

COST OF CAPITAL AND CAPITAL STRUCTURE

EXHIBIT 5



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1 **List of Attachments**

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- 3 Attachment 5-B: Town of Tecumseh – Note Payable 2
- 4 Attachment 5-C: Debt Instruments
- 5 Attachment 5-D: Cost of Capital and Capital Structure

1 5.1 Capital Structure

2 5.1.1 Overview

3 This Exhibit summarizes the method and cost of financing capital requirements for the 2025 Test Year.
4 EPLC has followed the Report of the Board on Cost of Capital for Ontario's Regulated Utilities (the "Cost
5 of Capital Report") dated December 11, 2009, to determine its capital structure and relied on the Board's
6 letter titled *Cost of Capital Parameter Updates for 2024 Applications* dated October 31, 2023, for the cost
7 of capital parameters.

8 Table 5-1: Cost of Capital

9

Cost of Capital Parameter	Value for Applications for Rate Changes in 2024
ROE	9.21%
Deemed LT Debt Rate	4.58%
Deemed ST Debt Rate	6.23%

10

11 EPLC acknowledges and understands that these rates are subject to change at such time that the 2025
12 Cost of Capital parameters are issued by the OEB.

13 EPLC has completed its application with a deemed capital structure of 56% Long Term Debt, 4% Short
14 Term Debt, and 40% Equity in accordance with the OEB issued documentation listed above.

15 In summary, EPLC is requesting the following for the 2025 Test Year: a deemed interest expense of
16 \$1,815,791 and a deemed return on equity of \$3,074,726 for a total regulated rate of return on capital of
17 \$4,890,516.

18

19 5.2 Cost of Capital

20 5.2.1 Cost of Long-Term Debt

21 For the purpose of this Application, EPLC has utilized its actual Long-Term Debt Rate of 3.44% which is
22 lower than the Board prescribed deemed rate of 4.58% issued by the Board on October 31, 2023. EPLC's
23 Affiliate Debt Instruments are provided as Attachments 5-A and 5-B. Attachment 5-C provides a summary
24 of all Debt Instruments and is consistent with Board Appendix 2-OB.

1 Attachment 5-C, consistent with values in Board Appendix 2-OB includes planned additional debt to be
2 secured in December of 2024 of \$4MM. The noted interest rate on this new debt instrument is forecast
3 at 4.88%, based on a quote received March 25, 2024, from EPLC primary lender, TD Bank.

4 EPLC acknowledges and understands that the Long-Term Debt rate used for affiliate debt is subject to
5 change at such time that the 2025 Cost of Capital parameters are issued by the OEB.

6 **5.2.2 Cost of Short-Term Debt**

7 For the purpose of this Application, EPLC has utilized and is requesting the Deemed Short-Term Debt Rate
8 of 6.23% issued by the OEB October 31, 2023.

9 EPLC acknowledges and understands that the Short-Term Debt rate is subject to change at such time that
10 the 2025 Cost of Capital parameters are issued by the OEB.

11 **5.2.3 Return on Equity**

12 For the purpose of this Application, EPLC has utilized and is requesting the Return on Equity Rate of 9.21%
13 issued by the OEB October 31, 2023.

14 EPLC acknowledges and understands that the Return on Equity is subject to change at such time that the
15 2025 Cost of Capital parameters are issued by the OEB.

16 **5.2.4 Profit or Loss on Redemption of Debt and/or Preferred Shares**

17 EPLC has not redeemed any debt and does not have any preferred shares therefore this filing requirement
18 is not applicable.

19 **5.2.5 Notional Debt**

20 For 2025, EPLC is currently estimating its average long-term debt balance at \$38,682,209. EPLC's deemed
21 long-term debt is \$46,736,652 which results in positive notional debt of \$8,054,443. EPLC understands
22 the notional debt should attract the weighted average cost of actual long-term debt.

23 **5.2.6 Weighted Average Cost of Capital**

24 Table 5-2 below demonstrates EPLC's previously OEB Approved capital structure consistent with the OEB
25 Appendix 2-OA, along with EPLC's proposed capital structure for the 2025 Test Year. Appendix 2-OA is
26 attached to this Exhibit as Attachment 5-D. EPLC is requesting a Weighted Average Cost of Capital of 5.86%
27 on a proposed Rate Base of \$83,461,607 resulting in a Return on Rate Base of \$4,890,516. Further details
28 on Rate Base are provided in Exhibit 2 of this Application.

