Exhibit 6A to the Application.

7. Exhibit 6A to the attached Application of PBI AssetCo contains competitively sensitive and proprietary business information (“Confidential Information”) related to the prospective finances and business position of the Applicant.

8. The above-referenced Confidential Information in Exhibit 6A is held as confidential and proprietary business information by PBI AssetCo.

9. Throughout this proceeding, there may be additional Confidential Information filed by the Applicant at the request of the PUC or any other party to this proceeding that also warrants protective treatment by the Commission.

10. PBI AssetCo on behalf of its ultimate equity owners, CDPQ and SQF, hereby requests, pursuant to 52 Pa Code § 5.365, that the designated confidential information in Exhibit 5A and Exhibit 6A to its Competitive Access Provider CPCN Application be kept from public disclosure and that the PUC protect and maintain the confidentiality of the above referenced

Confidential Information, as well as any future designated confidential information which may be filed by the Applicant in this proceeding.

In support of this Request for Confidentiality, PBI AssetCo further asserts the following:

11. PBI AssetCo, CDPQ, and SQF, LLC each maintain the above-referenced confidentially designated business information submitted as part of PBI AssetCo's CPCN Application as private information which is not routinely available to the public.

12. The Confidential Information contained in the submitted designated confidential materials is only available to a limited number of employees within PBI AssetCo, CDPQ, and SQF, and each of these entities uses best efforts to maintain the secrecy of this information.

13. The Confidential Information is not made available outside of PBI AssetCo, CDPQ, and SQF or provided to the public and is typically only provided to government agencies upon order or request within specific proceedings confidentially or under a protective order.

14. Each of PBI AssetCo's, CDPQ's, and SQF's designated confidential materials are only shared with each of these entities' business partners out of necessity and under non-disclosure agreements.

15. PBI AssetCo, CDPQ, and SQF each develop and maintain the above-referenced confidentially designated business information both internally and through their independent accounting firms at significant expense and each has expended significant time to produce the financials submitted in Exhibit 5A and Exhibit 6A to PBI AssetCo's Application, as applicable.

16. The above-referenced Confidential Information of PBI AssetCo, CDPQ, and SQF, LLC contains commercial information that has independent economic value by virtue of not being known to, or ascertainable by, persons who could utilize such information.

17. If the claimed Confidential Information were to be made public, the disclosure would cause substantial harm to PBI AssetCo, CDPQ, and SQF.

18. PBI AssetCo, CDPQ, and SQF are each either direct or indirect participants in the competitive telecommunications industry. If the claimed Confidential Information were publicly available, these entities' competitors would have an unfair competitive advantage in the telecommunications industry through access to PBI AssetCo's, CDPQ's, and SQF's finances and competitive bidding information. If made public, such competitors could use this information and place strategic bids accordingly on the basis of the claimed Confidential Information, negatively affecting PBI AssetCo's, CDPQ's, and SQF's businesses, while also negatively affecting competition within the marketplace.

19. For the foregoing reasons, it is important to the success of PBI AssetCo's as well as its ultimate equity owners' prospective and existing businesses, that the Commission safeguard this Confidential Information from disclosure.

20. In addition, due to the sensitive nature of the confidential exhibits, it is appropriate for the Commission to limit access to them. These confidential exhibits should solely be used by the Commission in exercising its governmental functions in considering PBI AssetCo's Application for a CPCN.

21. For the foregoing reasons, the significant harm to PBI AssetCo, CDPQ, and SQF if the Confidential Information were disclosed without restriction outweighs the public's interest in the free and open access to this sensitive and proprietary information. As such, PBI AssetCo, on behalf of itself, CDPQ, and SQF, requests that the Commission therefore limit access to the designated Confidential Information in Exhibit 5A and Exhibit 6A solely to Commission personnel for whom access is necessary for the PUC to exercise its functions in assessing the Application.

22. Accordingly, PBI AssetCo, on behalf of itself and its ultimate equity owners, respectfully requests that the PUC protect from public disclosure and maintain the confidentiality of the confidentially designated information in Exhibit 5A and Exhibit 6A to PBI AssetCo's Application indefinitely, which will protect this and any further designated Confidential Information submitted in this proceeding from public disclosure.

Respectfully Submitted,

PBI PA AssetCo LLC, by PBI PA Holdco LLC, its
sole member



Devin Campbell

Vice President - PBI PA Holdco LLC (sole
member of PBI PA AssetCo LLC) on behalf of
Applicant

Dated: 2/21/2023

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

EXHIBIT 2
(QUESTION 5)

**Applicant's Articles of Incorporation
And
Certificate of Authority to Transact Business as a Foreign LLC in Pennsylvania**



Pennsylvania Department of State
Bureau of Corporations and Charitable Organizations
PO Box 8722 | Harrisburg, PA 17105-8722
T: 717.787.1057
dos.pa.gov/BusinessCharities

February 28, 2023

PBI PA AssetCo LLC
125 LOCUST ST
HARRISBURG, PA 17101-1411

Entity Name: PBI PA AssetCo LLC
Entity File Date: January 13, 2023
Entity Number: 0003617826
Filing Type: Foreign Limited Liability Company

The Bureau of Corporations and Charitable Organizations is happy to send your filed document. The Bureau is here to serve you and we would like to thank you for doing business in Pennsylvania.

Thank you for registering with the Department of State to do business in Pennsylvania. Like many other businesses, you may have employees, sell taxable products, or provide a taxable service to consumers in Pennsylvania. Please visit www.pa100.state.pa.us to register for business taxes with the Department of Revenue and the Department of Labor and Industry. You may also visit www.Business.pa.gov to find resources for businesses through all stages of development.

Beginning in 2024, annual reports are required for all domestic filing entities, limited liability general partnerships and registered foreign associations. More information will be forthcoming from the Bureau. However, to ensure that you receive notice of how and when to make annual reports, keep all information on file with the Bureau up-to-date, particularly registered office address.



0003617826



COMMONWEALTH OF PENNSYLVANIA
 Department of State
 Bureau of Corporations and Charitable Organizations
 PO Box 8722
 Harrisburg, Pennsylvania 17105-8722
FOREIGN REGISTRATION STATEMENT
 Fee: \$250

Pennsylvania Department of State
-FILED-
 File #: 0003617826
 Date Filed: 1/13/2023

B0506-4676 01/13/2023 2:09 PM Received by Pennsylvania Department of State

DSCB:15- 412 (rev. 2/2017)

In compliance with the requirements of 15 Pa.C.S. § 412 (relating to foreign registration statement), the undersigned foreign association hereby states that:

Foreign Business Type	
Filing type	Foreign Limited Liability Company
LLC filing type	Limited Liability Company
Association Name	
The full and proper name of the foreign association as registered in its jurisdiction of formation is	PBI PA AssetCo LLC
Business name in Pennsylvania	PBI PA AssetCo LLC
Effective Date	
The filing shall be effective when filed with the Department of State	
Additional Information	
Jurisdiction of Formation	DELAWARE
Select one of the following	The association may not have series.
The street address of the association's principal office.	
Principal Office Address	555 W 5TH ST STE 3150 LOS ANGELES, CA 90013-2771
The mailing address of the association's principal office.	
Mailing Address	555 W 5TH ST STE 3150 LOS ANGELES, CA 90013-2771
Home Jurisdiction Addresses	
Select one	The association's home jurisdiction requires the association to maintain a street and mailing address in that jurisdiction.
Home jurisdiction street address,#### Home jurisdiction mailing address	
Home Jurisdiction Street Address	838 WALKER RD STE 21-2 DOVER, DE 19904-2751
Home jurisdiction street address,#### Home jurisdiction mailing address	
Home Jurisdiction Mailing Address	838 WALKER RD STE 21-2 DOVER, DE 19904-2751
Registered Office	
The address of this association's proposed registered office in this Commonwealth is	

125 LOCUST ST
HARRISBURG, PA 17101-1411

DAUPHIN

Additional provisions, if any
Additional provisions

Plenary PBI PA AssetCo LLC - Certificate of Formation
(DE)-as filed.pdf,PBI PA AssetCo LLC - Certificate of
Amendment (Name Change)-as filed.pdf

Electronic Signature

IN TESTIMONY WHEREOF, the above-named association has caused this Foreign Registration Statement to be
signed by a duly authorized representative

Full Name	Title	Date
Nigel Kirkwood	Vice President	01/13/2023

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "PLENARY PBI PA ASSETCO LLC", FILED IN THIS OFFICE ON THE NINETEENTH DAY OF NOVEMBER, A.D. 2020, AT 1:59 O`CLOCK P.M.



Jeffrey W. Bullock
Jeffrey W. Bullock, Secretary of State

4192588 8100
SR# 20208448501

Authentication: 204126810
Date: 11-19-20

You may verify this certificate online at corp.delaware.gov/authver.shtml

**CERTIFICATE OF FORMATION
OF
PLENARY PBI PA ASSETCO LLC**

The undersigned, for the purpose of complying with the provisions of the Delaware Limited Liability Company Act (6 *Del. C.* § 18-101, *et seq.*) and forming a limited liability company thereunder, hereby certifies as follows:

1. **Name.** The name of the limited liability company formed hereby is Plenary PBI PA AssetCo LLC (the "**Company**").

2. **Registered Agent.** The name and address of the registered agent for service of process of the Company in the State of Delaware is Registered Agent Solutions, Inc., 9 E Loockerman Street, Suite 311, Dover, Delaware 19901, County of Kent.

IN WITNESS WHEREOF, the undersigned authorized person has executed this Certificate of Formation this 19th day of November 2020.

/s/ Leigh O. Snyder
Leigh O. Snyder, Authorized Person

B0506-4679 01/13/2023 2:09 PM Received by Pennsylvania Department of State

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "PLENARY PBI PA ASSETCO LLC", CHANGING ITS NAME FROM "PLENARY PBI PA ASSETCO LLC" TO "PBI PA ASSETCO LLC", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF NOVEMBER, A.D. 2020, AT 12:16 O`CLOCK P.M.



Jeffrey W. Bullock
Jeffrey W. Bullock, Secretary of State

4192588 8100
SR# 20208469596

Authentication: 204154657
Date: 11-24-20

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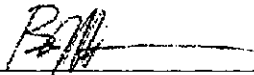
**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT**

1. Name of the limited liability company: Plenary PBI PA AssetCo LLC
2. The Certificate of Formation of the limited liability company is hereby amended by restating the first article of the Certificate of Formation such that it reads in its entirety as follows:

Name. The name of the limited liability company formed hereby is PBI PA AssetCo LLC (the "*Company*").

IN WITNESS WHEREOF, the undersigned authorized person has executed this

Certificate this 23rd day of November 2020.



Brian Budden, Authorized Person

B0506-4681 01/13/2023 2:09 PM Received by Pennsylvania Department of State

EXHIBIT 3
(QUESTION 7)

RECEIVED

MAR - 2 2023

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

List of all States in which Applicant has affiliates rendering or predecessors which rendered public utility service outside Pennsylvania

PBI's affiliate, SQF, LLC, is certificated as a public utility in the following jurisdictions outside of Pennsylvania:

Alabama	Montana
Arizona	Nebraska
Arkansas	Nevada
California	New Hampshire
Colorado	New Jersey
Connecticut	New Mexico
Delaware	New York
District of Columbia	North Carolina
Florida	North Dakota
Georgia	Ohio
Hawaii	Oklahoma
Illinois	Oregon
Indiana	Rhode Island
Iowa	South Carolina
Kansas	South Dakota
Kentucky	Tennessee
Louisiana	Texas
Maine	Utah
Maryland	Vermont
Massachusetts	Virginia
Michigan	Washington
Minnesota	West Virginia
Mississippi	Wisconsin
Missouri	Wyoming

SQF, LLC is headquartered at 16 Middle Street, 4th Floor, Portland, ME 04101.

CONFIDENTIAL

MAR 02 2023

PA Public Utility Commission
Secretary's Bureau

EXHIBIT 4
(QUESTION 13)

Applicant's Proposed Tariff

COMPETITIVE ACCESS PROVIDER TARIFF

PBI PA ASSETCO LLC
COMPETITIVE ACCESS PROVIDER
Regulations and Schedule of Charges

This Tariff is intended to provide Company definitions, rules and regulations for furnishing competitive access provider services and facilities regarding non-switched telecommunications provided by PBI PA AssetCo LLC to Customers within the Commonwealth of Pennsylvania.

The Company's tariff is in concurrence with all applicable State and Federal Laws (including, but not limited to 52 Pa. Code, 66 Pa C.S. and the Telecommunications Act of 1934, (as amended), and with the Commission's applicable Rules and Regulations and Orders. Any provisions contained in this Tariff that are inconsistent with the foregoing mentioned will be deemed inoperative and superseded.

This Tariff has been filed with the Pennsylvania Public Utility Commission. Copies are available for inspection at the Company's place of business: Suite 3150, 555 W. 5th St., Los Angeles, CA 90013.

Issued:

Issued by
Devin Campbell, Vice President
Suite 3150, 555 W. 5th St.
Los Angeles, CA 90013

Effective:

COMPETITIVE ACCESS PROVIDER TARIFF

Check Sheet

The pages listed below, which are inclusive of this Tariff, are effective as of the date shown at the bottom of the respective page(s). Original and revised pages as shown following comprise all changes from the original Tariff and currently in effect as of the date indicated at the bottom of this page.

<u>Page</u>	<u>Revision</u>	<u>Page</u>	<u>Revision</u>	<u>Page</u>	<u>Revision</u>
Title	Original*				
1	Original*				
2	Original*				
3	Original*				
4	Original*				
5	Original*				
6	Original*				
7	Original*				
8	Original*				
9	Original*				
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15	Original*				
16	Original*				
17	Original*				
18	Original*				
19	Original*				
20	Original*				

*- Included in this filing

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List of Modifications

Tariff Page	Tariff Numbering	Existing Rule/Regulation	Modification Being Made

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COMPETITIVE ACCESS PROVIDER TARIFF

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COMPETITIVE ACCESS PROVIDER TARIFF

Symbols

Revisions to this tariff are coded through the use of symbols. These symbols appear in the right hand margin of the page. The following tariff revision symbols are used for the purposes indicated below.

- (C) To signify change
- (D) To signify decreased rate
- (I) To signify increased rate

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COMPETITIVE ACCESS PROVIDER TARIFF

APPLICATION OF TARIFF

This tariff governs the service offerings, rates, terms and conditions applicable to the furnishing of Competitive Access Provider Services (CAP) by PBI PA AssetCo LLC that originate and terminate in Pennsylvania. Specific services and rates are described elsewhere in this tariff. Carrier's services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff. The Carrier's Dark Fiber and Lit Wavelength Transport Services are available to non-residential customers. The Company's services are not available to residential customers. This tariff is on file with the Pennsylvania Public Utility Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business, Suite 3150, 555 W. 5th St., Los Angeles, CA 90013. The Company's Tariff is in concurrence with all applicable State and Federal Law (including, but not limited to, 51 Pa. Code, 66 Pa C.S., the Telecommunications Act of 1996), and with the Commission's applicable Rules and Regulations and Orders. Any provisions contained in this Tariff that are inconsistent with the foregoing mentioned will be deemed inoperative and superseded.

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COMPETITIVE ACCESS PROVIDER TARIFF

Tariff Format

1. Page Numbering - Page numbers appear in the upper right corner of the sheet. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between existing pages with whole numbers, a decimal is added. For example, a new page added between pages 34 and 35 would be page 34.1.
2. Page Revision Numbering - Revision numbers also appear in the upper right corner of the page. These numbers are used to determine the most current page version on file with the Commission. For example, 4th Revised Page 34 cancels the 3rd Revised Page 34. Consult the check sheet for the page currently in effect.
3. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
 - 2
 - 2.1
 - 2.1.1
 - 2.1.1.A
 - 2.1.1.A.1
 - 2.1.1.A.1.(a)
 - 2.1.1.A.1.(a).1
 - 2.1.1.A.1.(a).1.(i)
 - 2.1.1.A.1.(a).1.(i).(1)

Check Sheet - When a tariff is filed with the Commission, an updated check sheet accompanies the tariff filing. The check sheet lists the tariff pages, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made. The tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

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COMPETITIVE ACCESS PROVIDER TARIFF

SECTION 1 - DEFINITIONS**1.0 Definitions**

Advance Payment: Part or all of a payment required before the start of service.

Channel: A communications path between two or more points of termination.

Commission: The Pennsylvania Public Utility Commission

Common Carrier: An authorized company or entity providing telecommunications services to the public.

Communications Services: The Company's competitive access provider services. Company, Carrier, Utility, PBI PA AssetCo LLC, the issuer of this tariff.

Company: PBI PA AssetCo LLC.

Customer or Subscriber: The person, firm or corporation, which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Customer Premises: A location designated by the Customer for the purposes of connecting to Company's services.

Facilities: Any cable, poles, conduit, carrier equipment, wire center distribution frames, central office switching equipment, etc., used to provide services offered under this tariff.

Joint User: A person, firm or corporation which is designated by the Customer as a user of services furnished to the Customer by the Company and to whom a portion of the charges for the service will be billed under a joint user arrangement as specified herein.

Network: Refers to the Company's facilities, equipment, and services provided under this Tariff.

Service Order: A written request for Communications Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Terminal Equipment: Any telecommunications equipment other than the transmission or receiving equipment installed at a Company location such as teleprinters, telephone handsets, or data sets.

