Exhibit 5:

COST OF CAPITAL AND CAPITAL STRUCTURE

Exhibit 5: Cost Of Capital And Capital Structure

Tab 1 (of 1): Cost of Capital and Rate of Return

CAPITAL STRUCTURE

Burlington Hydro seeks to recover a weighted average cost of capital of 6.0% through rates in the 2014 Test Year. Burlington Hydro has followed the Report of the Board on Cost of Capital for Ontario's Regulated Utilities, December 11, 2009 in determining the cost of capital.

In calculating the cost of capital, Burlington Hydro has used the OEB's deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity, and the Cost of Capital parameters in the OEB's letter of February 14, 2013, for the allowed return on equity ("ROE") and where appropriate for debt. Burlington Hydro understands that the OEB will most likely update the ROE for 2014 at a later date, and therefore commits to updating its Application to reflect the OEB's updated Cost of Capital Parameters for May 1, 2014 applications and as new information is issued.

Burlington Hydro's cost of capital for 2014 has been calculated as 6.00%, as shown in the table below.

Table 5-1: Overview of Capital Structure

		2010 Board Approved			2014 Test Year	
	Deemed Capital Structure	Rate			Rate	
Short Term Debt	4%	2.07%			2.07%	
Long Term Debt	56%	5.87%			4.16% *	
Equity	40%	9.85%			8.98%	
Total	100%		7.31%			6.00%

* Burlington Hydro proposes a Long Term Debt cost rate for the 2014 Test Year of 4.16% which represents the weighted average of Burlington Hydro's existing debt instruments. Details can be found at Exhibit 5 Tab 1 Schedule 2

Attachment 1 (of 1):

OEB Appendix 2-OA Capital Structure / Cost of Capital

Appendix 2-OA
Capital Structure and Cost of Capital

Year: 2014 Test Year (NewCGAAP)

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$73,876,348	4.16%	$3,073,256
2	Short-term Debt	4.00%	(1)	$5,276,882	2.07%	$109,231
3	**Total Debt**	60.0%		$79,153,230	4.02%	$3,182,488
	Equity					
4	Common Equity	40.00%		$52,768,820	8.98%	$4,738,640
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$52,768,820	8.98%	$4,738,640
7	**Total**	100.0%		$131,922,050	6.00%	$7,921,128

Year: 2013 Bridge Year (NewCGAAP)

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$73,876,348	5.87%	$4,336,542
2	Short-term Debt	4.00%	(1)	$5,276,882	2.07%	$109,231
3	**Total Debt**	60.0%		$79,153,230	5.62%	$4,445,773
	Equity					
4	Common Equity	40.00%		$52,768,820	9.85%	$5,197,729
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$52,768,820	9.85%	$5,197,729
7	**Total**	100.0%		$130,926,253	7.31%	$9,643,502

Year: 2012 Actual Year (OldCGAAP)

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$73,876,348	5.87%	$4,336,542
2	Short-term Debt	4.00%	(1)	$5,276,882	2.07%	$109,231
3	**Total Debt**	60.0%		$79,153,230	5.62%	$4,445,773
	Equity					
4	Common Equity	40.00%		$52,768,820	9.85%	$5,197,729
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$52,768,820	9.85%	$5,197,729
7	**Total**	100.0%		$113,534,847	7.31%	$9,643,502

Year: 2011 Actual Year (Old CGAAP)

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$73,876,348	5.87%	$4,336,542
2	Short-term Debt	4.00%	(1)	$5,276,882	2.07%	$109,231
3	**Total Debt**	60.0%		$79,153,230	5.62%	$4,445,773
	Equity					
4	Common Equity	40.00%		$52,768,820	9.85%	$5,197,729
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$52,768,820	9.85%	$5,197,729
7	**Total**	100.0%		$104,310,943	7.31%	$9,643,502

Year: 2010 Actual (OldCGAAP)

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$73,876,348	5.87%	$4,336,542
2	Short-term Debt	4.00%	(1)	$5,276,882	2.07%	$109,231
3	**Total Debt**	60.0%		$79,153,230	5.62%	$4,445,773
	Equity					
4	Common Equity	40.00%		$52,768,820	9.85%	$5,197,729
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$52,768,820	9.85%	$5,197,729
7	**Total**	100.0%		$103,126,235	7.31%	$9,643,502

COST OF CAPITAL

Overview

This evidence summarizes the capital structure, method and cost of financing Burlington Hydro’s capital requirements for the 2014 Test Year.

