

1 Q. (Reference 2017 GRA Volume I, Schedule 4 – IV) Regarding the debt guarantee fee  
2 (line 30), what rate is charged and what has been the rate over the years since  
3 2001? Also, do other Crown owned electric utilities include the guarantee fees in  
4 their calculation of embedded costs of debt and, if so, at similar rates?

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7 A. The debt guarantee fee rate charged from 2001 to 2007 was 1% of Hydro’s net debt  
8 outstanding. From 2008 to 2010 Government waived Hydro’s requirement to pay  
9 the debt guarantee fee. The fee was reinstated in 2011, via an Order in Council,  
10 which directed Hydro to pay a guarantee fee of 25 basis points annually on the total  
11 guaranteed debt (net of sinking funds) with a remaining term to maturity of less  
12 than 10 years and 50 basis points annually on total guaranteed debt (net of sinking  
13 funds) with a remaining term to maturity greater than 10 years for debt  
14 outstanding as of December 31, 2010. For guaranteed debt issued subsequent to  
15 December 31, 2010, Hydro pays 25 basis points annually on the total guaranteed  
16 debt (net of sinking funds) with an original term to maturity of less than 10 years  
17 and 50 basis points annually on total guaranteed debt (net of sinking funds) with an  
18 original term to maturity greater than 10 years.

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Hydro canvassed a number of other crown-owned electric utilities to enquire about  
practices in their respective jurisdictions. The results are provided in Table 1.

**Table 1 Crown-Owned Electric Utilities – Debt Guarantee Fees**

<b>Crown Utility</b>	<b>Fees</b>
Manitoba Hydro	Manitoba Hydro pays a guarantee fee of 1.00% annually, which is recovered in rates
SaskPower	No fees paid to Province of Saskatchewan
NB Power	NB Power pays a guarantee fee of 0.65% annually, which is recovered in rates.
Hydro-Quebec	Hydro-Quebec pays a guarantee fee of 1.00% annually, which is recovered in rates.