Q. **Reference: Reference: Schedule D-IV (Volume 1, page 238); Schedule D-II (pages 233, 235); Schedule D-III (page 237)**

State the basis-point rate (or other rate basis) at which the Debt Guarantee Fee is calculated, and identify the specific legal instrument (statute, Order in Council, guarantee agreement, or other instrument) under which the Government of Newfoundland and Labrador guarantees Hydro's debt and charges this fee. Provide the fee's calculation basis, the governing instrument in full or by citation, and confirm whether the rate has changed at any point in the 2019-2027 period shown in Schedule D-IV.

A. The province of Newfoundland and Labrador charges Newfoundland and Labrador Hydro ('Hydro") a Debt Guarantee Fee based on the amount of guaranteed debt outstanding as directed by Cabinet through Order in Council OC2011-218[1] and the debt on-lent to Hydro as directed through Orders in Council OC2020-273[2] and OC2025-247.[3] The fee is calculated by applying the applicable guarantee fee rate to the applicable balance of obligations, net of related sinking funds, outstanding at December 31 of the preceding year, as reported in Hydro's annual financial statements. The fee is payable on or before March 31 of each year. The fee is:

- 25 basis points (0.25%) per annum on debt with an original term to maturity (or, for debt outstanding as of December 31, 2010, remaining term to maturity) of ten years or less; and
- 50 basis points (0.50%) per annum on debt with an original term to maturity (or, for debt outstanding as of December 31, 2010, remaining term to maturity) of greater than ten years.

[1] Government of Newfoundland and Labrador, *Order in Council OC2011-218*, August 23, 2011.
[2] Government of Newfoundland and Labrador, *Order in Council OC2020-273*, December 7, 2020.
[3] Government of Newfoundland and Labrador, *Order in Council OC2025-247*, August 26, 2025.

Hydro's promissory notes and debentures are unsecured obligations that are unconditionally guaranteed by the Government of Newfoundland and Labrador as to principal, interest and, where applicable, sinking fund payments or are on-lent from the province on the same terms and conditions as the province is able to obtain in the markets. The authority for the province to provide guarantees is set out in the *Hydro Corporation Act, 2024*[4] (formerly the *Hydro Corporation Act, 2007)*, which authorizes the Minister of Finance, subject to approval of the Lieutenant-Governor in Council, to guarantee Hydro's borrowings. Individual borrowings and related guarantees are authorized through applicable Orders in Council issued under the *Hydro Corporation Act, 2024*.

The Debt Guarantee Fee rates have not changed during the 2019–2027 period as shown in Schedule D-IV of Hydro’s 2026 General Rate Application. While the amount of guarantee fee recorded varies from year to year as guaranteed debt balances change, the underlying fee rates remained unchanged throughout the period.

[4] *Hydro Corporation Act, 2024*, SNL 2024, c. H-18, s. 39.