

1 Q. **2013 General Rate Application, Finance**

2 Page 3.4, lines 20-21 - It is stated that in 2011 Government directed that the debt
3 guarantee fee be reinstated at market rates. Provide a copy of this direction.

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6 A. Please see PUB-NLH-058 Attachment 1.

Executive
Council



Newfoundland
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of the Committee of the Executive Council of Newfoundland and
Labrador approved by His Honour the Lieutenant-Governor on*

2011/08/23

OC2011-218

MC2011-0403. NR2011-018. EPC2011-042.

Under the authority of sections 21 to 25 of the Hydro Corporation Act, 2007, the Lieutenant Governor in Council is pleased to direct that the Debt Guarantee Fee paid to Government by Newfoundland and Labrador Hydro for fiscal year 2010-11 and future years be established as follows:

- i) Commencing in 2011, NLH shall, not later than March 31 of each year, pay to Government of Newfoundland and Labrador an annual guarantee fee, said fee to be determined by applying a guarantee fee rate to the balance of obligations of NLH, net of related sinking funds, guaranteed by the Province of Newfoundland and Labrador (Province) and outstanding as at December 31 of the immediately preceding year as reported in Hydro's audited financial statements;
- ii) For debt outstanding as of December 31, 2010, the guarantee fee rate shall be 25 basis points in respect to those obligations that had a remaining term to maturity as of December 31, 2010 of less than or equal to 10 years and 50 basis points in respect to those obligations that had a remaining term to maturity as of December 31, 2010 of greater than 10 years;
- iii) For debt issued subsequent to December 31, 2010, the guarantee fee rate shall be 25 basis points in respect to those obligations with an original term to maturity of less than or equal to 10 years and 50 basis points in respect to those obligations with an original term to maturity greater than 10 years;
- iv) These rates so assigned shall remain in effect until the next period of review as considered appropriate by the Minister of Finance. Approval of the Lieutenant Governor

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in Council will be required in instances where a subsequent review suggests a guarantee fee rate of greater than 100 basis points; and

v) The guarantee fee so levied shall be in relation to the guarantee as provided on all guaranteed debt outstanding for the calendar year in which the fee is levied.

A handwritten signature in cursive script, reading "Robert C. Thompson".

Clerk of the Executive Council