User: Any person or entity that obtains the Company's services provided under this Tariff, regardless of whether such person or entity is so authorized by the Customer.

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SECTION 2 - REGULATIONS**2.0 Undertaking of the Company****2.1 Scope****2.1.1 Undertaking**

2.1.1.A The Company's services are furnished for telecommunications services originating and/or terminating in any area within the Commonwealth of Pennsylvania.

2.1.1.B The Company is a facilities-based and resale provider of telecommunications to Customers for the direct transmission and reception of voice, data, and other types of communications. Services are offered via the Company's facilities (whether owned, leased, or under contract) in combination with resold services provided by other certificated carriers. The Company is responsible under this tariff only for the services and facilities the Company provides hereunder.

2.1.1.C The Company's services are provided on a monthly basis unless otherwise provided, and are available twenty-four (24), hours per day, seven (7) days per week, subject to the availability of necessary service, equipment and facilities and the economic feasibility of providing such necessary service, equipment, and facilities.

2.1.2 Shortage of Facilities or Equipment and Other Limitations

2.1.2.A The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.

2.1.2.B The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

2.1.3 Terms and Conditions

2.1.3.A Service may be initiated only based on a written agreement between the Company and the Customer. To initiate a service request, the Customer must provide the following information: the Customer's name; an address to which the Company shall provide service; and a billing address (if different). The service application does not itself bind either the Customer to subscribe

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2.1.3.B to the service or the Company to provide the service.

2.1.3.C Request for service under this Tariff will authorize the Company to conduct a credit search on the Customer. The Company reserves the right to refuse service on the basis of credit history unless the Customer pays a deposit, and to refuse further service due to late payment or nonpayment by the Customer. Potential customers who are denied service must be given the reason for the denial in writing within 10 days of service denial.

2.1.4 Limitations on Liability.

2.1.4.A In view of the fact that the Customer has exclusive control over the use of service and facilities furnished by the Company, and because certain errors incident to the services and to the use of such facilities of the Company are unavoidable, services and facilities are furnished by the Company subject to the terms, conditions and limitations herein specified:

2.1.4.B Service Irregularities

2.1.4.B.1 The liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of the Customer, shall in no event exceed an amount equivalent to the proportionate charge to the Customer for the service or facilities affected during the period such mistake, omission, interruption, delay, error or defect in transmission, or failure or defect in facilities continues after notice and demand to the Company.

2.1.4.B.2 The Company shall not be liable for culpable conduct of the Customer or failure of equipment, facilities or connection provided by the Customer.

2.1.4.C Claims of Misuse of Service

2.1.4.C.1 The Company shall be indemnified and saved harmless by the Customer against claims for libel, slander, fraudulent or misleading advertisements or infringement of copyright arising directly or indirectly from material transmitted over its facilities or the use thereof; against claims for infringement of patents arising from combining or using apparatus and systems of the Customer with facilities of the Company; and against all other claims arising out of any act or omission of the Customer in connection with the services and facilities provided by the Company. The Company does not require indemnification from the Customer where the action for which it is seeking indemnification is based on a claim of negligence by the Company.

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2.1.4.D Defacement of Premises

2.1.4.D.1 The Company is not liable for any defacement of, or damage to, the Customer's Premises resulting from the furnishing of service or the attachment of equipment and facilities furnished by the Company on such premises or by the installation or removal thereof, when such defacement or damage is not the result of negligence of the Company. For the purpose of this paragraph, no agents or employees of the other participating carriers shall be deemed to be agents or employees of the Company except where contracted by the Company.

2.1.4.E Facilities and Equipment in Explosive Atmosphere, Hazardous or Inaccessible Locations

2.1.4.E.1 The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere. Company shall be indemnified, defended and held harmless by Customer from and against any and all claims, loss, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any equipment or facilities or the service and not due to the gross negligence or willful misconduct of the Company.

2.1.4.F Service at Outdoor Locations

2.1.4.F.1 The Company reserves the right to refuse to provide, maintain or restore service at outdoor locations unless the Customer agrees in writing to indemnify and save the Company harmless from and against any and all loss or damage that may result to equipment and facilities furnished by the Company at such locations. The Customer shall likewise indemnify and save the Company harmless from and against injury to or death of any person which may result from the location and use of such equipment and facilities.

2.1.4.G Warranties

2.1.4.G.1 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

2.1.4.G.2 Acceptance of the provisions of Section 2.1.4 by the Commission does not constitute its determination that any disclaimer of warranties or representations imposed by the Company should be upheld in a court of law.

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COMPETITIVE ACCESS PROVIDER TARIFF

2.1.4.H Scope of liability

2.1.4.H.1 Nothing in this tariff shall be construed to limit the Company's liability in cases of gross negligence or willful misconduct.

2.1.5 Ownership of Facilities

2.1.5.A Title to all facilities provided in accordance with this tariff remains in the Company, its agents, contractors or suppliers.

2.1.6 Prohibited Uses

2.1.6.A The services the Company offers shall not be used for any unlawful purpose or for any use for which the Customer has not obtained all required governmental approvals, authorization, licenses, consents and permits.

2.1.6.B The Company may require applicants for service who intend to use the Company's offering for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and regulations, policies, orders, and decisions.

2.1.6.C The Company may require a Customer to immediately shut down its transmission if such transmission is causing interference to others.

2.1.6.D A Customer, Joint User, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges-owed to the Company for regulated access services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply. Additionally, Customer may be liable for termination charges if Customer terminates any contract prior to expiration of its term.

2.2 Obligations of the Customer**2.2.1 Customer Premises Provisions**

2.2.1.A The Customer shall be responsible for:

2.2.1.A.1 Placing any necessary Service Orders; complying with tariff terms and conditions; and for assuring that Users comply with tariff regulations.

2.2.1.A.2 Arranging access to its premises at times mutually agreeable to Company-and the

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2.2.1.A.3 Customer when required for installation, repair, maintenance, inspection or removal of equipment associated with the provision of Company services;

2.2.1.A.4 Maintaining its Terminal Equipment and facilities in good operating condition. The Customer is liable for any loss, including loss through theft, of any Company equipment installed at the Customer's premises.

2.3 Customer Equipment and Channels**2.3.1 Interconnection of Facilities**

2.3.1.A Service furnished by Company may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by Company. Any special interface of equipment or facilities necessary to achieve compatibility between the facilities of Company and other participating carriers shall be provided at the Customer's expense.

2.3.1.B Interconnection between the facilities or services of other carriers shall be under the applicable terms and conditions of the other carriers' tariffs. The Customer is responsible for taking all necessary legal steps for interconnecting Customer-provided Terminal Equipment or communications equipment with Company's facilities. The Customer shall secure all licenses, permits, rights-of-way and other such arrangements necessary for interconnection.

2.4 Customer Deposits and Advance Payments**2.4.1 Advance Payments**

2.4.1.A The Company reserves the right to require from an applicant for service advance payments for the construction of facilities and furnishing of special equipment. The advance payment will not exceed an amount equal to the nonrecurring charge(s) and one month's charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated nonrecurring charges for the special construction. The advance payment will be applied to any indebtedness for the service and facilities for which the advance payment is made on the Customer's initial bill.

2.4.1.B Advanced payments for installation costs or special construction will be credited on the first bill in their entirety.

2.4.2 Deposits

2.4.2.A The Company may, at its sole discretion, require a deposit or usage prepayment as a condition to receiving service or additional service. The Company reserves the right to review an

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2.4.2.B applicant's or a Customer's credit history at any time to determine if a deposit is required.

2.4.2.C In the event the Customer fails to establish a satisfactory credit history, deposits are a form of security that may be required from Customers to ensure payment of bills.

2.4.2.D Deposits shall be no greater than twice the estimated average monthly bill for the class of service applied for.

2.4.2.E Deposits will be refunded with interest within 30 days after discontinuance of service or after 12 months of service, whichever comes first. Interest on deposits are payable at the rate of the average 1-year US Treasury bills for September, October, and November of the previous year without deduction for any taxes on such deposits. Interest will not accrue on any deposits after the date on which reasonable effort has been made to return it to the customer.

2.5 Payment Arrangements

2.5.1 Payment for Service

2.5.1.A The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer.

2.5.1.A.1 Taxes

2.5.1.A.1(a) Appropriate federal, state, local and municipal taxes and surcharges will be charged on Services and are in addition to the rates for Service set forth in this tariff unless otherwise stated.

2.5.2 Billing and Collection of Charges

2.5.2.A The Customer is responsible for payment of all charges incurred by the Customer for services and facilities furnished to the Customer by the Company. The Company is not responsible for any telephone charges that may be incurred by the Customer in gaining access to the Company's Network.

2.5.2.B Charges for service are applied on a recurring basis. Service is provided and billed on a monthly (30 day) basis. Months are presumed to have 30 days. The billing date is dependent on the billing cycle assigned to the Subscriber. Service continues to be provided for the minimum service term.

2.5.2.C Billing is payable upon receipt and past due thirty (30) days after issuance and posting of invoice. Bills not paid within thirty-one (31) days after the date of posting are subject to a 1.25 percent late payment charge for any unpaid balance. The unpaid balance that is used as the basis for the calculation of the late payment charge shall exclude any previously accrued late payment charges. The late payment date will be prominently displayed on the Customer's bill. Company shall endeavor to credit payments within 24 hours of receipt to avoid assessing late payment charges incorrectly.

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2.5.2.D Usage charges and any recurring monthly charges are billed after each billing period. In the event the Company changes its rates, recurring monthly charges affected by such change will be assessed at the new rate for the full billing period during which the new recurring charge rate became effective.

2.5.2.E In the event payment is made by personal check and the check is not honored by the institution on which it was drawn, the Company will impose, and the Customer will be required to pay, a \$25.00 fee, where permitted by applicable law, in addition to other remedies available to the Company.

2.5.2.F The Company does not offer services to residential customers. In the event that the Company offers services to residential customers in the future, it will comply with the requirements of Chapter 64 in 52 Pa. Code regarding billing standards and practices for residential customers. In instances where sections of this tariff may conflict with Chapter 64, regulations, the regulations in Chapter 64 will prevail.

2.5.3 Billing Disputes

2.5.3.A General

2.5.3.A.1 Billing disputes should be addressed to Company's customer service organization via telephone to Company during business hours, M-F, excepting Federal holidays, 9:00 AM to 4:59 PM Eastern Time. Messages may be left outside of business hours. Messages left will be returned during the next business day during business hours.

2.5.3.A.2 The undisputed portions of the bill must be paid by the payment due date shown on the bill to avoid assessment of a late payment charge on the undisputed amount under Section 2.5.2.C., preceding.

2.5.3.B Adjustments or Refunds to the Customer

2.5.3.B.1 In the event that the Company resolves the billing dispute in favor of a Customer who has withheld payment of the disputed amount pending resolution of the disputed bill, the Company will credit the Customer's account for the disputed amount in the billing period following the resolution of the dispute.

2.5.3.B.2 In the event that the Company resolves the billing dispute in favor of a Customer who has paid the total amount of the disputed bill, the Company will credit the Customer's account for any overpayment by the Customer in the billing period following the resolution of the dispute.

2.5.3.B.3 In the event that the Company resolves the billing dispute in favor of a Customer who has paid the total amount of the disputed bill but canceled the service, the Company will issue a refund of any overpayment by the Customer.

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2.5.3.B.4 All adjustments or refunds provided by the Company to the Customer at the Customer's request, or provided by the Company to the Customer by way of compromise of a billing dispute, and which are accepted by the Customer, are final and constitute full satisfaction, settlement, and/or compromise of all of the Customer's claims for the billing period for which the adjustment or refund was issued.

2.5.4 Unresolved Billing Disputes

2.5.4.A In the case of a billing dispute between the Customer and the Company for service furnished to the Customer, which cannot be settled to the mutual satisfaction of the Customer and the Company, the Customer can take the following course of action:

2.5.4.A.1 First, the Customer may request and the Company will provide an in-depth review of the disputed amount. The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnection.

2.5.4.A.2 Second, if after investigation and review by the Company, a disagreement remains as to the disputed amount, the Customer may file an appropriate complaint with:

Pennsylvania Public Utility Commission
Bureau of Consumer Services
400 North Street, Keystone Building
P.O. Box 3265
Harrisburg, Pennsylvania 17105-3265
Telephone: 1-800-692-7380

2.5.4.A.3 In order to avoid suspension of service and late payment charges, the disputed amount must be paid within fourteen (14) calendar days after the date the Company notifies the Customer that the investigation and review are completed and that such payment must be made or service will be interrupted. The Company will not suspend service prior to the payment due date as shown on the bill. In the event the Customer files a complaint with the Commission, the Company will not suspend service or post late payment charges.

2.5.5 Discontinuance of Service

2.5.5.A Upon violation of any of the material terms or conditions for furnishing service, the Company shall mail or deliver written notice to the Customer at least seven (7) days before the date of the proposed suspension. When at least 10 days have passed since suspension of service, the Company may terminate service for failure to pay a reconnection fee and to remedy the original grounds for suspension.

2.5.5.A.1 Service may be suspended by written notice for any of the following reasons:

2.5.5.A.1.(a) By reason of any order or decision of a court or any other governmental authority which prohibits the Company from furnishing such service.

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2.5.5.A.1.(b) Failure to post a required deposit or guarantee.

2.5.5.A.1.(c) For unlawful use of the service or use of the service for unlawful purposes.

2.5.5.A.1.(d) A violation of, or failure to comply with, any regulation or condition governing the furnishing of service.

2.5.5.A.1.(e) If the Company deems such refusal necessary to protect itself or third parties against fraud or to otherwise protect its personnel, agents, facilities or services.

2.5.5.A.1.(f) If the Company provides false information to the Company regarding the Customer's identity, address, creditworthiness, or past, current or planned use of Company's services.

2.5.5.A.2 However, the Company may suspend service without prior notice if it is based on an occurrence, which endangers the safety of a person or appears likely to prove physically harmful to the service delivery system. At the time of suspension, the Company shall mail a notice of suspension to the Customer's billing address.

2.5.5.B Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.

2.5.5.C Restoration of service

2.5.5.C.1 The Customer may restore service by full payment in any reasonable manner including by personal check. However, the Company may refuse to accept a personal check if a Customer's check for payment of service has been dishonored, excepting bank error, within the last twelve months. There is a \$35.00 charge for restoration of service after disconnection; if, however, the equipment necessary for service has been removed, the non-recurring fee will apply.

2.5.6 Notice to Company for Cancellation of Service

2.5.6.A Customer may cancel service by providing written notice to Company five (5) days prior to cancellation. However, Customer may not cancel service prior to expiration of the initial five (5) year term.

2.5.6.B Customer is responsible for charges while still connected to the Company's service and the payment of associated local exchange company charges, if any, for service charges.

2.5.6.C Any non-recoverable cost of Company expenditures shall be borne by the Customer if:

2.5.6.C.1 The Customer orders service requiring special facilities dedicated to the Customer's use and then cancels the order before such service begins, before completion of the minimum period or before completion of some period mutually agreed with the Customer for the non-recoverable portions of expenditures; or Liabilities are incurred expressly on

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behalf of the Customer by Company and not fully reimbursed by installation and monthly charges; and

2.5.6.C.2 Based on an order for service and construction has either begun or has been completed, but no service provided.

2.5.7 Allowances for Interruption in Service

2.5.7.A A credit allowance will be given when service is interrupted, except as specified in Section 2.5.8.

2.5.7.B A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.

2.5.7.C An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

2.5.7.D If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.

2.5.8 Limitations on Allowances

2.5.8.A No credit allowance will be made for any interruption in service:

2.5.8.A.1 Due to the negligence of or noncompliance with the provisions of this Tariff by any person or entity other than the Company, including but not limited to the Customer;

2.5.8.A.2 Due to circumstances or causes beyond the control of the Company;

2.5.8.A.3 During any period in which the Company is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;

2.5.8.A.4 During any period in which the Customer continues to use the service on an impaired basis;

2.5.8.A.5 During any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and

2.5.8.A.6 That was not reported to the Company within thirty (30) days of the date that service was affected.

2.5.9 Use of Another Means of Communications

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2.5.9.A If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

2.5.10 Application of Credits for Interruptions in Service

2.5.10.A Except as provided in Section 2.5.8.A above, when main service is interrupted for a period of at least 24 hours, the Company shall provide credits to Customers at the following rate:

2.5.10.A.1 One-thirtieth of monthly rate for each of the first three full 24-hour periods;

2.5.10.A.2 Two-thirtieths of monthly rates for each full 24-hour period beyond the first three 24-hour periods.

2.5.10.A.3 However, in no instance shall the allowance for the out-of-service period exceed the total charges in a billing period for the service and facilities furnished by the company rendered useless or impaired.

SECTION 3 - DESCRIPTION OF SERVICES

3.0 Description of Services

3.1 Dark Fiber and Lit Wavelength Transport Services

3.1.1 Generally

3.1.1.A The Company will provide dark fiber transport and lit wavelength transport services to wholesale customers. The Company shall provide its services using a system of fiber optic cables and related infrastructure owned or controlled by the Company.

3.1.1.B The Company shall provide its dark fiber and lit wavelength transport services on a wholesale basis to carriers, internet service providers, and large enterprise customers.

