

1 **Undertaking Request (U-90)**

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3 ***Transcript Reference: July 26, 2018, Pg. 152, line 23 to Pg. 154, line 23***

4 ***Re: Undertaking #78, Attachment 1***

5 Undertake to provide the amount in the test years associated with the fee that Hydro
6 forecast it will pay to Government associated with borrowing directly from the
7 Government.

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10 **Undertaking Response**

11 The debt guarantee fee expense is the same whether the funds are borrowed directly from
12 the capital markets versus Government borrowing in the capital markets and lending the
13 proceeds to Hydro.¹ The fall 2017 and the 2018 debt issuances² result in debt guarantee
14 fee expenses of \$2,000,000 in the 2018 Test Year and \$3,250,000 in the 2019 Test Year.
15 The corresponding amounts included in the Test Year revenue requirements, net of the
16 disallowed portion³, is \$865,000 in the 2018 Test Year and \$1,377,500 in the 2019 Test
17 Year.

¹ The debt guarantee fee expense is calculated by multiplying the face value of the debt issuance by the debt guarantee fee rate and is not impacted by the interest expense on the debt.

² The initial 2017 debt issuance of \$300 million was excluded as it was issued direct to the capital markets.

³ In accordance with the methodology agreed in the April 2018 Settlement Agreement.