1 **Table 5-2: EPLC Capital Structure and Cost of Capital**

Test Year: <u>2025</u>					
Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$46,738,500	3.44%	\$1,607,804
2	Short-term Debt	4.00%	\$3,338,464	6.23%	\$207,986
3	Total Debt	60.0%	\$50,076,964	3.63%	\$1,815,791
	Equity				
4	Common Equity	40.00%	\$33,384,643	9.21%	\$3,074,726
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$33,384,643	9.21%	\$3,074,726
7	Total	100.0%	\$83,461,607	5.86%	\$4,890,516

Last OEB-approved year: <u>2018</u>					
Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$32,498,766	3.69%	\$1,199,204
2	Short-term Debt	4.00%	\$2,321,340	2.29%	\$53,159
3	Total Debt	60.0%	\$34,820,107	3.60%	\$1,252,363
	Equity				
4	Common Equity	40.00%	\$23,213,404	9.00%	\$2,089,206
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$23,213,404	9.00%	\$2,089,206
7	Total	100.0%	\$58,033,511	5.76%	\$3,341,570

2

3

4 **5.2.7 Historical ROE**

5 Table 5-3 below depicts EPLC's historical Return on Equity (ROE) achieved for the years 2017-2023.

6 **Table 5-3: Historical Return on Equity**

7

Year	ROE Achieved
2018	8.11%
2019	7.30%
2020	6.14%
2021	6.79%
2022	6.09%
2023	4.50%

1

2

5.3 Not for Profit Corporations

3

EPPLC is a for profit corporation therefore this filing requirement is not applicable.

ATTACHMENTS

Attachment 5-A

Town of Tecumseh – Note Payable 1

The Corporation of the Town of Tecumseh

By-Law Number 2022-085

Being a by-law to authorize the execution of a Long Term Financing Agreement with The Corporation of the Town of Tecumseh and Essex Powerlines Corporation

Whereas Essex Powerlines Corporation (EPL) is duly incorporated pursuant to Section 142, Schedule A of the Electricity Act, 1998;

And Whereas The Corporation of the Town of Tecumseh (Town) is duly incorporated pursuant to an Order by the Ministry of Municipal Affairs and Housing dated November 19, 1997;

And Whereas the parties have agreed that the Town holds a promissory note dated June 1, 2000;

And Whereas the Town is a shareholder of EPL and operates as separate corporate entities, notwithstanding the provisions of a Long Term Financing Agreement and other agreements that the parties may enter into from time to time;

And Whereas pursuant to the Municipal Act, S.O. 2001, c.25 s.5(3), the powers of a municipality shall be exercised by by-law;

Now Therefore the Council of The Corporation of The Town of Tecumseh enacts as follows:

1. **That** the Mayor and the Clerk be and they are hereby authorized and empowered on behalf of The Corporation of the Town of Tecumseh, to execute a Long Term Financing Agreement with Essex Powerlines Corporation, dated the 11th day of October, 2022, a copy of which Long Term Financing Agreement is attached hereto and forms part of this By-law, and to do such further and other acts which may be necessary to implement the said Long Term Financing Agreement.
2. **That** this By-law shall come into full force and take effect on the date the third and final reading thereof.

Read a first, second, third time and finally passed this 22nd day of November, 2022.



Gary McNamara, Mayor

Jennifer Alexander

Signed with ConsignO Cloud (2022/11/29)
Verify with verifio.com or Adobe Reader.



Jennifer Alexander, Acting Clerk

LONG TERM FINANCING AGREEMENT

THIS AGREEMENT made this 11th day of October, 2022

BETWEEN:

THE CORPORATION OF THE TOWN OF TECUMSEH

(hereinafter referred to as "**The Town**")

OF THE FIRST PART

and

ESSEX POWERLINES CORPORATION

(hereinafter referred to as "**EPL**")

OF THE SECOND PART

WHEREAS EPL is duly incorporated pursuant to Section 142, Schedule A of the Electricity Act, 1998;

AND WHEREAS The Town is duly incorporated pursuant to The Ministry of Municipal Affairs and Housing Order;

AND WHEREAS the parties have agreed that The Town holds a promissory note dated June 1, 2000;

AND WHEREAS The Town is an ultimate shareholder of EPL and operate as separate corporate entities, notwithstanding the provisions of this Agreement and other agreements that the parties may enter into from time to time;

AND WHEREAS the parties shall consult as frequently as may be desirable to ensure declarations and intentions are known;

NOW THEREFORE IN CONSIDERATION the parties have agreed that The Town will hold a loan for the sum of **\$1,544,408** dollars of lawful money of Canada (hereinafter referred to as the original loan principal, the receipt and sufficiency of which is hereby expressly acknowledged), the Parties covenant and agree, with each other, as follows;

1. Prior Agreements

All other agreements regarding the matters contained in this agreement, whether oral or written are terminated.