3.1.1.C The Company's lit wavelength transport services will use optical technology, including multi-wavelength optical technology over dedicated transport facilities to provide telecommunications companies with more efficient transport and greater overall network service options.

3.1.1.D The furnishing of dark fiber and lit wavelength transport services requires certain physical arrangements of equipment and facilities of the Company and other entities and is subject to the availability of such equipment and facilities and the economic feasibility of providing such necessary equipment and facilities and the dark fiber and lit wavelength transport services.

3.1.1.E The Company's dark fiber and lit wavelength transport services are facilities-based, private line services that are offered to specialized users of telecommunications services that do not require access to 911 service.

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SECTION 4 - RATES AND CHARGES**4.0 Rates and Charges****4.1 Recurring and Non-Recurring Rates and Charges**

4.1.1 Non-recurring and monthly recurring rates apply and vary for each service furnished by the Carrier. Monthly recurring rates vary according to the time period for which the Customer commits to take the service.

4.2 Calculation of Rates**4.2.1 Dark Fiber Transport Rates**

4.2.1.A Non-recurring rates for dark fiber transport services shall be set primarily on an Individual Case Basis (ICB) per-strand, per route mile, and shall average approximately One Hundred Thousand Dollars (\$100,000) per route mile.

4.2.1.B Monthly recurring rates for dark fiber transport services shall be set primarily on an Individual Case Basis (ICB) and shall average approximately One Thousand Dollars (\$1,000) per route mile for operations and maintenance.

4.2.2 Lit Wavelength Transport Rates

4.2.2.A Non-recurring installation rates for lit wavelength transport services shall be set primarily on an Individual Case Basis (ICB) at an average of approximately One Hundred Thousand Dollars (\$100,000).

4.2.2.B Monthly recurring rates for lit wavelength transport services shall be set primarily on an ICB basis at an average of Fifty Thousands Dollars (\$50,000) per month.

4.2.3 Minimum Term

4.2.3.A The minimum service terms for both dark fiber transport and lit wavelength transport services are five (5) years.

4.3 Individual Case Basis (ICB) Pricing Arrangements

4.3.1 Rates and charges, including installation, special construction, and recurring charges, may be established by negotiation on an Individual Case Basis (ICB), taking into account such factors as the nature of the facilities and services, the costs of construction and operation, the volume of traffic

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commitment, and the length of service commitment by the Customer, as long as the rates and charges are not less than Carrier's costs of providing the service. Such arrangements shall be considered Special Pricing Arrangements, the terms of which will be set forth in individual contracts or Customer Term Agreements. Specialized Pricing Arrangement rates or charges will be made available to similarly situated Customers on comparable terms and conditions. Upon reasonable request, Carrier will make the terms of these contracts available to the Commission and its staff for review on a confidential and proprietary basis.

SECTION 5 – PROMOTIONS**5.0 Promotions****5.1 Promotional Offerings – General**

5.1.1 Reserved for future use.

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EXHIBIT

MAR 02 2023

PA PUBLIC UTILITIES COMMISSION
Secretary's Bureau

EXHIBIT 5

(QUESTION 14)

PUBLIC VERSION
(Redacted)

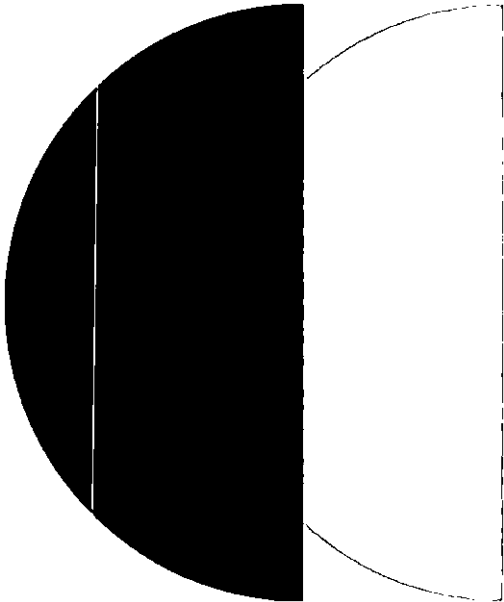
Public Versions of Most Recent Audited Financial Statements of CDPQ and SQF, LLC
(Applicant's ultimate equity owners)

(REDACTED)



Consolidated financial statements

For the years ended December 31, 2021 and 2020



(REDACTED)

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL REPORTING

The preparation and presentation of the consolidated financial statements of la Caisse de dépôt et placement du Québec ("CDPQ") are the responsibility of management. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and incorporated into the CPA Canada Handbook. We ensure that the financial information in the Annual Report is consistent with the information in the consolidated financial statements.

The consolidated financial statements include amounts that are based on management's best estimates and judgment, with due regard for their relative importance. Moreover, when preparing the financial information, management has made decisions regarding the information to be presented as well as estimates and assumptions that affect the information presented. Future results may differ considerably from our current estimates, as changes to financial markets or other events could have an impact on the fair value of the investments.

In our responsibility for the reliability of financial information, we rely on disclosure controls and procedures and internal controls over financial reporting. In particular, these controls include a clear definition of responsibilities, delegation of powers, allocation of duties, ethical standards, employee hiring and training criteria as well as policies, guidelines and procedures designed to ensure that transactions are duly authorized, assets are properly measured and safeguarded, and proper records are maintained.

Moreover, CDPQ's internal audit group audits the internal controls on a regular basis. These controls and audits are designed to provide reasonable assurance regarding the reliability of the accounting records used to prepare the consolidated financial statements and to ensure that assets are not used or disposed of in any unauthorized manner, that liabilities are recorded, and that we meet all the legal requirements to which CDPQ is subject, including the *Act respecting the Caisse de dépôt et placement du Québec*.

Each year, we certify that the design of the internal control over financial information is sufficient and that the design and operation of the financial information disclosure controls and procedures are effective. We report any significant irregularity to the Audit Committee of the Board of Directors of CDPQ, as necessary.

The Auditor General of Québec and Ernst & Young LLP (the "co-auditors") have audited the consolidated financial statements of CDPQ for the years ended December 31, 2021 and 2020 and their report covers the nature and scope of the audit and expresses their opinion. The co-auditors have unrestricted access to the Audit Committee to discuss any matter related to their audit.

The Board of Directors and its committees supervise the manner in which management fulfills its responsibility for the establishment and presentation of financial information, maintenance of appropriate internal controls, compliance with the requirements of laws and regulations, management of and control over the main risks, and evaluation of major transactions. Moreover, it approves the consolidated financial statements and the Annual Report.

The Board of Directors approved the consolidated financial statements for the years ended December 31, 2021 and 2020. It is assisted in its responsibilities by the Audit Committee, of which all members are independent directors. This Committee meets with management and the co-auditors, examines the consolidated financial statements, and recommends the approval thereof to the Board of Directors.



Charles Emond
President and Chief Executive Officer



Marika Paul, FCPA, FCA, CBV, ICD.D
Executive Vice-President and Chief Financial and Operations Officer

(REDACTED)

INDEPENDENT AUDITORS' REPORT

To the National Assembly

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of la Caisse de dépôt et placement du Québec and its subsidiaries (the Group), which comprise the Consolidated Statements of Financial Position as at December 31, 2021 and 2020 and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Net Assets Attributable to Depositors and the Consolidated Statements of Cash Flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditors' report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The 2021 Annual Report is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on the 2021 Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

(REDACTED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

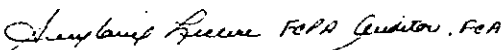
Report on Other Legal and Regulatory Requirements

As required by the *Auditor General Act* (CQLR, chapter V-5.01), we report that, in our opinion, these accounting standards have been applied on a basis consistent with that of the preceding year.

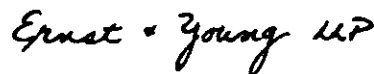
The engagement partner from Ernst & Young LLP on the audit resulting in this independent auditors' report is Michel Bergeron.

Auditor General of Québec.

Ernst & Young LLP¹

 *Guylaine Leclerc FCPA Auditor, FCA*

Guylaine Leclerc, FCPA auditor, FCA
Canada, Montréal, February 22, 2022

 *Ernst & Young LLP*

¹ FCPA auditor, FCA, public accountancy permit no. A114960
Canada, Montréal, February 22, 2022

(REDACTED)

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)

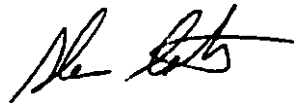
	Note	December 31, 2021	December 31, 2020
ASSETS			
Cash		█	█
Amounts receivable from transactions being settled		█	█
Advances to depositors		█	█
Investment income, accrued and receivable		█	█
Other assets		█	█
Investments	4	█	█
Total assets		█	█
LIABILITIES			
Amounts payable on transactions being settled		█	█
Other financial liabilities		█	█
Investment liabilities	4	█	█
Total liabilities excluding net assets attributable to depositors		█	█
NET ASSETS ATTRIBUTABLE TO DEPOSITORS		█	█

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors,



Charles Emond
President and Chief Executive Officer



Alain Côté, ICD.D, FCPA, FCA
Chair of the Audit Committee

(REDACTED)

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

(in millions of Canadian dollars)

	Notes	2021	2020
Investment income		█	█
Investment expense		█	█
Net investment income	8	█	█
Operating expenses	9	█	█
Net income		█	█
Net gains on financial instruments at fair value	8	█	█
Investment result before distributions to depositors	8	█	█
Distributions to depositors		█	█
Net income and comprehensive income attributable to depositors		█	█

The accompanying notes are an integral part of the consolidated financial statements.

(REDACTED)

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO DEPOSITORS

For the years ended December 31

(in millions of Canadian dollars)

	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2020					
Attributions and distributions					
Net income and comprehensive income attributable to depositors					
Distributions to depositors					
Participation deposits					
Issuance of participation deposit units					
Cancellation of participation deposit units					
Net deposits					
Net contributions					
BALANCE AS AT DECEMBER 31, 2021					

	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2019					
Attributions and distributions					
Net income and comprehensive income attributable to depositors					
Distributions to depositors					
Participation deposits					
Issuance of participation deposit units					
Cancellation of participation deposit units					
Net deposits					
Net change in term deposits					
Net contributions					
BALANCE AS AT DECEMBER 31, 2020					

The accompanying notes are an integral part of the consolidated financial statements.

(REDACTED)

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

(in millions of Canadian dollars)

	Note	2021	2020
Cash flows from operating activities			
Net income and comprehensive income attributable to depositors			
Adjustments for:			
Unrealized net (gains) losses on short-term promissory notes, term notes and loans payable			
Foreign exchange (gains) losses on short-term promissory notes, term notes and loans payable			
Distributions to depositors			
Net changes in operating assets and liabilities			
Amounts receivable from transactions being settled			
Advances to depositors			
Investment income, accrued and receivable			
Other assets			
Investments			
Amounts payable on transactions being settled			
Other financial liabilities			
Investment liabilities			
Cash flows from financing activities			
Net change in short-term promissory notes payable			
Issuance of short-term promissory notes payable			
Repayment of short-term promissory notes payable			
Net change in loans payable			
Issuance of term notes payable			
Repayment of term notes payable			
Net contributions			
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year			
Cash and cash equivalents at the end of the year			
Cash and cash equivalents comprise:			
Cash			
Cash equivalents	4		
Supplemental information on cash flows from operating activities			
Interest and dividends received			
Interest paid			

The accompanying notes are an integral part of the consolidated financial statements.

(REDACTED)

Individual funds (cont.)

Specialized portfolios

The specialized portfolios consist of common funds in which the individual funds may invest in the form of participation deposits. CDPQ's specialized portfolios are as follows:

- Short Term Investments (740)
- Rates (765)
- Credit (766)
- Long Term Bonds (764)¹
- Real Return Bonds (762)¹
- Infrastructure (782)
- Real Estate (710)
- Equity Markets (737)
- Private Equity (780)
- Asset Allocation (771)

¹ The Real Return Bonds (762) and Long Term Bonds (764) specialized portfolios ceased operations on November 1, 2021 and December 1, 2021, respectively, and were closed on December 31, 2021

(REDACTED)

2. SIGNIFICANT ACCOUNTING PRINCIPLES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The accounting policies described below have been applied consistently to all reporting periods presented.

Presentation and measurement basis

CDPQ measures all of its financial instruments, including investments in unconsolidated subsidiaries, joint ventures, associates and structured entities, at fair value through profit or loss (FVTPL). Subsidiaries that solely provide services related to financing, administrative, and management activities are consolidated in accordance with the guidance set out in IFRS 10 – *Consolidated Financial Statements*.

The Consolidated Statements of Financial Position are presented based on liquidity.

Approval of the consolidated financial statements

The Board of Directors approved CDPQ's consolidated financial statements and the publication thereof on February 22, 2022.

Functional and presentation currency

CDPQ's consolidated financial statements are presented in Canadian dollars, which is the functional currency.

Foreign currency translation

Financial assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the reporting date. Foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date.

Translation differences on investments and investment liabilities at fair value and on other monetary financial assets and liabilities are presented under "Net gains on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income.

Use of judgments and estimates

In preparing CDPQ's consolidated financial statements in accordance with IFRS, management must make judgments, estimates and assumptions that affect the application of the significant accounting policies described below and the amounts reported in the Consolidated Statements of Financial Position and the Consolidated Statements of Comprehensive Income.

Judgment

Qualification as an investment entity

Judgment is required when qualifying CDPQ as an investment entity. CDPQ meets the three mandatory criteria of the IFRS 10 definition: 1) Obtain funds from one or more depositors; 2) Commit to its depositors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and 3) Measure and evaluate the performance of its investments on a fair value basis.

IFRS 10 also suggests four typical characteristics be considered in assessing whether an entity qualifies as an investment entity: 1) Have more than one investment; 2) Have more than one depositor; 3) Have investors that are not related parties; and 4) Have ownership interests in the form of equity or similar interests. CDPQ does not satisfy the third typical characteristic of an investment entity because CDPQ and the depositors are, for the most part, related. However, CDPQ nonetheless qualifies as an investment entity, as management believes that having depositors related to the investment entity does not compromise CDPQ's mission of investing for returns from capital appreciation, investment income, or both, for its depositors.

Fair value hierarchy of financial instruments

Management must use judgment in determining the significance of each input used when establishing the classification into the fair value hierarchy, as explained in Note 6.

(REDACTED)

Use of judgments and estimates (cont.)

Interests in entities

Management must use judgment in determining whether CDPQ has control, joint control or significant influence over certain entities, and over the holding of interests in structured entities, as described in Note 16. Judgment on the relationship between CDPQ and any entity in which CDPQ holds an interest is exercised upon initial investment and must be reassessed when facts and circumstances indicate that there are one or more changes to the elements of control.

CDPQ holds interests in a structured entity when voting or similar rights are not the dominant factor in deciding who controls the entity.

CDPQ controls a subsidiary, including a structured entity, only if the IFRS 10 criteria are met: 1) It has decision-making authority regarding the entity's relevant activities; 2) It has exposure or rights to variable returns from its involvement with the entity; and 3) It has the ability to use its power to affect the amount of the returns. When management determines decision-making authority, several factors are taken into account, including the existence and effect of actual and potential voting rights held by CDPQ that are exercisable, the holding of instruments that are convertible into voting shares, the existence of contractual agreements through which the relevant activities of the entity can be directed, as well as other circumstances that affect decision-making.

CDPQ has joint control over a joint venture when there is a contractual or implicit arrangement whereby decisions about relevant activities require the unanimous consent of the parties sharing control and when these parties have rights to the net assets of the arrangement.

CDPQ has significant influence over an associate when it has the power to participate in the financial and operating policy decisions of the entity. CDPQ is deemed to have significant influence when it holds 20% or more of the voting rights of an entity but does not have control or joint control.

Estimates and assumptions

The main estimates and assumptions, which are disclosed in Note 6, involve the fair value measurement of investments and investment liabilities classified in Level 3 of the fair value hierarchy. Actual values may differ from the estimated values.

Impact of COVID-19 on judgments, estimates and assumptions

The pandemic declared by the World Health Organization in 2020 continues to disrupt global economic activity and create high levels of uncertainty and volatility on financial and stock markets.

The key estimates and assumptions as well as the analysis and management of risks take into account the pandemic-related uncertainties and factors known to date. The key estimates and assumptions include those related to the unobservable inputs used to measure the fair value of financial instruments that are not traded in active markets. The reported results reflect CDPQ's best estimates. CDPQ continues to monitor the evolution of the pandemic and its impact. The fair value valuation techniques and unobservable inputs used are presented in Note 6e, while a sensitivity analysis is presented in Note 6f.

Financial instruments

CDPQ's financial instruments include cash, amounts receivable from transactions being settled, advances to depositors, accrued and receivable investment income, investments, amounts payable on transactions being settled, other financial liabilities, investment liabilities and net assets attributable to depositors.

Classification and measurement

Financial instruments are categorized based on their nature and characteristics. Classification is determined upon initial recognition, which is the date on which CDPQ is subject to the contractual provisions of the instrument. CDPQ's financial assets and liabilities are managed and their performance is evaluated on a fair value basis. Consequently, all of CDPQ's financial assets must be classified at FVTPL while its financial liabilities are designated at FVTPL. Derivative financial instruments and securities sold short must be classified at FVTPL.

Commitments related to the acquisition of corporate debt are classified at FVTPL when one of the following criteria is met: 1) The commitments are designated as financial liabilities at FVTPL or CDPQ has a practice of selling the loans resulting from its commitments; or 2) The corporate debt commitments can be settled net in cash.

