

1 **Undertaking Request (U-78)**

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3 ***Transcript Reference: July 25, 2018***

4 Undertake to provide the correspondence with government indicating the requirement to
5 pay the 'debt guarantee' fee

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7 **Undertaking Response**

8 Please refer to U-78, Attachment 1.

March 29, 2018

Lisa Hutchens
Newfoundland and Labrador Hydro

Dear Ms. Hutchens:

Re: Debt Guarantee Fee for 2017-18 Borrowing

The Province issued OC2017-347 on December 4, 2017 which provided the authorization to lend Newfoundland and Labrador Hydro (“Hydro”) directly up to \$700 million “on such terms and conditions as to form, rates of interest, and terms to maturity as the Minister of Finance, as agent of Government, may determine, on a cost recovery basis”. On December 11, 2017, the Board of Commissioners of Public Utilities approved the Application of Hydro to issue up to \$700 million of indebtedness directly to the Province.

The Minister of Finance, on behalf of the Government of Newfoundland and Labrador, and under the authorization provided by OC2017-347, hereby authorizes and requires a payment from Newfoundland and Labrador Hydro of a debt guarantee fee calculated using the same terms and conditions as presented under OC2011-218 for debt on-lent to Hydro under the authorization of OC2017-347. The rate obtained by Government in the capital markets, with the inclusion of the debt guarantee fee, represents the least cost option for Hydro and its ratepayers.

Sincerely,



Denise Hanrahan, CPA, MBA, ICD.D
Deputy Minister