2. Term

The term of this Agreement shall be from January 1, 2023 to and including December 31, 2027 and year by year thereafter until there is no outstanding loan principal unless EPL gives notification, of not less than one year, in writing to The Town that EPL wishes to end the agreement at which time EPL will pay the remaining loan principal and interest prior to the end of the Agreement.

3. Repayment Schedule

- 3.01 EPL shall pay The Town annually not more than twenty percent (20%) of the original loan principal in the first year of this agreement and not more than twenty percent (20%) thereafter subject to article 3.03 and 3.04.
- 3.02 The Town may defer the payment in any year to a subsequent year and EPL shall pay The Town the deferred payment or payments in addition to the current year's annual payment subject to article 3.03 and 3.04.
- 3.03 The Town shall notify EPL, by March 1 or the 1st business day thereafter in the year that payment is due of The Town's intention to receive payment as per article 3.01 and 3.02.
- 3.04 EPL shall notify The Town by July 1 or the 1st business day thereafter of EPL's intention to make payment or partial payment as per article 3.01 and 3.02 by October 1 or the business day thereafter in the year that payment is due.
- 3.05 The Town may request payment, and EPL will make payment, of the entire outstanding loan principal by notifying EPL by March 1 that The Town wishes payment to be made by March 1 of the following year conditional on EPL's ability to make distributions according to the "Unanimous Shareholders Agreement" which classifies this agreement as a "Second Tier Loan".

4. Interest

Interest means the rate paid for use of the outstanding loan principal calculated at 4.00% per annum of the loan principal calculated annually and payable to The Town by the 20th business day following the calendar year end.

5. Arbitration

- 5.01 The parties agree to consult with each other and to negotiate in good faith to resolve any differences or disputes which either party may have relating to the interpretation, application or implementation of this agreement, or any dispute which may arise over any costs, fees or other costs incurred and failing agreement the parties agree to resolve their disputes by arbitration as provided in Article 5.02.

- 5.02 Arbitration of a dispute shall be commenced by written notice by a party requesting arbitration to the other, which notice shall identify the issue or issues it wishes to submit to arbitration. Within thirty (30) days of the date of the notice, the Parties shall agree upon a single arbitrator and failing agreement then each party shall appoint an arbitrator and the two appointees shall within 45 days of the date of the notice of arbitration appoint a third person who shall act as Chair of the arbitration panel, and failing agreement the Chair shall be appointed by a judge of the Superior Court of Ontario pursuant to the provisions of the Arbitration's Act, RSO 1991 c.A.17.
- 5.03 The commencement of the arbitration and all rules of procedure for the arbitration shall be by agreement of the Parties, or failing agreement, as determined by the arbitrator or Chair of the arbitrator panel. The provisions of the Arbitration's Act, RSO 1991 c.A.17, as amended or any successor legislation shall apply to the arbitration.
- 5.04 All decisions of the arbitrator or arbitrators, as the case may be, shall be made in writing and shall be delivered to all Parties within ten (10) days from the conclusion of the arbitration. All decisions shall be final and binding upon the Parties, their respective successors and assigns, and shall not be subject to appeal.
- 5.05 Each Party shall pay its own costs incurred in respect of the arbitration including the payment of its appointee to the arbitration panel, and in the case of a three-person panel the parties agree to share the fees of the Chair and other related costs equally.

6. Notices

All notices required to be given to either of the Parties under this Agreement shall be in writing and shall be delivered by prepaid registered post or hand delivery to the following:

- a) to the Municipal Clerk at: 917 Lesperance Road, Tecumseh, Ontario, N8N 1W9
- b) to the President, EPL at: 2730 Highway 3, Oldcastle, Ontario, NOR 1LO

or to such other address or individual as may be designated by written notice to the other Party. Any notice given by personal delivery shall be deemed to have been given on the day of actual delivery hereof and if sent by prepaid post, on the third day after mailing.