Financial instruments are initially and subsequently recognized at fair value. Changes in the fair value of financial instruments are presented under "Net gains on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income. When the change in the fair value of financial liabilities designated at FVTPL is attributable to changes in CDPQ's own credit risk, it is presented separately in the Consolidated Statements of Comprehensive Income unless doing so creates or enlarges an accounting mismatch, when appropriate. Income and expense are presented under "Net investment income" in the Consolidated Statements of Comprehensive Income.

(REDACTED)

Financial instruments (cont.)

Fair value measurement

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each financial instrument, which could be a stand-alone asset or liability (e.g., a share or bond) or a group of assets and liabilities (e.g., an ownership interest in an unconsolidated subsidiary or associate). Upon initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, which is the fair value of the consideration received or given. Subsequently, the fair value of a financial instrument is classified using the fair value hierarchy described in Note 6.

CDPQ applies appropriate valuation techniques based on a financial instrument's characteristics, the availability of inputs, and the assumptions that would be used by market participants, focusing on maximizing the use of relevant observable inputs while minimizing the use of unobservable inputs. The valuation techniques are applied consistently. Fair value information is provided in Note 6.

Cash

Cash is the cash deposited with recognized financial institutions and bears interest at market rates.

Investments

Investments include cash equivalents, fixed-income securities, variable-income securities, interests in unconsolidated subsidiaries and derivative financial instruments.

Cash equivalents include short-term investments and securities purchased under reverse repurchase agreements. These securities meet the definition of cash equivalents because they are used for cash management purposes, are readily convertible into a known amount of cash, have negligible risk of fair value changes and have initial maturities of three months or less. These financial instruments bear interest at market rates.

Fixed-income securities include short-term investments, securities purchased under reverse repurchase agreements, corporate debt and bonds, which include bond funds. Purchases and sales of fixed-income securities are recorded at the transaction date, except for purchases and sales of corporate debt, which are recorded at the settlement date.

Variable-income securities comprise listed and unlisted equities. In particular, such securities include hedge funds, exchange-traded funds, investment funds, private investment funds and infrastructure funds. Purchases and sales of equities, hedge funds and investment funds are recorded at the transaction date, whereas purchases and sales of private investment funds and infrastructure funds are recorded at the settlement date.

Interests in unconsolidated subsidiaries represent CDPQ's investment in controlled entities that are not consolidated under IFRS 10. CDPQ's investment in these entities may be in the form of equity instruments or debt instruments.

Investment liabilities

Investment liabilities include securities sold under repurchase agreements, securities sold short, short-term promissory notes payable, loans payable, term notes payable and derivative financial instruments.

Securities sold short are commitments made by CDPQ to purchase securities from third parties to cover its positions. CDPQ may short-sell equities and bonds.

Derivative financial instruments

In managing its investments, CDPQ conducts transactions involving various derivative financial instruments for discretionary purposes or to manage the risks associated with exchange rate, interest rate and market fluctuations. Derivative financial instruments whose fair value is favourable are presented under "Investments" in the Consolidated Statements of Financial Position, while those whose fair value is unfavourable are presented under "Investment liabilities" in the Consolidated Statements of Financial Position.

Transactions being settled

Transactions with counterparties for the sale or purchase of securities that have not yet been settled at the reporting date are presented respectively under "Amounts receivable from transactions being settled" and "Amounts payable on transactions being settled" in the Consolidated Statements of Financial Position.

Derecognition of financial assets and liabilities

CDPQ derecognizes financial assets when all of the contractual rights to the assets have expired or when the contractual rights to receive the cash flows from the financial assets have been transferred and when CDPQ has transferred substantially all of the risks and rewards of the financial asset such that it no longer retains control over the asset. If CDPQ considers that it retains substantially all of the risks and rewards of a transferred financial asset, that asset is not derecognized from the Consolidated Statements of Financial Position and, if appropriate, a corresponding financial liability is recorded. Financial assets that have been transferred but not derecognized are disclosed in Note 13. Financial liabilities are derecognized when the related obligation is discharged, cancelled or expired.

(REDACTED)

Financial instruments (cont.)

Securities purchased under reverse repurchase agreements and sold under repurchase agreements

CDPQ enters into transactions to purchase and sell securities, i.e., short-term investments and bonds, that it agrees to resell to or repurchase from the counterparty at a future date.

The purchased securities are not recognized in the Consolidated Statements of Financial Position because the counterparty retains the risks and rewards of the securities. The cash amounts disbursed are derecognized, and a corresponding asset is recorded in investments under "Securities purchased under reverse repurchase agreements".

The sold securities are not derecognized from the Consolidated Statements of Financial Position because CDPQ retains the risks and rewards of the securities. The cash amounts received are recognized, and a corresponding liability is recorded in investment liabilities under "Securities sold under repurchase agreements".

Lending and borrowing of securities

CDPQ conducts securities lending and borrowing transactions involving equities and bonds. These transactions are generally guaranteed by the securities received from the counterparties or pledged by CDPQ, respectively. Loaned securities are not derecognized from, and borrowed securities are not recognized in, the Consolidated Statements of Financial Position because CDPQ or the counterparty, respectively, retains the risks and rewards of the securities. Income and expenses resulting from securities lending and borrowing transactions are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income.

Net assets attributable to depositors

Net assets attributable to depositors consist of demand deposits, term deposits, distributions payable to depositors and participation deposits.

Demand deposits and term deposits

Demand deposits bear interest at a variable rate and are repayable on demand. Term deposits bear interest at a fixed or variable rate and are repayable at maturity. Demand deposits and term deposits represent CDPQ's indebtedness towards the depositors in accordance with the *Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec* (Regulation)

Distributions payable to depositors

Under the Regulation, distributions payable to depositors represent the net income or net loss arising from the specialized portfolios as well as the net realized gains or losses upon cancellation of the participation units of specialized portfolios held by the individual funds that are recorded at the end of the month and are paid into the demand deposit accounts of depositors at the beginning of the following month. Distributions may also be made through the issuance of participation deposit units of individual funds.

Participation deposits

Participation deposits are expressed in participation units for each individual fund. Each participation unit gives the holder an interest in the individual fund's net assets. The per-unit value of the net assets is determined by dividing the individual fund's net assets by the number of outstanding units. Depositors can purchase or cancel participation deposit units at that value at the beginning of each month. The difference between the proceeds of cancellation and the carrying value at issuance is recovered in the depositor's demand deposit account. In addition, holders of participation deposit units are entitled to receive distributions. Participation deposit units are financial instruments defined as depositor's equity in the Regulation and are subordinate to all other categories of financial liabilities.

Net income and comprehensive income

Dividend and interest income and expense

Dividend income is recognized when CDPQ obtains the right to the dividend, generally on the ex-dividend date. Distributions from funds are recognized as income on the settlement date. Dividend expense from equities sold short is recorded when the shareholders obtain the right to the dividend. Dividend income and expense are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income.

Interest income and expense are recognized as amounts are earned or incurred using the prescribed coupon rate method. Interest income and expense are presented under "Investment income" and "Investment expense", respectively, in the Consolidated Statements of Comprehensive Income.

Management fees

Investment management fees are costs incurred for external management purposes. These fees, which include both base fees and fees related to financial asset performance, consist of management fees for stock markets and management fees deducted from the fair value of investments. Management fees for stock markets are amounts paid directly to institutional fund managers to manage shares owned by CDPQ. Management fees deducted from the fair value of investments are fees paid to external managers to manage investments on private markets.

The base fees and performance-related management fees paid to external managers for stock markets are presented separately under "Investment expense" and "Net gains on financial investments at fair value", respectively, while management fees deducted from the fair value of investments are presented under "Net gains on financial investments at fair value" in the Consolidated Statements of Comprehensive Income.

(REDACTED)

Net income and comprehensive income (cont.)

Transaction costs

Transaction costs directly attributable to the acquisition, sale and issuance of a financial instrument are presented under “Net gains on financial instruments at fair value” in the Consolidated Statements of Comprehensive Income. Transaction costs include commissions, stock exchange fees as well as professional and legal fees related to investing and financing activities.

Operating expenses

Operating expenses consist of all the expenses incurred to manage and administer CDPQ’s investments and are presented separately in the Consolidated Statements of Comprehensive Income.

Income tax

Under federal and provincial income tax legislation, CDPQ is exempt from income tax in Canada. In certain foreign jurisdictions, investment income and capital gains may be subject to tax. Withholding taxes and income tax expense are presented under “Net investment income” and “Net gains on financial instruments at fair value”, respectively, in the Consolidated Statements of Comprehensive Income.

Net gains on financial instruments at fair value

Gains and losses realized on investments and investment liabilities represent the difference between settlement value and value at initial recognition. Gains and losses realized on derivative financial instruments represent payments and receipts. Unrealized gains and losses on financial instruments include net changes in fair value for the year as well as the reversal of prior-year unrealized gains and losses that were realized during the year. Realized and unrealized gains and losses are presented under “Net gains on financial instruments at fair value” in the Consolidated Statements of Comprehensive Income.

Distributions to depositors

Under the Regulation, distributions to depositors consist of the annual net income or loss from the specialized portfolios as well as the net gains or losses realized on the cancellation of participation units of the specialized portfolios held by the individual funds. Distributions to depositors are recorded as finance costs and presented separately in the Consolidated Statements of Comprehensive Income.

3. NEW IFRS STANDARDS

Interest rate benchmark reform

In August 2020, the IASB issued amendments to IFRS 9 – *Financial Instruments*, IAS 39 – *Financial Instruments Recognition and Measurement*, IFRS 7 – *Financial Instruments Disclosures*, IFRS 4 – *Insurance Contracts*, and IFRS 16 – *Leases* to include amendments arising from interest rate benchmark reform, which came into effect on January 1, 2021. The amendments set out additional disclosure requirements regarding the replacement of interbank offered rates (IBORs) with new interest rate benchmarks. Benchmark interest rates denominated in U.S. dollars will cease to be published as of June 30, 2023, while benchmark interest rates denominated in British pounds ceased being published as of December 31, 2021. The adoption of the amendments has no impact on the consolidated financial statements.

CDPQ set up an organization-wide multidisciplinary committee to identify and manage the changes and risks arising from the IBOR reform. The reform notably includes risks related to the review of IBOR-related contractual clauses and the updating of processes and systems. CDPQ’s exposure to IBORs, which are mostly denominated in U.S. dollars, includes [REDACTED] of non-derivative financial instruments and [REDACTED] of the notional amounts of derivative financial instruments with a maturity after June 30, 2023.

Standards issued but not yet effective

No issued or amended standard not yet effective as of the date of these financial statements is expected to have a material impact on the consolidated financial statements.

(REDACTED)

4. INVESTMENTS AND INVESTMENT LIABILITIES

a) Investments

The following table shows the fair values of the investments. The geographic allocation is determined according to the country of the issuer's principal place of business. The geographic allocation of interests in unconsolidated subsidiaries is determined according to the country of the underlying investments, while the allocation of derivative financial instruments is determined according to the currency in which the instrument will be settled:

	December 31, 2021			December 31, 2020		
	Canada	Foreign	Fair value	Canada	Foreign	Fair value
Investments						
Cash equivalents						
Short-term investments						
Securities purchased under reverse repurchase agreements						
Total cash equivalents						
Fixed-income securities						
Short-term investments						
Securities purchased under reverse repurchase agreements						
Corporate debt						
Bonds						
Governments						
Government corporations and other public administrations						
Corporate sector						
Bond funds						
Total fixed-income securities						
Variable-income securities						
Equities						
Listed						
Unlisted						
Hedge funds						
Total variable-income securities						
Interests in unconsolidated subsidiaries						
Investments in real estate holdings						
Investments in real estate debt						
Private equity investments						
Infrastructure investments						
Investments in fixed-income securities						
Investments in hedge funds						
Stock market investments						
Total interests in unconsolidated subsidiaries						
Derivative financial instruments (Note 5)						
Total investments						

(REDACTED)

b) Investment liabilities

The following table shows the fair values of investment liabilities. The geographic allocation of non-derivative financial liabilities is determined using the country of the issuer's principal place of business, while the allocation of derivative financial instruments is determined according to the currency in which the instrument will be settled:

	December 31, 2021			December 31, 2020		
	Canada	Foreign	Fair value	Canada	Foreign	Fair value
Investment liabilities						
Non-derivative financial liabilities						
Securities sold under repurchase agreements						
Securities sold short						
Equities						
Bonds						
Short-term promissory notes payable						
Loans payable						
Term notes payable						
Total non-derivative financial liabilities						
Derivative financial instruments (Note 5)						
Total investment liabilities						

5. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts whose value fluctuates according to an underlying item, which require very little or no initial investment and are settled at a future date. The underlying item may be of a financial nature (interest rate, foreign currency or stock market security or index) or may be a commodity (precious metal, produce or oil). Certain derivative financial instruments are settled through clearing houses. CDPQ uses, among others, the derivative financial instruments described below.

Forward contracts are commitments for the purchase or sale of an underlying item, the quantity and price of which are determined in the contract and according to the maturity stated therein. Forward contracts have customized terms and conditions negotiated directly between the parties on the over-the-counter market. Futures contracts have terms and conditions determined by an exchange market.

Options are contracts traded on over-the-counter or exchange markets and that give the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index or commodity at a strike price stipulated in advance, either at a determined future date or at any time before a specified maturity date.

Swaps are derivatives traded on over-the-counter markets whereby two parties agree to exchange a series of cash flows according to predetermined conditions that include a notional amount, payment dates and a term to maturity.

Warrants are contracts traded on over-the-counter or exchange markets that enable the purchase of an underlying item, the price of which is determined in the contract, which includes a predetermined maturity date.

The notional amount is the amount to which a rate or price is applied to determine the amounts of cash flows to be exchanged periodically.

(REDACTED)

Derivative financial instruments (cont.)

The following table shows the fair values and the notional amounts of the derivative financial instruments held by CDPQ:

	December 31, 2021			December 31, 2020		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	liabilities		Assets	liabilities	
Exchange markets						
Interest rate derivatives						
Futures contracts			█			█
Equity derivatives						
Futures contracts			█			█
Warrants						█
Commodity derivatives						
Futures contracts			█			█
Total exchange markets			█			█
Over-the-counter markets						
Interest rate derivatives						
Swaps	█		█	█		█
Swaps settled through a clearing house			█			█
Forward contracts			█			
Options	█	█	█	█	█	█
Currency derivatives						
Swaps	█	█	█	█	█	█
Forward contracts	█	█	█	█	█	█
Options				█	█	█
Credit default derivatives						
Swaps settled through a clearing house			█			█
Options				█		█
Equity derivatives						
Swaps	█	█	█	█	█	█
Forward contracts				█		█
Options				█	█	█
Warrants						
Commodity derivatives						
Forward contracts	█		█			
Options					█	█
Total over-the-counter markets	█	█	█	█	█	█
Total derivative financial instruments	█	█	█	█	█	█

(REDACTED)

6. FAIR VALUE MEASUREMENT

a) Policy, directive, protocols and procedures related to fair value measurement

CDPQ's valuation procedures are governed by its Investment Valuation Policy, which is approved by the Board of Directors. This general policy is further supported by the valuation directive applicable to private investments and the valuation protocols that stipulate the valuation process and methodology for each type of investment held by CDPQ. The general policy and the directive also establish the governance framework for the valuation and reporting process. Application of the policy is the responsibility of the Valuation Committee, which reports to the Executive Committee, supported by a valuation team. The Valuation Committee approves compliance with the policy and the fair values on a semi-annual basis. Subsequently, the Valuation Committee recommends the fair values to the Audit Committee. For valuations of private investments, consisting of private equity and infrastructure investments as well as specialized financing, the policy provides for an external review, over a period of three years, of substantially all the fair value of these investments. External reviews include valuations by independent valuers, observations of comparable transactions in the market, or valuations by a partner.

The policy also includes directives to be followed when using prices from external sources, such as broker quotes and net asset values provided by external administrators of the funds or general partners.

When fair value is determined by external valuers or third parties, the Valuation Committee, supported by the valuation team, verifies the qualifications, experience and independence of these parties. It also reviews the valuation techniques, the significant inputs used in calculating fair value, and the results and conclusions to ensure that they are in compliance with recognized valuation standards.

In addition, to ensure the reasonableness of the fair value determined, CDPQ conducts backtesting, compares the established fair value with values of comparable transactions, including the values of comparable public companies, and uses the services of external valuers.

b) Fair value valuation techniques

The following paragraphs describe the main valuation techniques used to measure CDPQ's financial instruments.

Short-term investments, securities purchased under reverse repurchase agreements, securities sold under repurchase agreements, short-term promissory notes payable, loans payable, and term notes payable

The fair value of these financial assets and liabilities is determined using a discounted cash flow technique that primarily uses observable inputs such as interest rate curves and credit spreads that make up the discount rates.

Corporate debt

The fair value of the corporate debt is determined using a discounted cash flow technique that uses observable and unobservable inputs such as interest rate curves and credit spreads. CDPQ may also use prices published by brokers in active markets for identical or similar instruments.

Bonds

The fair value of bonds is determined using prices published in active markets for identical or similar instruments. The fair value of bonds that have no published prices is determined using either a discounted cash flow technique or broker quotes. Discounted cash flow valuations use observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Equities

Listed

The fair value of listed equities, including exchange-traded funds, is determined based on closing prices observed on major stock exchanges, which represent the active market.

