

1 Q. **General Topics**

2 With the reference to Volume I, Chapter 4, Schedule 4-IV Page 1 of 1, please
3 provide a detailed description and calculations as to how Board Order P.U. 49
4 (2016) paragraph 11.7.1 impacts the debt guarantee fee forecast for the 2018 and
5 2019 test years.

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8 A. Board Order No. P.U. 49(2016) paragraph 11.7.1 resulted in 50% of the debt
9 guarantee fee forecast for the 2018 and 2019 Test Years being excluded from the
10 calculated embedded cost of debt. The 50% exclusion is shown on line 34, Schedule
11 4-IV Page 1 of 1, labeled "Less Interest Cost of Service Exclusions". Please refer to
12 IC-NLH-139, Attachment 1 for detailed calculations.

| Debt Guarantee for 2018 Test Year (\$000s) | | | | | | | | | | | |
|--|--------|---------------|---------------|-------------------|-------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------|---------------------|--|
| Year Issued | Series | Interest Rate | Maturity Date | Years to Maturity | Par Value Outstanding at 2017-12-31 | Book Value of NLH Holdings 2017-12-31 | Fair Value of Sinking Fund 2017-12-31 | Net Debt Outstanding at 2017-12-31 | Guarantee Fee Rate | Guarantee Fee | |
| 1996 | Y | 8.40% | 2026-02-27 | 8.17 | \$ 295,382 | \$ 31,365 | \$ 93,611 | \$ 170,406 | 0.50% | \$ 852 | |
| 2001 | AB | 6.65% | 2031-08-27 | 13.67 | \$ 305,265 | \$ 12,439 | \$ 74,888 | \$ 217,938 | 0.50% | \$ 1,090 | |
| 2003 | AD | 5.70% | 2033-07-14 | 15.55 | \$ 123,869 | \$ 1,648 | \$ 30,809 | \$ 91,412 | 0.50% | \$ 457 | |
| 2014/2017 | AF | 3.60% | 2045-12-01 | 27.94 | \$ 480,021 | \$ - | \$ - | \$ 480,021 | 0.50% | \$ 2,400 | |
| 2017 | NEW | 4.18% | 2047-11-01 | 29.85 | \$ 300,000 | \$ - | \$ - | \$ 300,000 | 0.50% | \$ 1,500 | |
| 2017 | NEW | 3.40% | 2027-11-01 | 9.84 | \$ 200,000 | \$ - | \$ - | \$ 200,000 | 0.25% | \$ 500 | |
| Promissory Notes | | | | | | | | \$ 223,854 | 0.25% | \$ 560 | |
| Forecast Debt Guarantee Fee | | | | | | | | | | (A) \$ 7,359 | |
| Cost of Service Exclusions (A * 50 %) | | | | | | | | | | \$ 3,680 | |

| Debt Guarantee for 2019 Test Year (\$000s) | | | | | | | | | | | |
|--|--------|---------------|---------------|-------------------|-------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------|---------------------|--|
| Year Issued | Series | Interest Rate | Maturity Date | Years to Maturity | Par Value Outstanding at 2018-12-31 | Book Value of NLH Holdings 2018-12-31 | Fair Value of Sinking Fund 2018-12-31 | Net Debt Outstanding at 2018-12-31 | Guarantee Fee Rate | Guarantee Fee | |
| 1996 | Y | 8.40% | 2026-02-27 | 7.17 | \$ 295,795 | \$ 33,287 | \$ 99,961 | \$ 162,547 | 0.50% | \$ 813 | |
| 2001 | AB | 6.65% | 2031-08-27 | 12.67 | \$ 305,013 | \$ 12,923 | \$ 80,718 | \$ 211,372 | 0.50% | \$ 1,057 | |
| 2003 | AD | 5.70% | 2033-07-14 | 14.55 | \$ 123,916 | \$ 1,655 | \$ 33,189 | \$ 89,072 | 0.50% | \$ 445 | |
| 2014/2017 | AF | 3.60% | 2045-12-01 | 26.94 | \$ 480,429 | \$ - | \$ - | \$ 480,429 | 0.50% | \$ 2,402 | |
| 2017 | NEW | 4.18% | 2047-11-01 | 28.85 | \$ 300,000 | \$ - | \$ - | \$ 300,000 | 0.50% | \$ 1,500 | |
| 2017 | NEW | 3.40% | 2027-11-01 | 8.84 | \$ 200,000 | \$ - | \$ - | \$ 200,000 | 0.25% | \$ 500 | |
| 2018 | NEW | 4.25% | 2048-02-01 | 29.11 | \$ 250,000 | \$ - | \$ - | \$ 250,000 | 0.50% | \$ 1,250 | |
| Promissory Notes | | | | | | | | \$ 114,927 | 0.25% | \$ 287 | |
| Forecast Debt Guarantee Fee | | | | | | | | | | (A) \$ 8,254 | |
| Cost of Service Exclusions (A * 50 %) | | | | | | | | | | \$ 4,127 | |