7. Amendments

Amendments to this Agreement shall be in writing and executed by the Parties duly authorized signing officers.

8. Headings

The headings in this Agreement are for purposes of reference only and shall not be read or construed so as to abridge or modify the meaning of any provision in the main text of this Agreement.

9. Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario.

10. Successors

- 10.01 This Agreement shall inure to the benefit of and be binding upon the Parties and their successors and assigns, respectively.
- 10.02 The Parties explicitly acknowledge and agree that the term of this Agreement shall remain in full force and effect and be binding upon new business corporations incorporated under the Business Corporations Act to whom assets and liabilities will be transferred.
- 10.03 For the purposes of this Agreement, whenever the term The Town or EPL is used, the term shall be deemed to include all successor business corporations incorporated to whom assets and liabilities are transferred.

11. Regulatory Changes

The Parties acknowledge that substantial changes to legislation and regulations and government policies are likely to occur during the term of this Agreement which are likely to affect the nature of the relationship between them, and as consequence the parties hereby agree to consult and negotiate in good faith any amendments to this Agreement which may be necessitated by changes in the regulatory environment, and failing agreement to submit their differences to arbitration as provided in Article 5.

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date first above written:

The Corporation of the Town of Tecumseh

Per:

Gary McNamara

Signed with ConsignO Cloud (2022/11/28)
Verify with verifio.com or Adobe Reader.



Gary McNamara, Mayor

Jennifer Alexander

Signed with ConsignO Cloud (2022/11/29)
Verify with verifio.com or Adobe Reader.



Jennifer Alexander, Acting Clerk

Essex Powerlines Corporation

Per:

John Avdoulos, President

John Wladarski, Director/ Acting
Chairperson

Attachment 5-B

Municipality of Leamington – Note
Payable 2

LONG TERM FINANCING AGREEMENT

THIS AGREEMENT made this 12th day of July, 2022

BETWEEN:

THE CORPORATION OF THE MUNICIPALITY OF LEAMINGTON

(hereinafter referred to as "The Municipality")

OF THE FIRST PART

and

ESSEX POWERLINES CORPORATION

(hereinafter referred to as "EPL")

OF THE SECOND PART

WHEREAS EPL is duly incorporated pursuant to Section 142, Schedule A of the Electricity Act, 1998;

AND WHEREAS The Municipality is duly incorporated pursuant to The Ministry of Municipal Affairs and Housing Order;

AND WHEREAS the parties have agreed that The Municipality holds a promissory note dated June 1, 2000;

AND WHEREAS The Municipality is an ultimate shareholder of EPL and operate as separate corporate entities, notwithstanding the provisions of this Agreement and other agreements that the parties may enter into from time to time;

AND WHEREAS the parties shall consult as frequently as may be desirable to ensure declarations and intentions are known;

NOW THEREFORE IN CONSIDERATION the parties have agreed that The Municipality will hold a loan for the sum of **\$2,150,296** dollars of lawful money of Canada (hereinafter referred to as the original loan principal, the receipt and sufficiency of which is hereby expressly acknowledged), the Parties covenant and agree, with each other, as follows;

1. Prior Agreements

All other agreements regarding the matters contained in this agreement, whether oral or written are terminated.

2. Term

The term of this Agreement shall be from January 1, 2023 to and including December 31, 2027 and year by year thereafter until there is no outstanding loan principal unless EPL gives notification, of not less than one year, in writing to The Municipality that EPL wishes to end the agreement at which time EPL will pay the remaining loan principal and interest prior to the end of the Agreement.

3. Repayment Schedule

- 3.01 EPL shall pay The Municipality annually not more than twenty percent (20%) of the original loan principal in the first year of this agreement and not more than twenty percent (20%) thereafter subject to article 3.03 and 3.04.
- 3.02 The Municipality may defer the payment in any year to a subsequent year and EPL shall pay The Municipality the deferred payment or payments in addition to the current year's annual payment subject to article 3.03 and 3.04.
- 3.03 The Municipality shall notify EPL, by March 1 or the 1st business day thereafter in the year that payment is due of The Municipality's intention to receive payment as per article 3.01 and 3.02.
- 3.04 EPL shall notify The Municipality by July 1 or the 1st business day thereafter of EPL's intention to make payment or partial payment as per article 3.01 and 3.02 by October 1 or the business day thereafter in the year that payment is due.
- 3.05 The Municipality may request payment, and EPL will make payment, of the entire outstanding loan principal by notifying EPL by March 1 that The Municipality wishes payment to be made by March 1 of the following year conditional on EPL's ability to make distributions according to the "Unanimous Shareholders Agreement" which classifies this agreement as a "Second Tier Loan".

