

1     Q.     Further to response to Request for Information NP-NLH-026:  
2           *Section 32 – Guarantee Fee*, of the *Hydro Corporation Act* (1990) required Hydro to  
3           “pay annually to the Minister of Finance a fee in respect of loans guaranteed by the  
4           Minister of Finance under [the] Act”. The *Hydro Corporation Act* (1990) has since  
5           been repealed. The most current legislation, the *Hydro Corporation Act, 2007*, has  
6           no provision for payment of a debt guarantee fee from Hydro to the Minister of  
7           Finance as proposed by Hydro in its 2013 General Rate Application.  
8           Hydro’s response to Request for Information PUB-NLH-058 included Order in  
9           Council OC2011-218 that specifically refers to Sections 21 to 25 of the *Hydro*  
10          *Corporation Act, 2007* as the basis of a debt guarantee fee. Given the repeal of the  
11          specific provision for a debt guarantee fee, explain how Hydro justifies the inclusion  
12          of a debt guarantee fee in its test year costs?

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15     A.     The payment of the debt guarantee fee is justified on the basis of it being a  
16           government policy as stated in an Order in Council (see PUB-NLH-058 Attachment  
17           1) and because it is a reasonable fee for the debt guarantee which has given value  
18           to the ratepayers by lowering Hydro’s borrowing costs.