The fair value of an ownership interest in a subsidiary or associate whose securities are listed is determined using a business valuation technique based on observable and unobservable inputs.

Unlisted

The fair value of private investment equities is primarily determined according to the market approach, which includes techniques based on comparable company multiples and comparable transaction multiples. CDPQ identifies comparable companies based on their industry, size, financial position and strategy and selects an appropriate multiple for each comparable company identified. This technique uses observable and unobservable inputs such as earnings before interest, taxes, depreciation and amortization (EBITDA) multiples and other multiples.

The fair value of infrastructure investment equities is primarily determined using a discounted cash flow technique and corroborated by the market approach. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows.

CDPQ also uses information about recent transactions carried out in the market for valuations of private equity and infrastructure investments.

(REDACTED)

Fair value valuation techniques (cont.)

Funds

The fair value of bond funds, hedge funds, investment funds and private investment and infrastructure funds is determined using the net assets provided by the administrator or by the general partner, unless there is an indication that the fair value differs from the net asset value provided. CDPQ ensures that the valuation techniques used by the fund's administrator or general partner to determine net asset values are in compliance with IFRS. Furthermore, the net asset value is adjusted to reflect certain factors such as purchases and sales of fund units between the date of the most recent financial statements provided by the fund and the valuation date, the quoted price of the underlyings when there are listed securities, or when there are other indications requiring judgment to be made.

Interests in unconsolidated subsidiaries

The fair value of CDPQ's interests in various unconsolidated subsidiaries is determined using an enterprise valuation technique.

Investments in real estate holdings

The fair value of ownership interests in real estate subsidiaries reflects the fair value of the assets and liabilities held directly by these subsidiaries. In particular, these assets and liabilities include investment property and associated liabilities, real estate funds and ownership interests held in companies.

The fair value of investment property, which is measured according to the highest and best use, is determined and certified semi-annually by external, recognized, and independent chartered real estate appraisers. Valuations are carried out in compliance with the valuation standards in effect in each market. CDPQ selects the fair value it deems most representative within the ranges provided by the external valutors. The valuation techniques used are based primarily on two recognized methodologies, namely, the discounted cash flow technique and the capitalization of revenue technique. These techniques use observable and unobservable inputs such as lease terms and conditions, operating expenses, residual value and rates of return, discount rates, and capitalization rates. Values observed for comparable transactions are used to determine the representative fair value range and support the fair value determined.

The fair value of real estate funds and ownership interests held in companies is determined based on characteristics specific to these assets, whose value is based on net assets which may be provided by an administrator or available in a published financial statement. The net asset value is adjusted to reflect external factors or when there are other indications requiring judgment to be exercised.

The fair value of financial liabilities associated with investment property is determined based on the discounted cash flow technique. This technique uses observable and unobservable inputs such as the interest rates and credit spreads that make up the discount rates.

Investments in real estate debt

The fair value of interests in real estate debt subsidiaries reflects the fair value of the assets held directly by these subsidiaries, which mainly include commercial mortgages and an interest in a mortgage lending subsidiary. The fair value of commercial mortgages is determined using the discounted cash flow technique that are divided into risk categories, according to the loan-to-value ratio, for which an appropriate discount rate is determined. Commercial mortgage valuations are reviewed annually by an independent external firm. The fair value of the interest in a mortgage lending subsidiary is determined using the discounted cash flow technique. This technique uses unobservable inputs such as discount rates that take into account the risk associated with the subsidiary as well as future cash flows.

Private equity, infrastructure, fixed-income securities, hedge funds, and stock markets

Enterprise value reflects the fair value of assets held directly by these subsidiaries, which include bonds, corporate debt, listed and unlisted equities as well as funds whose valuation techniques are described above.

CDPQ may also use information about recent transactions carried out in the market for valuations of these financial assets.

Securities sold short

The fair value of bonds and equities that are sold short is determined using the fair value of the security that is sold short. The techniques for valuing these securities have been described above.

Derivative financial instruments

The fair value of derivative financial instruments is determined according to the type of instrument. The fair value of derivative financial instruments traded on exchange markets and on over-the-counter markets that are settled through a clearing house is determined, respectively, using the prices on the major stock exchanges representing the active market and clearing house prices. The fair value of the other derivative financial instruments traded on over-the-counter markets is determined using recognized and commonly used valuation techniques such as the discounted cash flow technique or other financial models. These techniques require the development and use of assumptions that take into account observable inputs such as the interest rate curves and credit spreads that make up the discount rates as well as foreign exchange rate curves, prices of the underlying items, and volatility.

(REDACTED)

Fair value valuation techniques (cont.)

Net assets attributable to depositors

Demand deposits

The fair value of demand deposits is determined based on their nominal value, as they are repayable at any time at the option of the issuer without penalty.

Term deposits and distributions payable to depositors

The fair value of term deposits and distributions payable to depositors is determined using the discounted cash flow technique. This valuation technique mainly uses observable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Participation deposits

The fair value of depositor participation deposits stems from a valuation of all the financial assets and liabilities held by CDPQ.

c) Fair value hierarchy

CDPQ's financial instruments at FVTPL are classified according to the below-described fair value hierarchy, based on the lowest level of significant input used in measuring fair value.

Level 1 The fair value calculation of the financial instrument is based on observable prices (unadjusted) in active markets that the entity can access at the measurement date for identical assets or liabilities.

Level 2 The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are observable, either directly or indirectly.

Level 3 The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are unobservable. This level includes financial instruments whose valuation is based on prices observed for similar financial instruments, substantially adjusted to reflect the characteristics specific to the financial instrument being measured and available market data.

(REDACTED)

Fair value hierarchy (cont.)

Classification into the fair value hierarchy levels is determined upon initial measurement of the financial instrument and is reviewed on each subsequent measurement date. Transfers between levels of the fair value hierarchy are measured at fair value at the beginning of each fiscal year.

The determination of the fair value hierarchy levels of financial instruments is influenced by prevailing market conditions on the valuation date. Consequently, the classifications by level can vary significantly from one year to the next.

The following tables show an allocation of the fair value of financial instruments into the three levels of the fair value hierarchy:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled				
Advances to depositors				
Investment income, accrued and receivable				
Investments				
Cash equivalents				
Short-term investments				
Securities purchased under reverse repurchase agreements				
Corporate debt				
Bonds				
Equities				
Listed				
Unlisted				
Hedge funds				
Interests in unconsolidated subsidiaries				
Investments in real estate holdings				
Investments in real estate debt				
Private equity investments				
Infrastructure investments				
Investments in fixed-income securities				
Investments in hedge funds				
Stock market investments				
Derivative financial instruments				
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled				
Other financial liabilities				
Investment liabilities				
Securities sold under repurchase agreements				
Securities sold short				
Short-term promissory notes payable				
Loans payable				
Term notes payable				
Derivative financial instruments				
Net assets attributable to depositors				
Demand deposits				
Term deposits				
Distributions payable to depositors				
Participation deposits				

(REDACTED)

Fair value hierarchy (cont.)

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled				
Advances to depositors				
Investment income, accrued and receivable				
Investments				
Cash equivalents				
Short-term investments				
Securities purchased under reverse repurchase agreements				
Corporate debt				
Bonds				
Equities				
Listed				
Unlisted				
Hedge funds				
Interests in unconsolidated subsidiaries				
Investments in real estate holdings				
Investments in real estate debt				
Private equity investments				
Infrastructure investments				
Investments in fixed-income securities				
Investments in hedge funds				
Stock market investments				
Derivative financial instruments				
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled				
Other financial liabilities				
Investment liabilities				
Securities sold under repurchase agreements				
Securities sold short				
Short-term promissory notes payable				
Loans payable				
Term notes payable				
Derivative financial instruments				
Net assets attributable to depositors				
Demand deposits				
Term deposits				
Distributions payable to depositors				
Participation deposits				

(REDACTED)

Fair value hierarchy (cont.)

Transfers between levels of the fair value hierarchy

As at December 31, 2021, due to changes in the characteristics of financial instruments and changes in the availability of observable inputs given changing market conditions, financial instruments with a value of [REDACTED] were transferred from Level 1 to Level 2, [REDACTED] from Level 2 to Level 1, [REDACTED] from Level 2 to Level 3, and [REDACTED] from Level 3 to Level 2.

As at December 31, 2020, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of [REDACTED] were transferred from Level 1 to Level 2 and of [REDACTED] from Level 2 to Level 1. Moreover, due to a loss of significant influence in an associate whose securities are quoted, financial instruments with a value of [REDACTED] were transferred from Level 3 to Level 1.

d) Level 3: Reconciliation between opening and closing balances

For financial instruments classified in Level 3 of the hierarchy, reconciliations between the opening and closing balances as at December 31, 2021 and 2020 are as follows:

								2021
	Opening balance (assets/ (liabilities))	Gains (losses) recognized in comprehensive income ¹	Purchases	Sales	Settlements	Transfers	Closing balance (assets/ (liabilities))	Unrealized gains (losses) on financial instruments held at year-end ^{1 and 2}
Corporate debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bonds	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interests in unconsolidated subsidiaries	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
								2020
	Opening balance (assets/ (liabilities))	Gains (losses) recognized in comprehensive income ¹	Purchases	Sales	Settlements	Transfers	Closing balance (assets/ (liabilities))	Unrealized gains (losses) on financial instruments held at year-end ^{1 and 2}
Corporate debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bonds	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interests in unconsolidated subsidiaries	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Derivative financial instruments ³	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Securities sold short	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

¹ Presented under "Net gains on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income

² Includes the change in fair value resulting from measuring financial instruments denominated in their original currency and excludes the amounts of gains (losses) resulting from translating financial instruments denominated in foreign currencies

³ The assets and liabilities related to derivative financial instruments are presented on a net basis

e) Level 3: Fair value measurement based on reasonably possible alternative assumptions

In certain cases, the assumptions used in the valuation techniques are based on unobservable inputs or observable inputs adjusted significantly to reflect the characteristics specific to the financial instrument being measured. While CDPQ considers its fair value measurements to be appropriate, the use of reasonably possible alternative assumptions could result in different fair values. For a given measurement date, it is possible that other market participants could measure a same financial instrument at a different fair value, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments.

(REDACTED)

Level 3: Fair value measurement based on reasonably possible alternative assumptions (cont.)

The following tables show quantitative information on the primary valuation techniques and unobservable inputs for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to the sensitivity analysis in Note 6f as well as those that are excluded from the analysis:

		December 31, 2021			
	Fair value	Valuation techniques	Unobservable inputs	Range	Weighted average
Included in the sensitivity analysis					
Corporate debt	█	Discounted cash flows	Credit spreads Discount rates	█% to █% █% to █%	█% █%
Equities					
Private equity investments	█	Comparable company multiples	EBITDA multiples	█ to █	█
Infrastructure investments	█	Discounted cash flows	Discount rates	█% to █%	█%
Interests in unconsolidated subsidiaries					
Investments in real estate holdings	█	Discounted cash flows	Discount rates Credit spreads Capitalization of revenue Net real estate assets	█% to █% █% to █% █% to █% █% to █%	█% █% █% █%
Investments in real estate debt	█	Discounted cash flows	Discount rates	█%	n.a.
Private equity investments	█	Comparable company multiples	EBITDA multiples	█ to █	█
Infrastructure investments	█	Discounted cash flows	Discount rates	█% to █%	█%
Investments in fixed-income securities	█	Discounted cash flows	Discount rates Credit spreads	█% █% to █%	n.a. █%
Excluded from the sensitivity analysis					
Financial instruments ¹	█	Recent transactions ² Broker quotes ³ Net assets ³	n.a. n.a. n.a.	n.a. n.a. n.a.	n.a. n.a. n.a.
Net financial instruments classified in Level 3					

n.a.: not applicable

¹ The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries

² When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis

³ When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis

(REDACTED)

Level 3: Fair value measurement based on reasonably possible alternative assumptions (cont.)

December 31, 2020

	Fair value	Valuation techniques	Unobservable inputs	Range	Weighted average
Included in the sensitivity analysis					
Corporate debt	█	Discounted cash flows	Credit spreads	█% to █%	█%
			Discount rates	█% to █%	█%
Equities					
Private equity investments	█	Comparable company multiples	EBITDA multiples	█ to █	█
Infrastructure investments	█	Discounted cash flows	Discount rates	█% to █%	█%
Investments in unconsolidated subsidiaries					
Investments in real estate holdings	█	Discounted cash flows	Discount rates	█% to █%	█%
			Credit spreads	█% to █%	█%
			Capitalization of revenue	█% to █%	█%
			Net real estate assets	█% to █%	█%
Private equity investments	█	Comparable company multiples	EBITDA multiples	█ to █	█
Infrastructure investments	█	Discounted cash flows	Discount rates	█% to █%	█%
Investments in fixed-income securities	█	Discounted cash flows	Discount rates	█%	n.a.
			Credit spreads	█% to █%	█%
	█				
Excluded from the sensitivity analysis					
Financial instruments ¹	█		Recent transactions ²	n.a.	n.a.
			Broker quotes ³	n.a.	n.a.
			Net assets ³	n.a.	n.a.
Net financial instruments classified in Level 3					
	█				

n a : not applicable

¹ The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries

² When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis

³ When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis

(REDACTED)

f) Sensitivity analysis of fair value

The following analysis shows the sensitivity of fair value measurements to reasonably possible alternative assumptions for the significant unobservable inputs shown in the preceding tables of Note 6e. CDPQ identified reasonably possible alternative assumptions using its judgment and knowledge of the markets. The following table shows the increases and decreases in fair value that would result from these alternative assumptions for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to a sensitivity analysis:

	December 31, 2021		December 31, 2020	
	Increase	Decrease	Increase	Decrease
Sensitivity of fair value				

As at December 31, 2021, the fair value sensitivity analysis above shows an increase in fair value of [REDACTED] as at December 31, 2020) and a decrease in fair value of [REDACTED] as at December 31, 2020) attributable to investments in real estate holdings.

There is a correlation between unobservable inputs and the determination of fair value. Therefore, an increase (decrease) in discount rates, credit spreads, capitalization rates, and discounts to net asset value would result in a decrease (increase) in fair value. Furthermore, an increase (decrease) in EBITDA multiples would result in an increase (decrease) in fair value. There is no predictable correlation between unobservable inputs.

(REDACTED)

7. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability must be offset in the Consolidated Statements of Financial Position when CDPQ has a legally enforceable right of set-off and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously with the counterparty. CDPQ has a legally enforceable right of set-off when this right is exercisable in the normal course of business and in the event of default, insolvency or bankruptcy.

Amounts receivable from and amounts payable on transactions being settled, securities purchased under reverse repurchase agreements, securities sold under repurchase agreements and derivative financial instruments traded on over-the-counter markets in accordance with agreements of the International Swaps and Derivatives Association (ISDA) are subject to master netting agreements that do not meet the criteria for offsetting in the Consolidated Statements of Financial Position as they give a right of set-off that is enforceable only in the event of default, insolvency or bankruptcy.

Securities purchased under reverse repurchase agreements and securities sold under repurchase agreements settled through a clearing house satisfy the offsetting criteria. Derivative financial instruments traded on exchange markets as well as those settled by clearing houses through brokers also satisfy offsetting criteria.

The following tables show information about financial assets and liabilities that are offset and not offset in the Consolidated Statements of Financial Position and that are subject to master netting agreements or similar arrangements:

	December 31, 2021					
	Gross amounts recognized	Amounts offset	Net amounts presented in the Consolidated Statements of Financial Position ¹	Amounts subject to master netting agreements	Collateral received/pledged ²	Net amounts
Financial assets						
Amounts receivable from transactions being settled	█		█	█		█
Securities purchased under repurchase agreements ³	█	█	█	█	█	
Derivative financial instruments ³	█		█	█	█	█
	█	█	█	█	█	█
Financial liabilities						
Amounts payable on transactions being settled	█		█	█		█
Securities sold under repurchase agreements ³	█	█	█	█	█	
Derivative financial instruments ³	█		█	█	█	█
	█	█	█	█	█	█

¹ Net amounts presented in the Consolidated Statements of Financial Position or in Notes 4a and 4b

² The financial collateral received or pledged cannot include a net amount per counterparty less than zero. The total amounts of financial collateral received or pledged are disclosed in Notes 13 and 14

³ The amounts presented in this item include amounts receivable and payable presented, respectively, under "Investment income, accrued and receivable" and "Other financial liabilities"

(REDACTED)

Offsetting Financial Assets and Liabilities (cont.)