4. Interest

Interest means the rate paid for use of the outstanding loan principal calculated at 4.00% per annum of the loan principal calculated annually and payable to The Municipality by the 20th business day following the calendar year end.

5. Arbitration

- 5.01 The parties agree to consult with each other and to negotiate in good faith to resolve any differences or disputes which either party may have relating to the interpretation, application or implementation of this agreement, or any dispute which may arise over any costs, fees or other costs incurred and failing agreement the parties agree to resolve their disputes by arbitration as provided in Article 5.02.

- 5.02 Arbitration of a dispute shall be commenced by written notice by a party requesting arbitration to the other, which notice shall identify the issue or issues it wishes to submit to arbitration. Within thirty (30) days of the date of the notice, the Parties shall agree upon a single arbitrator and failing agreement then each party shall appoint an arbitrator and the two appointees shall within 45 days of the date of the notice of arbitration appoint a third person who shall act as Chair of the arbitration panel, and failing agreement the Chair shall be appointed by a judge of the Superior Court of Ontario pursuant to the provisions of the Arbitration's Act, RSO 1991 c.A.17.
- 5.03 The commencement of the arbitration and all rules of procedure for the arbitration shall be by agreement of the Parties, or failing agreement, as determined by the arbitrator or Chair of the arbitrator panel. The provisions of the Arbitration's Act, RSO 1991 c.A.17, as amended or any successor legislation shall apply to the arbitration.
- 5.04 All decisions of the arbitrator or arbitrators, as the case may be, shall be made in writing and shall be delivered to all Parties within ten (10) days from the conclusion of the arbitration. All decisions shall be final and binding upon the Parties, their respective successors and assigns, and shall not be subject to appeal.
- 5.05 Each Party shall pay its own costs incurred in respect of the arbitration including the payment of its appointee to the arbitration panel, and in the case of a three-person panel the parties agree to share the fees of the Chair and other related costs equally.

6. Notices

All notices required to be given to either of the Parties under this Agreement shall be in writing and shall be delivered by prepaid registered post or hand delivery to the following:

- a) to the Municipal Clerk at: 111 Erie Street North, Leamington, Ontario, N8H 2Z9
- b) to the President, EPL at: 2730 Highway 3, Oldcastle, Ontario, NOR 1LO

or to such other address or individual as may be designated by written notice to the other Party. Any notice given by personal delivery shall be deemed to have been given on the day of actual delivery hereof and if sent by prepaid post, on the third day after mailing.

7. Amendments

Amendments to this Agreement shall be in writing and executed by the Parties duly authorized signing officers.

8. Headings

The headings in this Agreement are for purposes of reference only and shall not be read or construed so as to abridge or modify the meaning of any provision in the main text of this Agreement.

9. Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario.

10. Successors

- 10.01 This Agreement shall inure to the benefit of and be binding upon the Parties and their successors and assigns, respectively.
- 10.02 The Parties explicitly acknowledge and agree that the term of this Agreement shall remain in full force and effect and be binding upon new business corporations incorporated under the Business Corporations Act to whom assets and liabilities will be transferred.
- 10.03 For the purposes of this Agreement, whenever the term The Municipality or EPL is used, the term shall be deemed to include all successor business corporations incorporated to whom assets and liabilities are transferred.

11. Regulatory Changes

The Parties acknowledge that substantial changes to legislation and regulations and government policies are likely to occur during the term of this Agreement which are likely to affect the nature of the relationship between them, and as consequence the parties hereby agree to consult and negotiate in good faith any amendments to this Agreement which may be necessitated by changes in the regulatory environment, and failing agreement to submit their differences to arbitration as provided in Article 5.

