

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

2 Page 3.5, lines 8-9 - It is stated that the debt guarantee fee is in the range of 25-50  
3 basis points per issue, depending on the remaining term to maturity. Provide a  
4 calculation of the debt guarantee fee included in the 2013 Test Year Revenue  
5 Requirement that shows how the amount of the fee was determined.

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8 A. Please refer to PUB-NLH-060 Attachment 1 (Revision 1), which has been updated  
9 for the 2014 and 2015 Test Years.

## Newfoundland and Labrador Hydro 2014-2015 Debt Guarantee Fee

### Rates

Remaining term to maturity of less than ten years	0.25%
Remaining term to maturity greater than ten years	0.50%

### Calculation

Long-term Debt Issues						Sinking Funds				
Year Issued	Series	Interest Rate	Maturity Date	Years to Maturity	Balance as of 31-Dec-2013	Sinking Fund NLH Issues 31-Dec-2013	Sinking Fund Other Issues 31-Dec-2013	Net Debt 31-Dec-2013	Guarantee Fee Rate	Guarantee Fee
1989	V	10.500%	15-Jun-2014	0.45	\$ 124,945,038	\$ (50,944,845)	\$ (73,402,486)	\$ 597,707	0.25%	\$ 1,494
2006	AE	4.300%	13-Oct-2016	2.79	224,399,743	-	-	224,399,743	0.25%	560,999
1992	X	10.250%	14-Jul-2017	3.54	149,539,109	(12,892,092)	(70,279,832)	66,367,185	0.25%	165,918
1996	Y	8.400%	27-Feb-2026	12.17	294,037,038	(23,652,630)	(61,204,159)	209,180,249	0.50%	1,045,901
2001	AB	6.650%	27-Aug-2031	17.67	306,128,672	(6,104,103)	(45,198,566)	254,826,004	0.50%	1,274,130
2003	AD	5.700%	14-Jul-2033	19.55	123,706,305	(354,689)	(17,525,289)	105,826,327	0.50%	529,132
					\$ 1,222,755,905	\$ (93,948,359)	\$ (267,610,332)	\$ 861,197,215		\$ 3,577,574
Promissory Notes =====>								\$ 41,000,000	0.25%	\$ 102,500
								<b>2014 Debt Guarantee Fee (Actual) =====&gt;</b>		<b>\$ 3,680,074</b>
								<b>2014 Debt Guarantee Fee as per Finance, Section 3: Schedule 1, Page 10 of 11 =====&gt;</b>		<b>\$ 3,683,000</b>
								<b>Difference</b>		<b>\$ (2,926) Note 1</b>

Long-term Debt Issues						Sinking Funds				
Year Issued	Series	Interest Rate	Maturity Date	Years to Maturity	Balance as of 31-Dec-2014	Sinking Fund NLH Issues 31-Dec-2014	Sinking Fund Other Issues 31-Dec-2014	Net Debt 31-Dec-2014	Guarantee Fee Rate	Guarantee Fee
2006	AE	4.300%	13-Oct-2016	1.79	\$ 224,606,791	\$ -	\$ -	\$ 224,606,791	0.25%	\$ 561,517
1992	X	10.250%	14-Jul-2017	2.54	149,653,858	(13,819,228)	(75,530,176)	60,304,454	0.25%	150,761
1996	Y	8.400%	27-Feb-2026	11.17	294,332,662	(25,561,737)	(69,532,279)	199,238,646	0.50%	996,193
2001	AB	6.650%	27-Aug-2031	16.67	305,932,611	(6,473,496)	(54,253,466)	245,205,649	0.50%	1,226,028
2003	AD	5.700%	14-Jul-2033	18.55	123,743,707	(373,193)	(21,221,049)	102,149,465	0.50%	510,747
2014	AF	3.600%	15-Jun-2045	30.48	200,000,000	-	-	200,000,000	0.50%	1,000,000
					\$ 1,298,269,629	\$ (46,227,654)	\$ (220,536,970)	\$ 1,031,505,005		\$ 4,445,246
Promissory Notes =====>								\$ 145,564,000	0.25%	363,910
								<b>2015 Debt Guarantee Fee (Forecast) =====&gt;</b>		<b>\$ 4,809,156</b>
								<b>2015 Debt Guarantee Fee as per Finance, Section 3: Schedule 1, Page 10 of 11 =====&gt;</b>		<b>\$ 4,447,000</b>
								<b>Difference</b>		<b>\$ 362,156 Note 2</b>

**Note 1:** Difference of \$2,926 is not considered to be significant

**Note 2:** There was an error of \$362,157 in Hydro's Amended Application, which has no material impact on rates as filed. However, Hydro proposes that it make the appropriate adjustment upon finalization of rates.