Q. **Reference: Volume 1, Schedule D-IV**

Hydro provides (Schedule D-IV)) a summary of the composition of Hydro's total debt from the 2019 Test Year to the 2027 Test Year.

a) Summarize the terms (interest rate and repayment) of the promissory notes included in Schedule D-IV and indicate if the related interest rate is a variable rate or fixed rate.

b) Identify any of the debt series provided in Schedule D-IV that are long-term variable rate debt.

c) Provide a schedule from the 2019 Test Year to the 2027 Test Year that calculates the % of Hydro's total debt portfolio that is comprised of short-term variable rate debt and long-term variable rate debt.

d) Provide Hydro's policy and financial guidelines with respect to limits on the use of variable rate debt in its debt portfolio.

A. **a)** Please refer to Table 1.

Table 1: Promissory Notes/CORRA[1] Details Included in Schedule D-IV[2]

Date	Product	Issue Date	Amount (S000's)	Interest Rate[3]	Maturity
2019 Test Year	Promissory Note	Forecast - no issue date assigned	291,681	2.573% Fixed Rate Forecasted	Forecast - no maturity date assigned
2019 Acutal	Promissory Note	20-Dec-19	233,000	1.820% Fixed Rate	7-Jan-20
2020 Actual	Promissory Note	1-Dec-20	107,000	0.180% Fixed Rate	4-Jan-21
	Promissory Note	1-Dec-20	110,000	0.170% Fixed Rate	4-Jan-21
	Promissory Note	9-Dec-20	45,000	0.165% Fixed Rate	4-Jan-21
		Total	262,000		
2021 Actual	Promissory Note	20-Dec-21	14,000	0.190% Fixed Rate	10-Jan-22
	Promissory Note	23-Dec-21	41,000	0.200% Fixed Rate	10-Jan-22
		Total	55,000		
2022 Actual	Promissory Note	20-Dec-22	131,000	4.270% Fixed Rate	3-Jan-23
2023 Actual	Promissory Note	20-Dec-23	200,000	5.165% Fixed Rate	2-Jan-24
	Promissory Note	20-Dec-23	30,000	5.150% Fixed Rate	2-Jan-24
		Total	230,000		
2024 Actual	Promissory Note	20-Dec-24	50,000	3.305% Fixed Rate	2-Jan-25
	Promissory Note	20-Dec-24	50,000	3.335% Fixed Rate	2-Jan-25
	Promissory Note	20-Dec-24	50,000	3.360% Fixed Rate	2-Jan-25
	Promissory Note	20-Dec-24	150,000	3.330% Fixed Rate	2-Jan-25
	CORRA	20-Dec-24	290,000	4.090% Fixed Rate	2-Jan-25
		Total	590,000		
2025 Forecast	Promissory Note	Forecast - no issue date assigned	279,853	2.538% Fixed Rate Forecasted	Forecast - no maturity date assigned
2026 Forecast	Promissory Note	Forecast - no issue date assigned	245,261	2.305% Fixed Rate Forecasted	Forecast - no maturity date assigned
2027 Test Year	Promissory Note	Forecast - no issue date assigned	215,969	2.780% Fixed Rate Forecasted	Forecast - no maturity date assigned

b) Schedule D-IV of Newfoundland and Labrador Hydro's ("Hydro") 2026 General Rate Application does not include any long-term variable-rate debt series.

c) Short-term variable-rate debt and long-term variable-rate debt represent 0% of Hydro's total debt portfolio.

[1] Canadian Overnight Repo Rate Average ("CORRA").
[2] Short-term borrowings consist of promissory note borrowings and draws on the credit facility, which are priced based on CORRA.
[3] The fixed-rate forecasts for 2025, 2026, and 2027 were determined based on the average quarterly forecasted 3-month Government of Canada T-bill rate published by Canadian financial institutions, plus Hydro's corporate assumption for the applicable forecasted Hydro credit spread.

d) Hydro does not have a prescribed target percentage allocation or standalone limit for variable-rate debt within its debt portfolio. Hydro’s debt management is focused on maintaining a prudent and cost-effective debt portfolio while managing exposure to interest rate risk. The use of variable-rate debt is considered within the context of overall portfolio risk, market conditions, liquidity requirements, and the objective of maintaining stability and predictability in financing costs.