

Furnish this exhibit for EACH foreign principal listed in an initial statement  
and for EACH additional foreign principal acquired subsequently.

1. Name and address of registrant  Paul A. London and Associates, Inc.		2. Registration No.  3935
3. Name of foreign principal Hydro-Quebec	Michel Hannyoyr 126 East 56th Street New York, New York 10022	4. Principal address of foreign principal 75 Dorchester Boulevard West, Montreal, Quebec, Canada H2Z1A4

5. Indicate whether your foreign principal is one of the following type:

Foreign government

Foreign political party

Foreign or  domestic organization: If either, check one of the following:

Partnership

Committee

Corporation

Voluntary group

Association

Other (specify) \_\_\_\_\_

Individual—State his nationality \_\_\_\_\_

6. If the foreign principal is a foreign government, state:

a) Branch or agency represented by the registrant.

b) Name and title of official with whom registrant deals.

N/A

7. If the foreign principal is a foreign political party, state:

a) Principal address

b) Name and title of official with whom the registrant deals.

c) Principal aim

N/A

8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal

Electric utility of province of Quebec

b) Is this foreign principal

- Owned by a foreign government, foreign political party, or other foreign principal ..... Yes  No
- Directed by a foreign government, foreign political party, or other foreign principal..... Yes  No
- Controlled by a foreign government, foreign political party, or other foreign principal ..... Yes  No
- Financed by a foreign government, foreign political party, or other foreign principal ..... Yes  No
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal..... Yes  No
- Subsidized in part by a foreign government, foreign political party, or other foreign principal..... Yes  No

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

- Owned by Government of Quebec
- Government of Quebec has some ability to direct policies of the Corporation
- Control hard to define. Probably controls in broad sense

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Date of Exhibit A Feb 3, 87	Name and Title PRES PAUL A. LONDON PAZ HESSOR. Inc	Signature Paul A. London
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INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant

Paul A. London

Name of Foreign Principal

Hydro-Quebec

Check Appropriate Boxes:

1.  The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
2.  There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
3.  The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

Described in letter.

RECEIVED  
FEB 21 1984  
U.S. DEPARTMENT OF JUSTICE  
WASHINGTON, D.C. 20530

5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?<sup>1</sup>  
Yes  No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Date of Exhibit B

Feb. 3, 1987

Name and Title

PAUL A. LONDON  
Pres., PAL ASSOC.  
Inc.

Signature

Paul A. London

<sup>1</sup>Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

**PAUL A. LONDON AND ASSOCIATES, INC.**

**ECONOMIC AND ENERGY CONSULTING  
1250 CONNECTICUT AVE., N.W. (SUITE 800)  
WASHINGTON, D.C. 20036**

(202) 637-9126

To: Claude Descoteaux

August 6, 1986

From: Paul A. London

Subject: Proposal for a Six-Month Interim Retainer to Continue Assisting Hydro-Quebec in Washington.

\* Background.

- Under a contract which ran for eight months from November 8, 1985 until June 1, 1986, PAL and Associates Inc. prepared for Hydro-Quebec a report entitled "Developing Support in Washington for Expanded Hydro Exports to the Northeast." The report was read by Prime Minister Bourassa among others. The Prime Minister was kind enough to meet with me in March about the report, and I am pleased that he said the information and recommendations in it were concrete, specific and generally very useful.

- Following up the report, PAL and Associates has worked since February with Hydro Quebec's New York Office to implement the report's recommendations. It has helped established relationships between the New York office and key U.S. staff-level people in the executive branch and the Congress. A very successful trip to James Bay on July 29-30, sponsored by Kidder Peabody, opens new opportunities to build Hydro-Quebec's ties in Washington.

\* Goals of this Proposed Interim Contract.

- The leadership in the Hydro-Quebec's New York Office is about to change. P.A.L. and Associates obviously would like to continue the relationship begun last year with the Office. It seems most appropriate, however, to limit the duration of a new contract to an interim period of 6 months to give the new Vice President flexibility when he arrives.

- One important purpose of the new interim contract would be to introduce the new Vice President for U.S. Affairs to those who have already been contacted by you in Washington since November, 1985. A good base has been prepared which ought to be maintained. Monthly visits from the New York Office should be continued during the transition, and PAL and Associates proposes to continue to staff you and your replacement on these visits.

- The Report also recommends periodic visits by HQ personnel from Montreal as well as from the New York office. It would be good (most likely following internal discussions in New York and Montreal) to start organizing visits by people from Hydro-Quebec in Montreal to Washington during the next six months. Key people in Montreal may benefit from exposure here, e.g. people from

Hydro-Quebec's planning, marketing, and environmental staffs. PAL and Associates would be available to advise in this matter and to help with arrangements.

- It will be important during the transition period at the New York Office to follow-up on the successful James Bay trip. Senator Moynihan has indicated an interest in seeing the dams, and other congressional leaders will certainly be encouraged by their staffs to visit given the overwhelmingly positive impression staff members had of their visit.
- It also will be useful to consider visits by people from Washington to Hydro-Quebec's research facilities near Montreal. The kinds of research which would interest people from Washington would include work on reliability, environmental impacts, methods of transmission, etc..
- PAL and Associates has talked to a leading environmentalist here and relayed to him information on Hydro-Quebec from New York. This person has volunteered to arrange for Hydro-Quebec to brief leaders of eight important environmental groups in Washington. These groups could play an important role in any future effort to expand power exports. The Washington-based environmentalists have just begun to think about hydro-imports, and (after careful consideration of the issues within Hydro-Quebec) it might be useful to establish contacts with them during the next six months.
- In addition to the above, PAL and Associates would provide you and the new Vice President for U.S. Affairs with research papers on issues relevant to Hydro-Quebec's efforts in the Northeast, as part of a retainer contract to pursue the goals outlined above.

#### Costs.

- PAL and Associates, Inc. proposes to provide the above services between September 1, 1986 and February 28, 1987 for \$21,000 (\$3500 U.S. per month) plus travel and related expenses.
- It proposes that the \$21,000 be paid in two payments of \$10,500.00 each on September 1, 1986, at the opening of the contract, and at its conclusion on February 28, 1987. Payment requests from PAL and Associates will be accompanied by a summary of services rendered during the billing period.