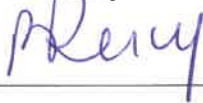
IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date first above written:

The Corporation of the Municipality of Leamington

Per:



Hilda MacDonald, Mayor



Brenda M. Percy, Clerk

Essex Powerlines Corporation

Per:



Aldo DiCarlo, Chair



John Avdoulos, President

Attachment 5-C

Debt Instruments

Year 2018

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Municipal Loan	Town of Tecumseh	Affiliated	Fixed Rate	1-Jan-18	5	\$ 2,150,296	0.04	\$ 81,711.25	year end principal balance actual interest paid dur
2	Municipal Loan	Municipality of Leamington	Affiliated	Fixed Rate	1-Jan-18	5	\$ 1,544,408	0.04	\$ 58,687.50	
3	TD 20 year amort loan 19	TD Bank	Third-Party	Fixed Rate	9-Nov-09	10	\$ 3,992,206	0.05	\$ 205,879.89	
4	TD 10 year amort loan 40	TD Bank	Third-Party	Fixed Rate	9-Nov-09	10	\$ 669,780	0.04	\$ 46,824.01	
5	TD BA and Interest Swap	TD Bank	Third-Party	Fixed Rate	4-Nov-08	10	\$ -	0.05	\$ 77,335.47	
6	TD 20 year amort loan 28	TD Bank	Third-Party	Fixed Rate	24-Nov-15	5	\$ 1,450,471	0.02	\$ 36,680.87	
7	TD 20 year amort loan 29	TD Bank	Third-Party	Fixed Rate	19-Dec-14	5	\$ 1,656,907	0.02	\$ 42,050.82	
8	TD 10 year amort loan 27	TD Bank	Third-Party	Fixed Rate	26-Oct-15	5	\$ 2,616,323	0.02	\$ 64,949.34	
9	TD 20 year amort loan 31	TD Bank	Third-Party	Fixed Rate	2-Dec-16	5	\$ 918,513	0.02	\$ 20,604.90	
10	TD 20 year amort loan 14	TD Bank	Third-Party	Fixed Rate	18-Aug-17	10	\$ 2,853,836	0.03	\$ 92,656.80	
11	TD 20 year amort loan 13	TD Bank	Third-Party	Fixed Rate	25-Jul-18	10	\$ 2,956,057	0.04	\$ 44,784.78	
12	TD 20 year amort loan 18	TD Bank	Third-Party	Fixed Rate	25-Jul-18	10	\$ 2,956,057	0.04	\$ 44,784.78	
13	TD 20 year amort loan 3	TD Bank	Third-Party	Fixed Rate	9-Nov-18	10	\$ 2,991,596	0.04	\$ 9,616.44	
Total							\$ 26,756,450	3.09%	\$ 826,566.85	

Year 2019

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Municipal Loan	Town of Tecumseh	Affiliated	Fixed Rate	1-Jan-18	5	\$ 2,150,296	0.04	\$ 81,711.25	
2	Municipal Loan	Municipality of Leamington	Affiliated	Fixed Rate	1-Jan-18	5	\$ 1,544,408	0.04	\$ 58,687.50	
3	TD 20 year amort loan 19	TD Bank	Third-Party	Fixed Rate	12-Nov-19	10	\$ 3,708,015	0.03	\$ 187,482.98	
4	TD 10 yr amort loan 40	TD Bank	Third-Party	Fixed Rate	9-Nov-09	10	\$ -	0.04	\$ 15,105.12	
5	TD 20 year amort loan 28	TD Bank	Third-Party	Fixed Rate	9-Nov-09	5	\$ 1,361,731	0.02	\$ 34,828.16	
6	TD 20 year amort loan 29	TD Bank	Third-Party	Fixed Rate	19-Dec-15	5	\$ 1,571,053	0.02	\$ 39,959.69	
7	TD 10 year amort loan 27	TD Bank	Third-Party	Fixed Rate	26-Oct-15	5	\$ 2,488,855	0.02	\$ 61,904.68	
8	TD 20 year amort loan 31	TD Bank	Third-Party	Fixed Rate	2-Dec-16	5	\$ 876,413	0.02	\$ 19,693.75	
9	TD 20 year amort loan 14	TD Bank	Third-Party	Fixed Rate	18-Aug-17	10	\$ 2,740,010	0.03	\$ 89,098.71	
10	TD 20 year amort loan 13	TD Bank	Third-Party	Fixed Rate	25-Jul-18	10	\$ 2,851,591	0.04	\$ 108,482.33	
11	TD 20 year amort loan 18	TD Bank	Third-Party	Fixed Rate	25-Jul-18	10	\$ 2,851,591	0.04	\$ 108,482.33	
12	TD 20 year amort loan 3	TD Bank	Third-Party	Fixed Rate	9-Nov-18	10	\$ 2,890,212	0.04	\$ 114,867.78	
13	TD 20 year amort loan 21	TD Bank	Third-Party	Fixed Rate	16-Sep-19	10	\$ 6,935,389	0.03	\$ 51,325.40	
Total							\$ 31,969,564	3.04%	\$ 971,629.68	