December 31, 2020

	Gross amounts recognized	Amounts offset	Net amounts presented in the Consolidated Statements of Financial Position ¹	Amounts subject to master netting agreements	Collateral received/pledged ²	Net amounts
Financial assets						
Amounts receivable from transactions being settled	█		█	█		█
Securities purchased under reverse repurchase agreements ³	█	█	█	█	█	
Derivative financial instruments ³	█		█	█	█	█
	█	█	█	█	█	█
Financial liabilities						
Amounts payable on transactions being settled	█		█	█		█
Securities sold under repurchase agreements ³	█	█	█	█	█	
Derivative financial instruments ³	█		█	█	█	█
	█	█	█	█	█	█

¹ Net amounts presented in the Consolidated Statements of Financial Position or in Notes 4a and 4b

² The financial collateral received or pledged cannot include a net amount per counterparty less than zero. The total amounts of financial collateral received or pledged are disclosed in Notes 13 and 14

³ The amounts presented in this item include amounts receivable and payable presented, respectively, under "Investment income, accrued and receivable" and "Other financial liabilities"

(REDACTED)

8. INVESTMENT RESULT BEFORE DISTRIBUTIONS TO DEPOSITORS

The following table shows the net investment income, net gains (losses) on financial instruments at FVTPL as well as operating expenses:

	2021			2020		
	Net investment income	Net gains (losses)	Total	Net investment income	Net gains (losses)	Total
Cash management activities	█	█	█	█	█	█
Investing activities						
Short-term investments	█	█	█	█	█	█
Securities purchased under reverse repurchase agreements	█	█	█	█	█	█
Corporate debt	█	█	█	█	█	█
Bonds	█	█	█	█	█	█
Equities	█	█	█	█	█	█
Interests in unconsolidated subsidiaries	█	█	█	█	█	█
Net derivative financial instruments	█	█	█	█	█	█
Other	█	█	█	█	█	█
Investment liability activities						
Securities sold under repurchase agreements	█	█	█	█	█	█
Securities sold short	█	█	█	█	█	█
Financing activities						
Short-term promissory notes payable	█	█	█	█	█	█
Loans payable	█	█	█	█	█	█
Term notes payable	█	█	█	█	█	█
Other						
Management fees – stock markets	█	█	█	█	█	█
Transaction costs	█	█	█	█	█	█
Operating expenses (Note 9)	█	█	█	█	█	█
Investment result before distributions to depositors			█			█

External audit fees for audit services, audit-related services and tax services amount to █ for the year ended December 31, 2021 █ for the year ended December 31, 2020).

(REDACTED)

9. OPERATING EXPENSES

The following table shows the operating expenses:

	2021	2020
Salaries and employee benefits	█	█
Information technology and professional services	█	█
Maintenance, equipment and amortization	█	█
Data services and subscriptions	█	█
Rent	█	█
Other expenses	█	█
Safekeeping of securities	█	█

10. SEGMENT INFORMATION

CDPQ enables its depositors to allocate their funds to specialized portfolios that hold securities of the same type. These portfolios represent operating segments that have been grouped into three separate segments according to management approach, economic characteristics, and performance targets:

- **Fixed Income:** This segment's objective is to reduce the overall risk level of CDPQ's portfolio and match its depositors' assets and liabilities while providing a significant source of liquidity. This segment consists of the Rates, Credit, Short Term Investments, Long Term Bonds, and Real Return Bonds specialized portfolios.
- **Real Assets:** This segment's objective is to expose CDPQ to markets for which investment income is indexed to inflation and to partially hedge the inflation risk associated with the liabilities of several depositors. This segment consists of the Real Estate and Infrastructure specialized portfolios.
- **Equities:** This segment's objective is to increase the depositors' long-term target returns. This segment consists of the Equity Markets and Private Equity specialized portfolios.

The following table shows the allocation of net assets attributable to depositors according to each of CDPQ's segments:

	December 31, 2021	December 31, 2020
Fixed Income	█	█
Real Assets	█	█
Equities	█	█
Other ¹	█	█
Net assets attributable to depositors	█	█

The following table shows the allocation of the investment result before distributions to depositors for each of CDPQ's segments:

	2021	2020
Fixed Income	█	█
Real Assets	█	█
Equities	█	█
Other ¹	█	█
Investment result before distributions to depositors	█	█

¹ The Other item includes the Asset Allocation specialized portfolio, cash activities, and the customized operations of individual funds, which consist of direct holdings of derivative financial instruments by the individual funds for the customized management of the desired exposure of each depositor

(REDACTED)

11. RISK IDENTIFICATION AND MANAGEMENT

Risk management policies, directives and procedures related to investment activities

CDPQ is responsible for managing deposits in accordance with service agreements and depositor investment policies, the investment policies for specialized portfolios and the integrated risk management policy. To do so, it has implemented various policies, directives and procedures to oversee the management of the risks relating to its operations.

The integrated risk management policy is adopted by CDPQ's Board of Directors. The purpose of this policy is to promote a rigorous risk management culture and practices that help CDPQ carry out its mission on behalf of its depositors. The integrated risk management policy defines market risk, concentration risk, credit risk, counterparty risk associated with derivative financial instruments, and financing-liquidity risk.

Specifically, this policy aims to:

- Establish the guiding principles that support CDPQ's integrated risk management framework and promote a sound risk management culture at all levels of the organization
- Set out the risk management model and governance structure
- Define the roles and responsibilities of stakeholders
- Establish oversight of the main risks to which CDPQ is exposed

CDPQ's governance and risk management are based on the following twelve guiding principles:

- A risk tolerance framework
- The roles of the Board of Directors and senior executives
- A client-centric approach that focuses on the needs of depositors
- A long-term investment strategy
- Liquidity and financing management
- In-depth knowledge of assets and markets
- Independent functions and stakeholder accountability
- Collaboration for comprehensive risk management
- Operational excellence
- Use of derivative financial instruments and counterparty risk management
- Oversight of new investment activities and new financial instruments
- A responsible investment framework

The levels of control and parties responsible for risk management governance are as follows:

1. Investment groups have the primary responsibility for managing the risks related to their operations.
2. Independent teams and internal committees are responsible for supporting investment group employees and setting appropriate control mechanisms.
3. The Board of Directors and its committees ensure a management framework is adopted, and the Internal Audit group ensures execution and compliance with the established risk management framework.

The integrated risk management policy sets out risk limits and authorization levels for CDPQ as a whole as well as limits applicable to cross-functional activities. In addition, CDPQ develops and periodically reviews the specialized portfolio investment policies that are designed to oversee the work of the specialized portfolio managers. A separate investment policy sets out investment strategy, management style, eligible investments, target returns, benchmark index, and concentration and risk limits.

Furthermore, each investment group must adopt an investment strategy. Global strategic planning (GSP) seeks to strengthen the decision-making process by achieving a better matching of return to risk when choosing investments. GSP sets future directions, strengthens the collaboration and information sharing processes required to make strategic investment decisions, and ensures a better alignment between the directions and strategies. The GSP process is conducted continuously and includes the following steps: 1) Diagnostic and strategic directions; 2) Strategic plans; 3) Review and approval; and 4) Execution and accountability. Investment plans are communicated to the Executive Committee and presented to the Investment-Risk Committee (IRC) and Board of Directors for approval.

CDPQ is exposed to various financial risks. Detailed information regarding these risks is disclosed in the following sections.

(REDACTED)

Market risk

Market risk is the risk of financial loss arising from fluctuations in the fair value of financial instruments. Volatility in financial instrument prices stems from changes in market risk factors, in particular interest rates, credit spreads, exchange rates, share prices and commodity prices.

CDPQ manages market risk according to an integrated approach for all specialized portfolios. The main factors contributing to risk, such as industry sector, geographic region and issuer, are taken into account. CDPQ's market risk is managed and calculated according to factors that can influence the fair value of investments and investment liabilities.

CDPQ measures its market risk using Value-at-Risk (VaR), which is based on a statistical estimate of the volatility of the fair value of each position and of correlations between market risk factors. VaR is a statistical estimate of the potential financial loss that could be incurred by CDPQ's actual portfolio, based on a predetermined confidence level and a given exposure period. The market VaR is estimated with a 95% confidence level over an exposure period of one year. Moreover, due to the methodology, the effects on the portfolio of the unfavourable events seen over a one-month horizon are repeated several times during the year. To summarize, VaR indicates the level of loss that the actual portfolio of CDPQ could exceed in 5% of cases over the forthcoming year. CDPQ estimates VaR for each instrument held in its specialized portfolios and aggregates the information for CDPQ's actual portfolio.

The historical-simulation method is used to measure VaR. This method is based mainly on the assumption that the future will be similar to the past. It requires that historical data series on all the risk factors needed to estimate the returns on financial instruments be available. In the absence of historical data, alternative methods are used.

The calculation results obtained by applying this methodology do not make it possible to estimate the amount of loss, based on a specific event, that would be incurred by CDPQ's portfolio if this event re-occurred. For example, if future conditions and market risk factors were substantially different from past economic conditions, actual losses could differ substantially from estimated losses. Moreover, these estimates at a given date do not take into account all possible losses resulting from exceptional market events or losses that could arise over and above the 95% confidence level. Consequently, in light of these limitations, CDPQ's actual portfolio losses could exceed the estimates.

A risk factor observation history over a period from 2006 to the reporting date is being used to assess the volatility of returns and the correlation between the performance of financial instruments.

Two risk measures are calculated and analyzed:

- The absolute risk of the actual portfolio represents the total risk associated with the categories of financial instruments that make up CDPQ's actual portfolio.
- The absolute risk of the benchmark portfolio targeted by depositors represents the total risk of the benchmark indexes associated with the categories of financial instruments that make up CDPQ's benchmark portfolio.

The absolute risks of CDPQ's actual and benchmark portfolios are measured regularly and used to calculate the absolute risk ratio, which is subject to certain limitations. The absolute risk ratio is obtained by dividing the absolute risk of the actual portfolio by the absolute risk of the benchmark portfolio.

The absolute risk of CDPQ's actual and benchmark portfolio, including the risk associated with the underlying investments of unconsolidated subsidiaries whose risk is managed by CDPQ, as a percentage of net assets, according to a 95% confidence level and a history of observation over a period from 2006 to the reporting date, as well as the absolute risk ratio, are as follows:

	December 31, 2021			December 31, 2020		
	Absolute risk of the actual portfolio	Absolute risk of the benchmark portfolio	Absolute risk ratio	Absolute risk of the actual portfolio	Absolute risk of the benchmark portfolio	Absolute risk ratio
Value at risk	█ %	█ %	█	█ %	█ %	█

Moreover, when managing market risk, CDPQ uses stress tests that allow it to evaluate the consequences of specific circumstances on the returns of CDPQ's actual portfolio based on historical, hypothetical or risk factor sensitivity scenarios. Using various types of scenarios, stress tests measure the gains or losses in value of a financial instrument following a change in one or more often-related risk factors, such as share prices, interest rates, rate spreads, exchange rates, commodity prices and market volatility. The hypothetical scenarios are also continuously enriched to integrate new issues, such as the impact of the COVID-19 pandemic on the global economy.

(REDACTED)

Market risk (cont.)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk is integrated into the VaR measurement.

CDPQ uses a dynamic management approach for the main currencies of developed countries. Dynamic management is used to protect certain specialized portfolios when the Canadian dollar appears to be significantly undervalued or overvalued compared to its equilibrium value according to the valuation models. Dynamic hedging should therefore be less frequent, but the duration of the hedge, being unforeseeable, may vary widely and last for a few weeks to several months. Certain specialized portfolios may therefore be partially hedged against foreign exchange risk.

To strategically manage currency risk, CDPQ uses currency derivatives to manage its exposure to the main currencies of developed countries according to hedging targets. For other currencies, a discretionary hedge may be implemented to manage the foreign currency exposures of the specialized portfolios or of certain investments. Moreover, currency risk can be managed by way of natural hedging activities, including the financing of investments in the same currency.

The net exposure to foreign currencies takes into account the effects of currency derivatives, natural hedging and the underlying investments in currencies of unconsolidated subsidiaries whose currency risk is managed by CDPQ. CDPQ's net exposure to foreign currencies, as a percentage of net assets including purchases and cancellations of participation units of the specialized portfolios completed at the beginning of each month, is as follows:

	December 31, 2021	December 31, 2020
Canadian dollar	█%	█%
U.S. dollar	█%	█%
Euro	█%	█%
Brazilian real	█%	█%
Chinese yuan	█%	█%
Hong Kong dollar	█%	█%
Indian rupee	█%	█%
Mexican peso	█%	█%
Pound sterling	█%	█%
Yen	█%	█%
Other	█%	█%
	█%	█%

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is integrated into the VaR measurement.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors that affect all similar financial instruments traded on the market. This risk is integrated into the VaR measurement.

(REDACTED)

Concentration risk

CDPQ analyzes overall concentration risk for the entire group of specialized portfolios it manages. The integrated risk management policy sets out exposure limits according to category of financial instrument and according to issuer for growth markets and for certain countries. Moreover, the investment policies of the specialized portfolios set out specific limits for each issuer, industry sector, and geographic region.

The concentration limit by issuer is █% of CDPQ's total assets, with the exception of securities issued by the Canadian or U.S. governments or by their agencies and that feature an explicit guarantee or those issued by a Canadian province or territory of Canada or a ministry or agency thereof or by sovereign issuers rated AAA, which are not included in the concentration limit. Concentration by issuer is monitored monthly or upon initiation of a transaction requiring approval of the IRC or the Board of Directors, as appropriate.

The following table shows the main geographic concentrations as a percentage of total net exposure, established according to the country of the issuers' principal place of business, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ:

	December 31, 2021	December 31, 2020
United States	█%	█%
Canada	█%	█%
Europe	█%	█%
Asia Pacific ¹	█%	█%
Latin America ¹	█%	█%
Other ¹	█%	█%
	█%	█%

¹ Comparative information has been restated to conform to the new geographical grouping presented

The following table shows the principal industry sector concentrations as a percentage of total net exposure, established according to the industry sector in which the issuers operate, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ:

	December 31, 2021	December 31, 2020
Industry sector		
Real estate	█%	█%
Industrials	█%	█%
Financials	█%	█%
Information technologies	█%	█%
Consumer discretionary	█%	█%
Utilities	█%	█%
Health care	█%	█%
Consumer staples	█%	█%
Real estate debt	█%	█%
Communication services	█%	█%
Energy	█%	█%
Materials	█%	█%
Other	█%	█%
Government sector		
Government of the United States	█%	█%
Government of Canada	█%	█%
Government of Québec	█%	█%
Government corporations and other public administrations in Québec	█%	█%
Other	█%	█%
	█%	█%

(REDACTED)

Credit risk

Credit risk is the possibility of incurring a loss in value should a borrower, endorser, or guarantor experience a deterioration in financial position, fail to meet an obligation to repay a loan or fail to meet any other financial commitment.

Maximum credit risk exposure is measured based on the fair value of financial instruments without taking into account guarantees or other credit enhancements. For the other items, the maximum exposure to credit risk is the total amount guaranteed or committed.

The following table shows the maximum exposure to credit risk:

	December 31, 2021	December 31, 2020
Cash	█	█
Amounts receivable from transactions being settled	█	█
Advances to depositors	█	█
Investment income, accrued and receivable	█	█
Investments		
Cash equivalents	█	█
Fixed-income securities	█	█
Interests in unconsolidated subsidiaries in the form of debt instruments	█	█
Derivative financial instruments	█	█
Other items		
Commitments and financial guarantees (Note 18)	█	█

CDPQ enters into master netting agreements (Note 7), receives guarantees (Note 14) and may also use derivative financial instruments such as credit default swaps to reduce its total credit risk exposure.

In addition, to manage credit risk, CDPQ closely monitors changes in the credit cycle of issuers and uses a credit VaR to calculate the potential financial loss related to possible changes in the credit quality of issuers of fixed-income securities.

Concentration of credit risk

A credit risk concentration analysis measures the fair value of all financial instruments related to a same issuer. The investment policy of the specialized portfolios sets out concentration limits according to credit rating. The credit risk analysis considers the probability of default and the recovery rate on debt securities held by CDPQ and monitors changes in the credit quality of issuers.

The following table shows the credit risk concentration according to the credit ratings of issuers of fixed-income securities and certain derivative financial instruments used to manage credit risk, as a percentage of the total exposure to credit concentration risk:

	December 31, 2021	December 31, 2020
Credit rating		
AAA - AA	█%	█%
A	█%	█%
BBB	█%	█%
BB or lower	█%	█%
No credit rating	█%	█%

The credit ratings of securities issued or guaranteed by governments are obtained from recognized credit rating agencies. For corporate sector securities, credit ratings are determined using an internal rating process that monitors changes in the credit cycle annually when the necessary information is available. Otherwise, CDPQ uses recognized credit rating agencies.

(REDACTED)

Credit risk (cont.)

Counterparty risk related to derivative financial instruments

Certain over-the-counter financial instruments give rise to counterparty risk because they are negotiated by contract without being traded or settled through a clearing house. Counterparty risk related to derivative financial instruments is the credit risk created by current or potential exposures arising from derivative financial instrument transactions where the counterparty becomes unable to honour the terms of the contracts.

To limit its exposure to the counterparty risk arising from transactions involving over-the-counter derivative financial instruments, CDPQ carries out transactions with financial institutions in accordance with management's criteria regarding the quality of the issuer. Moreover, CDPQ enters into legal agreements based on ISDA standards under which it benefits from the compensating effects between at-risk amounts and the collateral exchanged in order to limit its net exposure to this risk.

This risk is measured by counterparty, pursuant to the applicable legal agreement, from which it is possible to calculate the net exposure created by all of the over-the-counter derivative financial instruments and collateral exchanged. Actual exposure to counterparty risk is measured on a daily basis, whereas potential exposure to counterparty risk is measured on a monthly basis.

As at December 31, 2021 and 2020, the legal agreements and the collateral received helped reduce exposure to the counterparty risk of over-the-counter derivative financial instruments. The maximum exposure to this risk is [REDACTED] as at December 31, 2021 [REDACTED] as at December 31, 2020).

