

**Undertaking 139**

- (a) Undertake to provide a calculation using the assumption that the Board accepted Grant Thornton's opinion...and that the debt guarantee fee for the long term should be between the 35 and 47 basis points with a 50/50 cost savings...calculate what that fee should be...**
- (b) Further to debt guarantee fee – Undertake to get one for the short term debt as well, the basis points assuming there is a 50/50 split of the savings.**

Please see Undertaking 139, Attachment 1, which shows that the net result of the above noted adjustments is a reduction of \$2.6 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 139 Parts A and B**

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	0.125%	281
X	1992	2017-07-14	2.5	149,654	13,819	75,698	60,136	0.125%	75
Y	1996	2026-02-27	11.2	294,333	25,562	69,532	199,239	0.205%	408
AB	2001	2031-08-27	16.7	305,933	6,473	54,253	245,206	0.205%	503
AD	2003	2033-07-14	18.5	123,744	373	21,052	102,318	0.205%	210
AF	2014	2045-06-15	30.5	200,000	-	-	200,000	0.205%	410
				1,298,270	46,228	220,536	1,031,506		1,887

**Result**

The above noted adjustments result in a debt guarantee fee of \$1,887,000, which represents a reduction of \$2,560,000 relative to the amount currently included in the 2015 Test Year (\$4,447,000)

**Short Term Debt**

For short-term debt, used 25 basis points and adjusted for equal apportioning of benefits between the guarantor and beneficiary, yielding an effective rate of 12.5 basis points.