Year 2020

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Municipal Loan	Town of Tecumseh	Affiliated	Fixed Rate	1-Jan-18	5	\$ 2,150,296	0.04	\$ 81,711.25	
2	Municipal Loan	Municipality of Leamington	Affiliated	Fixed Rate	1-Jan-18	5	\$ 1,544,408	0.04	\$ 58,687.50	
3	TD 20 year amort loan 19	TD Bank	Third-Party	Fixed Rate	12-Nov-19	10	\$ 3,386,175	0.03	\$ 116,064.88	
4	TD 20 year amort loan 28	TD Bank	Third-Party	Fixed Rate	9-Nov-09	5	\$ -	0.02	\$ 30,017.84	
5	TD 20 year amort loan 29	TD Bank	Third-Party	Fixed Rate	19-Dec-15	5	\$ -	0.02	\$ 35,014.43	
6	TD 10 year amort loan 27	TD Bank	Third-Party	Fixed Rate	26-Oct-15	5	\$ -	0.02	\$ 53,799.80	
7	TD 20 year amort loan 31	TD Bank	Third-Party	Fixed Rate	2-Dec-16	5	\$ 833,435	0.02	\$ 18,815.47	
8	TD 20 year amort loan 14	TD Bank	Third-Party	Fixed Rate	18-Aug-17	10	\$ 2,622,754	0.03	\$ 85,668.62	
9	TD 20 year amort loan 13	TD Bank	Third-Party	Fixed Rate	25-Jul-18	10	\$ 2,743,459	0.04	\$ 104,816.33	
10	TD 20 year amort loan 18	TD Bank	Third-Party	Fixed Rate	25-Jul-18	10	\$ 2,743,459	0.04	\$ 104,816.33	
11	TD 20 year amort loan 3	TD Bank	Third-Party	Fixed Rate	9-Nov-18	10	\$ 2,785,119	0.04	\$ 111,158.54	
12	TD 20 year amort loan 21	TD Bank	Third-Party	Fixed Rate	16-Sep-19	10	\$ 6,673,265	0.03	\$ 201,622.63	
13	TD 20 year amort loan 32	TD Bank	Third-Party	Fixed Rate	23-Nov-20	10	\$ 5,157,098	0.02	\$ -	loan secured at end of
14	TD 20 year amort loan 7	TD Bank	Third-Party	Fixed Rate	2-Dec-20	10	\$ 6,000,000	0.02	\$ -	loan secured at end of
Total							\$ 36,639,468	2.74%	\$1,002,193.62	

Attachment 5-D

Cost of Capital and Capital Structure

Appendix 2-OA Capital Structure and Cost of Capital

This table must be completed for the last OEB-approved year and the test year.

Test Year: 2025

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$46,736,652	3.44%	\$1,607,741
2	Short-term Debt	4.00% (1)	\$3,338,332	6.23%	\$207,978
3	Total Debt	60.0%	\$50,074,984	3.63%	\$1,815,719
	Equity				
4	Common Equity	40.00%	\$33,383,323	9.21%	\$3,074,604
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$33,383,323	9.21%	\$3,074,604
7	Total	100.0%	\$83,458,307	5.86%	\$4,890,323

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

Last OEB-approved year: 2018

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$32,498,766	3.69%	\$1,199,204
2	Short-term Debt	4.00% (1)	\$2,321,340	2.29%	\$53,159
3	Total Debt	60.0%	\$34,820,107	3.60%	\$1,252,363
	Equity				
4	Common Equity	40.00%	\$23,213,404	9.00%	\$2,089,206
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$23,213,404	9.00%	\$2,089,206
7	Total	100.0%	\$58,033,511	5.76%	\$3,341,570

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.