

Undertaking 178

Page 25, line 1 to Page 31, line 15

Re: Undertaking 139

Undertake, with respect to the analysis showing, what the fee would be if the fee was selected at the midpoint of the range of each of these two ranges that are here. So the midpoint of the range for short term between 31.7 and 33, and 14 the midpoint of between 35.6 and 47.8 for long term.

Please see Undertaking 178, Attachment 1, which shows the net result of the above noted adjustments is a reduction of \$2.5 million relative to the amount currently included in the 2015 Test Year interest expense.

Debt Guarantee Fee for 2015 Test Year
Based on Net Debt Outstanding as of December 31, 2014
With Debt Guarantee Fee Rates as Per Undertaking 178

Guarantee Fee Rates Used in Calculation

Long-Term Debt

For long-term debt, used mid-point of 35 - 47 basis points (41 basis points) and adjusted for equal apportioning of benefits between the guarantor and beneficiary, yielding an effective rate of 20.5 basis points (41 basis points * 50%).

	[a]	[b]	[c]	[d] = [a] - [b] - [c]	[e]	[d] * [e]			
Series	Year Issued	Maturity Date	Years to Maturity	Par Value Outstanding	Book Value of NLH Holdings	Fair Value of Sinking Funds	Net Debt Outstanding	Guarantee Fee Rate	Guarantee Fee
AE	2006	2016-10-13	1.8	224,607	-	-	224,607	0.16175%	363
X	1992	2017-07-14	2.5	149,654	13,819	75,698	60,136	0.16175%	97
Y	1996	2026-02-27	11.2	294,333	25,562	69,532	199,239	0.20500%	408
AB	2001	2031-08-27	16.7	305,933	6,473	54,253	245,206	0.20500%	503
AD	2003	2033-07-14	18.5	123,744	373	21,052	102,318	0.20500%	210
AF	2014	2045-06-15	30.5	200,000	-	-	200,000	0.20500%	410
				1,298,270	46,228	220,536	1,031,506		1,991

Short-term Debt

For short-term debt, used mid-point of 31.7 - 33 basis points (32.35 basis points) and adjusted for equal apportioning of benefits between the guarantor and beneficiary, yielding an effective rate of 16.175 basis points (32.35 basis points * 50%).

Result

The above noted adjustments result in a debt guarantee fee of \$1,991,000, which represents a reduction of \$2,456,000 relative to the amount currently included in the 2015 Test Year (\$4,447,000).