Liquidity risk

Liquidity risk is the possibility of CDPQ not always being able to honour its financial liability commitments without having to obtain funds at abnormally high prices or having to sell assets through forced liquidation. It is also the risk of CDPQ not being able to quickly sell investments without having a significant unfavourable effect on the price of the investment in question.

Liquidity is managed across all of CDPQ's cash activities. On a daily basis, liquidity status is determined and compliance with the established rules is analyzed. Managers are responsible for evaluating the liquidity of the markets in which CDPQ obtains financing for its operations.

To ensure that sources of liquidity and potential liquidity requirements are properly aligned, CDPQ has a number of sources of liquidity in addition to its cash and cash equivalents, including receipt of investment income, the sale of bonds, sales under repurchase agreements, and liquid money market securities. In addition, CDPQ may issue short-term promissory notes and term notes payable as well as a committed credit facility totalling [REDACTED] to meet its contractual commitments and financial obligations. As at December 31, 2021, CDPQ has close to [REDACTED] in liquidity in the form of government bonds and money market securities [REDACTED] as at December 31, 2020).

Furthermore, to manage liquidity risk, CDPQ conducts simulations of scenarios over different horizons and examines events that could lead to a liquidity crisis. CDPQ rigorously and frequently monitors its potential liquidity needs and proactively ensures permanent access to stable and resilient sources of liquidity.

An analysis of undiscounted contractual cash flows of financial liabilities, shown in the table below, is a component of liquidity and financing management. However, this by-maturity allocation is not necessarily representative of the manner in which CDPQ manages its liquidity risk and financing requirements.

(REDACTED)

Liquidity risk (cont.)

The following tables show the maturities of the undiscounted contractual cash flows of non-derivative financial liabilities, derivative financial instruments, and other items:

	December 31, 2021				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	█	█	█	█	█
Other financial liabilities	█	█	█	█	█
Investment liabilities					
Securities sold under repurchase agreements	█	█	█	█	█
Securities sold short	█	█	█	█	█
Short-term promissory notes payable	█	█	█	█	█
Loans payable	█	█	█	█	█
Term notes payable	█	█	█	█	█
Net assets attributable to depositors					
Demand and term deposits	█	█	█	█	█
Distributions payable to depositors	█	█	█	█	█
Derivative financial instruments					
Derivative financial instruments with net settlement	█	█	█	█	█
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	█	█	█	█	█
Contractual cash flows payable	█	█	█	█	█
Other items					
Commitments (Note 18)	█	█	█	█	█
Financial guarantees (Note 18)	█	█	█	█	█
	█	█	█	█	█
	█	█	█	█	█

(REDACTED)

Liquidity risk (cont.)

December 31, 2020

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	█	█	█	█	█
Other financial liabilities	█	█	█	█	█
Investment liabilities					
Securities sold under repurchase agreements	█	█	█	█	█
Securities sold short	█	█	█	█	█
Short-term promissory notes payable	█	█	█	█	█
Loans payable	█	█	█	█	█
Term notes payable	█	█	█	█	█
Net assets attributable to depositors					
Demand and term deposits	█	█	█	█	█
Distributions payable to depositors	█	█	█	█	█
Derivative financial instruments					
Derivative financial instruments with net settlement	█	█	█	█	█
Derivative financial instruments with gross settlement	█	█	█	█	█
Contractual cash flows receivable	█	█	█	█	█
Contractual cash flows payable	█	█	█	█	█
Other items					
Commitments (Note 18)	█	█	█	█	█
Financial guarantees (Note 18)	█	█	█	█	█
	█	█	█	█	█
	█	█	█	█	█

Moreover, concerning net assets attributable to depositors, the Regulation states that CDPQ may set monthly limits for cancelling participation units, i.e., a depositor is limited to a maximum reimbursement of all their participation units in all of CDPQ's specialized portfolios of █. Any participation units that are not cancelled given the maximum amount permitted are carried forward to the first days of the subsequent months and are cancelled as soon as the limit permits. The purpose of the limits is to ensure optimal management of CDPQ's overall liquidity.

(REDACTED)

Liquidity risk (cont.)

Financing-liquidity risk

The following tables show the main terms and conditions and interest rates of the investment liabilities related to CDPQ's financing activities:

December 31, 2021				
	Currency	Nominal value ¹	Maturity	Interest rates
Loans payable	USD	█	Less than one year	█%
	CAD	█	Less than one year	█%
Short-term promissory notes payable	CAD	█	Less than one year	█%
	USD	█	Less than one year	█%
Term notes payable ²	USD	█	March 2021	█%
	USD	█	April 2023	█%
	USD	█	July 2024	█%
	USD	█	June 2025	█%
	USD	█	May 2026	█%
	CAD	█	October 2026	█%
	USD	█	November 2039	█%

December 31, 2020				
	Currency	Nominal value ¹	Maturity	Interest rate
Loans payable	USD	█	Less than one year	█%
	CAD	█	Less than one year	█%
Short-term promissory notes payable	CAD	█	Less than one year	█%
	USD	█	Less than one year	█%
Term notes payable	USD	█	June 2021	█%
	USD	█	March 2022	█%
	USD	█	April 2023	█%
	USD	█	July 2024	█%
	USD	█	June 2025	█%
	USD	█	November 2039	█%

¹ The amounts shown are translated into Canadian dollars and are amounts to be repaid at maturity

² As at December 31, 2021, term notes include █ in green bonds that will be allocated to a selection of investments that are compliant with the eligible project categories established under CDPQ's Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association (nil as at December 31, 2020)

Short-term promissory notes are issued at fixed rates, with maturities not exceeding 12 months, and are guaranteed by CDPQ's assets. In accordance with the limit prescribed in the short-term promissory notes issuance information document, the nominal value of all such outstanding notes may never exceed █ for the U.S. program, and the equivalent of █ for short-term promissory notes issued in Canada and abroad, excluding the United States.

Term notes payable are repayable at maturity and secured by CDPQ's assets.

Furthermore, during the year ended December 31, 2021, CDPQ renewed the credit facility that it arranged with a banking syndicate for a total amount of approximately █, i.e., two █ tranches that are renewable annually for terms of two and three years, respectively. The credit facility bears interest at a variable rate and is entirely secured, unconditionally and irrevocably, by CDPQ. As at December 31, 2021 and 2020, no amount had been drawn on this credit facility.

(REDACTED)

12. CAPITAL MANAGEMENT

CDPQ defines its capital as net assets attributable to depositors. CDPQ's capital may fluctuate according to depositor demands for cancellations and issuances of participation deposit units and for deposits and withdrawals of demand and term deposits. CDPQ's capital management objective is to invest contributions and deposits in the best interests of the depositors in accordance with the Act in order to achieve an optimal return while respecting the depositor investment policies.

CDPQ is not subject to external capital requirements.

Furthermore, CDPQ's objective is to maintain its AAA credit rating to ensure access to capital markets at the best cost through its CDP Financial Inc. subsidiary. Consequently, the Board of Directors has limited the amount of notes that CDPQ may issue on capital markets to █% of its net assets attributable to depositors, to which is added the fair value of outstanding notes (adjusted net assets).

13. FINANCIAL ASSETS TRANSFERRED BUT NOT DERECOGNIZED

CDPQ enters into securities lending and borrowing transactions as well as securities repurchase agreements whereby it transfers financial assets to counterparties. The transferred securities do not meet derecognition criteria since CDPQ retains most of the risks such as credit risk, interest rate risk, currency risk, and price risk, as well as most of the related rewards such as cash flows.

The following table shows the fair values of the financial assets transferred but not derecognized from the Consolidated Statements of Financial Position as well as the fair values of the associated financial liabilities:

	December 31, 2021	December 31, 2020
Financial assets transferred but not derecognized		
Bonds	█	█
Equities	█	█
	█	█
Associated financial liabilities		
Loans payable ¹	█	█
Securities sold under repurchase agreements ²	█	█
	█	█

¹ The amount presented corresponds to cash received as collateral on securities lending transactions and derivative financial instrument transactions

² The net amount is disclosed in Notes 4 and 7

14. GUARANTEES

Financial assets pledged as collateral

In the normal course of business, CDPQ pledges financial assets as collateral for transactions involving securities borrowings, securities sold under repurchase agreements, and derivative financial instruments. The counterparties are authorized, by way of legal contract or market practices, to either sell or repledge certain securities as collateral. Under certain conditions, CDPQ may have to pledge additional collateral if the pledged securities lose value. In addition, CDPQ complies with the regulations applicable to financial assets pledged as collateral for transactions involving certain over-the-counter derivative financial instruments.

The following table shows the fair value of collateral pledged by CDPQ according to transaction type:

	December 31, 2021	December 31, 2020
Securities borrowing	█	█
Securities sold under repurchase agreements	█	█
Exchange-traded derivative financial instruments	█	█
Over-the-counter derivative financial instruments	█	█
	█	█

(REDACTED)

Financial assets received as collateral

CDPQ receives financial assets as collateral for transactions involving securities lending, securities purchased under reverse repurchase agreements, and derivative financial instruments. If the fair value of the collateral received decreases, CDPQ may, in certain cases, request additional collateral. CDPQ is authorized to sell or repledge as collateral these securities in the absence of default by the counterparty. However, no security received as collateral was sold or repledged as collateral for the years ended December 31, 2021 and 2020.

The following table shows the fair value of collateral received by CDPQ according to transaction type:

	December 31, 2021	December 31, 2020
Securities lending	█	█
Securities purchased under reverse repurchase agreements	█	█
Over-the-counter derivative financial instruments	█	█

15. RELATED PARTY DISCLOSURES

Related party transactions

CDPQ's primary related parties include unconsolidated subsidiaries, joint ventures, associates, and CDPQ's key management personnel.

CDPQ enters into various transactions with related parties. These transactions are concluded under the same conditions as those prevailing in the market with unrelated parties and are measured at fair value. Given the very nature of CDPQ's activities as an investment entity, it may make investments in several investment categories, including investments in unconsolidated subsidiaries, joint ventures and associates.

Compensation of key management personnel

CDPQ's key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly. These persons are the members of the Board of Directors, the President and Chief Executive Officer, and key members of the Executive Committee.

The following table shows the compensation of CDPQ's key management personnel:

	2021	2020
Salaries and other short-term employee benefits	█	█
Post-employment benefits	█	█
Other long-term employee benefits	█	█

Other related parties

CDPQ is governed by the Act, and the Government of Québec appoints the Board of Director members, at least two-thirds of whom must be independent. The Government of Québec also approves the appointment of the President and Chief Executive Officer. Consequently, CDPQ has availed itself of the exemption set out in IAS 24 – *Related Party Disclosures* regarding the disclosure of transactions with a related government and with any entities related to the related government. The transactions carried out with the Government of Québec and its related entities are investment activities involving bonds issued by or guaranteed by the government and are carried out under normal market conditions through external brokers. These bonds are included in the "Governments" and "Government corporations and other public administrations" bond categories of Note 4a. In addition, CDPQ discloses information on the Government sector category in the "Government of Québec" and "Government corporations and other public administrations in Québec" items of Note 11. Furthermore, the Government of Québec and its related entities have entered into agreements related to a public infrastructure project in Québec being carried out through CDPQ Infra Inc, a subsidiary of CDPQ. These agreements were signed in the subsidiary's normal course of business.

(REDACTED)

16. INTERESTS IN OTHER ENTITIES

Subsidiaries

Consolidated subsidiary

██████████ is a wholly owned subsidiary that issues debt securities in order to finance CDPQ's investments at an optimal financing cost.

Unconsolidated subsidiaries

The subsidiaries presented in this category are entities controlled either directly or indirectly by CDPQ through subsidiaries in accordance with IFRS 10 criteria.

Intermediate subsidiaries

As part of certain investment activities, CDPQ may use intermediate subsidiaries, whose sole purpose is to hold investments for CDPQ. They are therefore not included in the information shown in the following tables, while the main underlying ownership interests in subsidiaries, joint ventures, associates and non-controlled structured entities are shown.

(REDACTED)

Non-controlled structured entities

CDPQ holds interests in non-controlled structured entities, the majority of which represent private investment funds or investments in the form of equities held through limited partnerships. The interests held by CDPQ do not give it power over the relevant activities of these entities, as control is established by contractual agreement that is generally in favour of a general partner or administrator. The fair value of investments held by CDPQ in non-controlled structured entities was [REDACTED] as at December 31, 2021 [REDACTED] as at December 31, 2020). These entities are held as investments and do not expose CDPQ to greater risks than the interests held in the non-structured entities.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following tables show changes in liabilities arising from financing activities, including non-cash changes:

	December 31, 2020	Cash flows from financing activities	Non-cash changes		December 31, 2021
			Changes in foreign exchange	Changes in fair value	
Short-term promissory notes payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Loans payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Term notes payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	December 31, 2019	Cash flows from financing activities	Non-cash changes		December 31, 2020
			Changes in foreign exchange	Changes in fair value	
Short-term promissory notes payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Loans payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Term notes payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

18. COMMITMENTS AND FINANCIAL GUARANTEES

Given the nature of its activities, CDPQ enters into various investment purchase commitments that will be settled in the coming fiscal years in accordance with the terms and conditions in the related agreements.

For CDPQ, financial guarantees consist of providing guarantees, to financial institutions and corporations, on derivative financial instrument transactions, repayment of loans taken by companies in which it has an economic interest, and certain letters of credit of its subsidiaries. As part of certain investment transactions, CDPQ may also provide financial guarantees or issue letters of credit to third parties. The maturities of the commitments and financial guarantees are disclosed in Note 11.

Commitments and financial guarantees are detailed as follows:

	December 31, 2021	December 31, 2020
Investment purchase commitments	[REDACTED]	[REDACTED]
Commitments under leases	[REDACTED]	[REDACTED]
Financial guarantees	[REDACTED]	[REDACTED]

Litigation

In the normal course of business, CDPQ may be subject to legal actions. Although CDPQ cannot predict the outcomes of any ongoing legal proceedings as at December 31, 2021, it has no reason to believe that the settlement of any one of these proceedings could have a material impact on its financial position.

(REDACTED)

19. SUPPLEMENTARY INFORMATION

The following statements present the financial information of the specialized portfolios:

STATEMENT OF FINANCIAL POSITION	SHORT TERM INVESTMENTS (740)		RATES (765)		CREDIT (766)	
	2021	2020	2021	2020	2021	2020
Total assets						
Total liabilities excluding net assets attributable to holders of participation units						
NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS						
STATEMENT OF COMPREHENSIVE INCOME						
	2021	2020	2021	2020	2021	2020
Net income						
Net gains (losses) on financial instruments at fair value						
Investment result before recoveries from (distributions to) holders of participation units						
Recoveries (distributions)						
Net income and comprehensive income attributable to holders of participation units						
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS						
	2021	2020	2021	2020	2021	2020
Balance at beginning of the year						
Net change in participation units for the year						
Net income and comprehensive income attributable to holders of participation units						
BALANCE AT END OF THE YEAR						

STATEMENT OF FINANCIAL POSITION	LONG TERM BONDS (764) ¹		REAL RETURN BONDS (762) ¹		INFRASTRUCTURE (782)	
	2021	2020	2021	2020	2021	2020
Total assets						
Total liabilities excluding net assets attributable to holders of participation units						
NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS						
STATEMENT OF COMPREHENSIVE INCOME						
	2021	2020	2021	2020	2021	2020
Net income						
Net gains (losses) on financial instruments at fair value						
Investment result before recoveries from (distributions to) holders of participation units						
Recoveries (distributions)						
Net income and comprehensive income attributable to holders of participation units						
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS						
	2021	2020	2021	2020	2021	2020
Balance at beginning of the year						
Net change in participation units for the year						
Net income and comprehensive income attributable to holders of participation units						
BALANCE AT END OF THE YEAR						

¹ [REDACTED]

(REDACTED)

19. Supplementary Information (cont.)

	REAL ESTATE (710)		EQUITY MARKETS (737)		PRIVATE EQUITY (780)	
STATEMENT OF FINANCIAL POSITION	2021	2020	2021	2020	2021	2020
Total assets						
Total liabilities excluding net assets attributable to holders of participation units						
NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS						
STATEMENT OF COMPREHENSIVE INCOME	2021	2020	2021	2020	2021	2020
Net income						
Net gains (losses) on financial instruments at fair value						
Investment result before recoveries from (distributions to) holders of participation units						
Recoveries (distributions)						
Net income and comprehensive income attributable to holders of participation units						
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	2021	2020	2021	2020	2021	2020
Balance at beginning of the year						
Net change in participation units for the year						
Net income and comprehensive income attributable to holders of participation units						
BALANCE AT END OF THE YEAR						

ASSET ALLOCATION (771)

STATEMENT OF FINANCIAL POSITION	2021	2020
Total assets		
Total liabilities excluding net assets attributable to holders of participation units		
NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS		
STATEMENT OF COMPREHENSIVE INCOME	2021	2020
Net income		
Net gains (losses) on financial instruments at fair value		
Investment result before recoveries from (distributions to) holders of participation units		
Recoveries (distributions)		
Net income and comprehensive income attributable to holders of participation units		
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	2021	2020
Balance at beginning of the year		
Net change in participation units for the year		
Net income and comprehensive income attributable to holders of participation units		
BALANCE AT END OF THE YEAR		

(REDACTED)



SQF, LLC
d/b/a Tilson Infrastructure

FINANCIAL STATEMENTS

December 31, 2021 and 2020
With Independent Auditor's Report



(REDACTED)



INDEPENDENT AUDITOR'S REPORT

Directors, Board of Managers
SQF, LLC d/b/a Tilson Infrastructure

Opinion

We have audited the accompanying financial statements of SQF, LLC d/b/a Tilson Infrastructure (the Company), which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of operations, changes in members' equity (deficit) and cash flows for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted accounting principles. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(REDACTED)

Directors, Board of Managers
SQF, LLC d/b/a Tilson Infrastructure

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
July 15, 2022

(REDACTED)
SQF, LLC D/B/A TILSON INFRASTRUCTURE

Balance Sheets

December 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ [REDACTED]	\$ [REDACTED]
Accounts receivable, net of allowance for doubtful accounts of \$ [REDACTED] in 2021	[REDACTED]	[REDACTED]
Unbilled revenue	[REDACTED]	[REDACTED]
Prepaid leases and other expenses	[REDACTED]	[REDACTED]
Total current assets	[REDACTED]	[REDACTED]
Property and equipment		
Utility poles	[REDACTED]	[REDACTED]
Fiber network	[REDACTED]	[REDACTED]
Computers and software	[REDACTED]	[REDACTED]
Utility poles and tower construction in progress	[REDACTED]	[REDACTED]
Less accumulated depreciation	[REDACTED]	[REDACTED]
Property and equipment, net	[REDACTED]	[REDACTED]
Equity in joint ventures	[REDACTED]	[REDACTED]
Long-term prepaid leases	[REDACTED]	[REDACTED]
Total assets	\$ [REDACTED]	\$ [REDACTED]

LIABILITIES AND MEMBERS' EQUITY

	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable and accrued expenses	\$ [REDACTED]	\$ [REDACTED]
Deferred revenue	[REDACTED]	[REDACTED]
Related party payable	[REDACTED]	[REDACTED]
Total current liabilities	[REDACTED]	[REDACTED]
Long-term deferred revenue	[REDACTED]	[REDACTED]
Total liabilities	[REDACTED]	[REDACTED]
Members' equity, net	[REDACTED]	[REDACTED]
Total liabilities and members' equity	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

(REDACTED)
SQF, LLC D/B/A TILSON INFRASTRUCTURE

Statements of Operations

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Pole contract revenues	\$ [REDACTED]	\$ [REDACTED]
Pole attachment and property use contract revenue	[REDACTED]	[REDACTED]
Fiber revenue	[REDACTED]	[REDACTED]
Total revenues	[REDACTED]	[REDACTED]
Cost of revenues	[REDACTED]	[REDACTED]
Gross profit	[REDACTED]	[REDACTED]
Selling, development, and operating expenses	[REDACTED]	[REDACTED]
Loss from operations	[REDACTED]	[REDACTED]
Losses from joint ventures	[REDACTED]	[REDACTED]
Interest income	[REDACTED]	[REDACTED]
Net loss	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

(REDACTED)

SQF, LLC D/B/A TILSON INFRASTRUCTURE

Statements of Changes in Members' Equity (Deficit)

Years Ended December 31, 2021 and 2020

	<u>Common Members</u>	<u>Preferred Member</u>	<u>Total</u>
Balance, December 31, 2019	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Proceeds from preferred unit issuance, net of \$ [REDACTED] in costs	[REDACTED]	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]	[REDACTED]
Distribution to members	[REDACTED]	[REDACTED]	[REDACTED]
Net loss	[REDACTED]	[REDACTED]	[REDACTED]
Balance, December 31, 2020	[REDACTED]	[REDACTED]	[REDACTED]
Preferred member distributions	[REDACTED]	[REDACTED]	[REDACTED]
State tax (distributions) refund contributions	[REDACTED]	[REDACTED]	[REDACTED]
Net loss	[REDACTED]	[REDACTED]	[REDACTED]
Balance, December 31, 2021	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

(REDACTED)

SQF, LLC D/B/A TILSON INFRASTRUCTURE

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net loss	\$ [REDACTED]	\$ [REDACTED]
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation	[REDACTED]	[REDACTED]
Losses from joint ventures	[REDACTED]	[REDACTED]
(Increase) decrease in		
Accounts receivable	[REDACTED]	[REDACTED]
Unbilled revenue	[REDACTED]	[REDACTED]
Prepaid leases and other expenses	[REDACTED]	[REDACTED]
Increase (decrease) in		
Accounts payable and accrued expenses	[REDACTED]	[REDACTED]
Deferred revenue	[REDACTED]	[REDACTED]
Related party payable	[REDACTED]	[REDACTED]
Net cash used by operating activities	[REDACTED]	[REDACTED]
Cash flows from investing activities		
Purchases of property and equipment, including construction in progress	[REDACTED]	[REDACTED]
Contributions to joint ventures	[REDACTED]	[REDACTED]
Net cash used by investing activities	[REDACTED]	[REDACTED]
Cash flows from financing activities		
Proceeds from issuance of preferred member units	[REDACTED]	[REDACTED]
Preferred units issuance and other costs	[REDACTED]	[REDACTED]
Net state tax refund contributions from (distributions to) members	[REDACTED]	[REDACTED]
Net cash provided by financing activities	[REDACTED]	[REDACTED]
Net (decrease) increase in cash	[REDACTED]	[REDACTED]
Cash, beginning of year	[REDACTED]	[REDACTED]
Cash, end of year	\$ [REDACTED]	\$ [REDACTED]
Supplemental disclosures		
Noncash investing and financing activities		
Construction in progress recorded as related party payable	\$ [REDACTED]	\$ [REDACTED]
Construction in progress recorded as accounts payable	\$ [REDACTED]	\$ [REDACTED]
Acquisition of utility poles reflected as deferred revenue	\$ [REDACTED]	\$ [REDACTED]
Accrued distributions to preferred members	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

(REDACTED)
SQF, LLC D/B/A TILSON INFRASTRUCTURE

Notes to Financial Statements

December 31, 2021 and 2020

Nature of Business

SQF, LLC d/b/a Tilson Infrastructure (the Company), headquartered in Portland, Maine, provides wholesale network infrastructure to telecommunications service providers. The Company owns, operates and leases shared communications infrastructure that is geographically dispersed throughout the United States, including utility poles, cell towers, fiber and wireless networks. The Company's core business is providing access to its shared communications infrastructure via long-term contracts.

1. Summary of Significant Accounting Policies

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk on its cash.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Receivables are due within 30-90 days of invoice issuance. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believed all accounts receivable are collectible as of December 31, 2020; accordingly, no allowance for doubtful accounts was established as of December 31, 2020.

Credit is extended to customers after management performs credit evaluations, as deemed necessary.

Accounts receivable balance at December 31, 2019 was \$ [REDACTED]

Property and Equipment

Purchased property and equipment are stated at cost and utility poles acquired under transfer of title are recorded at estimated fair value at the date of transfer. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets. Expenditures for major improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

(REDACTED)
SQF, LLC D/B/A TILSON INFRASTRUCTURE

Notes to Financial Statements

December 31, 2021 and 2020

The costs for utility poles and tower sites under development are recorded in construction in progress while identified sites are under active development. Management utilizes current estimates based on the number of sites expected to be completed, site feasibility, interest from providers and historical write-offs to estimate the portion of such sites that will subsequently be abandoned. Costs associated with estimated abandonments are written off and recorded in selling, development and operating expenses. Utility pole construction in progress costs written off amounted to approximately \$ [REDACTED] and \$ [REDACTED] during 2021 and 2020, respectively.

Accounting for Joint Ventures

The Company uses the equity method for joint ventures in connection with certain contracts. Under the equity method, the Company records its equity in earnings of the joint ventures in other income in its statements of operations. Revenues, cost of revenues and gross profit for services that are arms-length and are not capitalized by the joint ventures are recorded, reported and disclosed in accordance with Accounting Standards Codification Topic 606, *Revenues from Contracts with Customers*.

Revenue Recognition and Costs

Transfer of pole ownership transactions occur when telecommunication service providers choose to transfer title to pole assets to the Company for a nominal fee. In these situations, the Company records utility pole assets and deferred revenue at the estimated fair value of the poles transferred. The deferred revenue is recognized over the life of the underlying attachment lease, generally five years.

The telecommunication service providers simultaneously enter into multi-year attachment agreements whereby their telecommunications assets are attached to transferred poles. Pole attachment and other service contract charges for transferred and other owned communications infrastructure are recorded as deferred revenue when contracted and are amortized into revenue over the terms of the related contracts. Terms generally range between one to five years. Maintenance service revenue is recognized when invoiced.

Costs of contract revenue include labor, subcontract, depreciation and other expenses. These costs and selling, development and operating expenses are recognized when incurred.

Income Taxes

The Company is a limited liability company that has elected to be taxed as a partnership and, accordingly, income, losses and other tax attributes are generally primarily passed through to its members and taxed at the member level. However, income tax is recorded for states that do not recognize pass-through status and reported within selling, development, and operating expense.

2. Concentrations

[REDACTED]

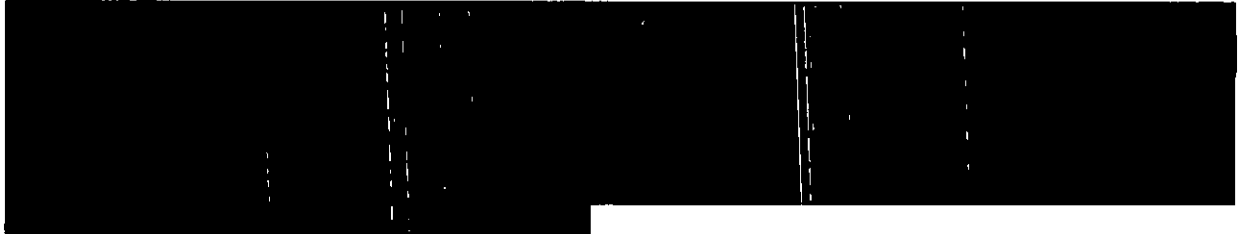
(REDACTED)

SQF, LLC D/B/A TILSON INFRASTRUCTURE

Notes to Financial Statements

December 31, 2021 and 2020

3. Equity in Joint Venture



Summary information of the joint ventures as of and for the year ended December 31, 2021 is as follows:

Current assets	\$	
Property and equipment		
Current liabilities		
Equity	\$	
Earned revenues	\$	
Cost of earned revenues		
Organization and administrative expenses		
Net losses	\$	

Summary information of the Company's share of the joint ventures' loss and equity for the year ended December 31, 2021 is as follows:

Equity in joint ventures, beginning of year	\$	
Share of joint ventures' contributions		
Share of joint ventures' loss		
Equity in joint ventures, end of year	\$	

4. Preferred and Common Membership Interests

Membership units issued and outstanding at December 31, 2021 and 2020 were as follows:

Preferred	
Common	

Membership Structure

The Company's capital structure per the Amended and Restated Limited Liability Company Agreement dated November 29, 2019 (the Agreement), consists of preferred units and common units.

(REDACTED)

SQF, LLC D/B/A TILSON INFRASTRUCTURE

Notes to Financial Statements

December 31, 2021 and 2020

Voting Rights

Each common unit holder is entitled to one vote per unit. Each preferred unit is entitled to one vote for the converted-equivalent number of common units.

Optional Conversion Rights

The Preferred Member, [REDACTED], has the right to convert any or all Preferred Units to Common Units at times, as specified in the Agreement. The Conversion Rate is calculated as \$ [REDACTED] the Preferred Unit Price, divided by the Conversion Price. In May of 2021, the Members executed an amendment to the LLC Agreement setting the Conversion Price for all Preferred Units through September 30, 2022, at \$ [REDACTED]. This Conversion Price would also apply to Preferred Units issued after September 30, 2022 in connection with a transaction in process prior to that date.

Optional Redemption Rights

At any time on or after November 29, 2024, the preferred member also has the right to cause the Company to redeem any or all preferred units at the higher per-unit price of \$ [REDACTED] plus any unpaid preferred yield or the fair value as determined near time of any redemption notice.

Profit, Loss and Gains Allocations

Profits, losses and gains for the period before preferred unit issuance was allocated on a pro-rata basis to the common members based on units held. Following issuance of preferred units, the Agreement specifies Internal Revenue Code Section 704(b) is to be followed whereby losses are allocated first to members with positive capital accounts, and profits and gains are allocated first to restore capital accounts for prior losses, and then are allocated on a converted-unit basis.

Distributions and Related Preferences

Under the Agreement, the Company is required to make quarterly distributions to common and preferred unit holders in amounts adequate to cover income tax liabilities associated with allocated taxable income.

Distributions of \$ [REDACTED] were made during 2020 to common unit members to cover their income tax liabilities prior to preferred unit member investment. During 2021, net contributions of state tax refunds amounted to \$ [REDACTED].

Commencing on the second anniversary of contribution, preferred units are entitled to receive a quarterly preferred yield, defined in the Agreement as [REDACTED] per annum on the sum of preferred member unreturned capital value plus any accrued unpaid preferred yield balance on a quarterly basis. Unreturned capital value is equal to capital contributions less distributions made in addition to the preferred yield, or a total of \$ [REDACTED] at December 31, 2021. The preferred yield will accrue if not paid. The preferred yield of \$ [REDACTED] for eligible unreturned capital of \$ [REDACTED] commencing November 29, 2021 was accrued at December 31, 2021.

Distributions to members upon occurrence of an exit event or to the extent that there is excess cash available are subject to the following priorities:

(REDACTED)

SQF, LLC D/B/A TILSON INFRASTRUCTURE

Notes to Financial Statements

December 31, 2021 and 2020

- First, to the holders of preferred units to the extent of any unpaid preferred yield balance;
- Second, to the holders of preferred units until all contributed capital is returned;
- Third, to holders of common units until all contributed capital, as defined, is returned; and
- Fourth, to all members in proportion to their holdings on an as-converted basis.

5. Related Party Transactions and Balances

██████████

The Company is related to ██████████ through common underlying ownership and management. Per a service agreement, ██████████ provides resources to support the Company's business. ██████████ provides direct staffing of operational personnel and site assessment and marketing services at cost, as defined in the service agreement, and general and administrative services, including executive leadership, accounting, information technology and regulatory services under an annual management fee totaling \$ ██████████ and \$ ██████████ during 2021 and 2020, respectively. Under the service agreement, ██████████ also develops, constructs and maintains the Company's utility poles, cell towers, dark fiber, neutral host indoor and outdoor wireless networks and other infrastructure assets at arms-length, third-party rates. All services and charges are subject to terms contained in the services agreement.

Services provided by or to ██████████ amounted to and were recorded at approximate amounts as follows in the years ended December 31:

	<u>2021</u>	<u>2020</u>
Services provided to ██████████ by the Company		
Permit application and other services recorded in revenues	\$ ██████████	\$ ██████████
Services provided to the Company by ██████████		
Utility pole and fiber network construction in progress services costs capitalized	██████████	██████████
Pole attachment and maintenance services included in cost of revenues	██████████	██████████
Charges recorded in selling, development and operating expenses for management fees and reimbursement of operational, site assessment and marketing staff costs	██████████	██████████

The related party payable at December 31, 2021 and 2020 reflects amounts due to ██████████ for services and charges. The payable balance is unsecured, non-interest-bearing, and due on demand.

Joint Venture

During 2021, the Company provided arms-length services to ██████████ which resulted in \$ ██████████ in fiber revenue, \$ ██████████ on cost of revenues and \$ ██████████ in gross profit reflected in the statement of operations.

Unbilled revenue includes \$ ██████████ due from ██████████ at December 31, 2021.

(REDACTED)
SQF, LLC D/B/A TILSON INFRASTRUCTURE

Notes to Financial Statements

December 31, 2021 and 2020

6. Subsequent Events

Management has considered transactions or events occurring through July 15, 2022, the date the financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the financial statements.

EXHIBIT 6
(QUESTION 14)

PUBLIC VERSION
(Redacted)

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Applicant's Tentative Projected Income Statement Within the Commonwealth of Pennsylvania

(REDACTED)



Income Statement
PBI PA AssetCo LLC

Fiscal Year Ending December 31st
Reported in USD

	FY 2023	FY 2024
Revenue		
Total Revenue	██████████	██████████
Network Operating Expenses		
Total Network Operating Expenses	██████████	██████████
SG&A		
Total SG&A	██████████	██████████
EBITDA	██████████	██████████
EBITDA Margin	██████████ %	██████████ %
Depreciation and Amortization	██████████	██████████
Operating Income	██████████	██████████

EXHIBIT 7
(QUESTION 17)

Applicant's Certificate of Service

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I, Nicholas Bournakel, certify that I have this 2nd day of March, 2023, caused to be sent via overnight courier, a copy of the signed and verified Form PUC-377, "Application for Telecommunications Authority within the Commonwealth of Pennsylvania," on behalf of PBI PA AssetCo LLC to the following parties:

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

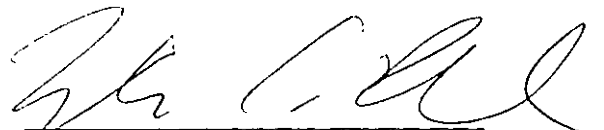
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101

Office of the Attorney General
Office of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Nicholas Bournakel

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