Capital Structure

The proposed cost rates for cost of capital in 2014 are presented on the last page of Exhibit 5, Tab 1, Schedule 2, Attachment 6. The rates shown for short-term debt and return on equity are those set out in the Board’s letter of February 14, 2013, Cost of Capital Parameter Updates for 2014 Cost of Service Applications.

The calculation of the proposed rate for long-term debt is set out in Attachment 1 to this schedule, based on the weighted average cost of debt in 2013. There are four debt instruments outstanding in the year.

Burlington Hydro’s current OEB-approved capital structure for rate-making purposes is 60% debt and 40% equity. Burlington Hydro intends to maintain the same capital structure in the 2014 Test Year. This capital structure was confirmed by the OEB in the Report of the Board on Cost of Capital for Ontario’s Regulated Utilities dated December 11, 2009 (The “Board Report”). The 60% debt component is comprised of 4.0% deemed short-term debt and 56.0% deemed long-term debt.

Return on Equity

Burlington Hydro has used a ROE of 8.98% in the 2014 Test Year as established by the Board for cost of service applications with a May 1 2013 implementation date. Burlington Hydro recognizes that the ROE will be updated in accordance with Board guidelines and as such commits to updating the cost capital parameters as new information is made available.

Weighted Average Cost of Debt

Burlington Hydro proposes a Long Term Debt cost rate for the 2014 Test Year of 4.16% which is the weighted average of Burlington Hydro's existing debt instruments. The derivation of this amount is provided in the table below.

Table 5-2: Weighted Avg Cost of Debt

Debt	Alloc	Principal	Rate	Interest
Long-term Debt	75%	$47,878,608	4.12%	$1,972,599
Long-term Debt	13%	$8,093,366	4.51%	$365,011
Long-term Debt	12%	$7,663,028	4.02%	$308,054
Total Debt	100%	$63,635,002	4.16%	$2,645,663

Long Term Debt

Burlington Hydro's Long Term Debt instruments are summarized below.

- Promissory Note - $47,878,608 priced at the currently authorized Deemed Long Term Debt cost rate of 4.12%;
- Debenture with Ontario Infrastructure Projects Corporation - On March 15, 2011 Burlington Hydro arranged $10,000,000 of financing in the form of a 15 year debenture at an interest rate of 4.51% to fund infrastructure initiatives. Burlington Hydro is obliged to make blended monthly payments of $76,600 consisting of current interest charges and capital repayments.
- Ontario Infrastructure and Lands Corporation Convertible Loan - Burlington Hydro borrowed $6,000,000 in 2012 to fund infrastructure investments. The lender provided the loan as a short term floating rate construction loan that, no later than April 30, 2013, was to be converted to a long term fixed rate loan. As of the March 31, 2013 conversion date the loan amount increased to $8,000,000 and the instrument was converted to a fixed rate instrument bearing interest at 4.02%. Repayment of the fixed rate long-term loan is made through blended (i.e., principal and interest) monthly payments of $41,918.

Short Term Debt

Burlington Hydro has used a short-term debt rate of 2.07% for the 2014 Test Year as established by the Board for cost of service applications with an August 31, 2012 implementation date. Burlington Hydro recognizes that the short-term debt rate will be updated at a later date consistent with the OEB's guidelines.

Burlington Hydro's Short Term Debt is comprised of the following instruments:

- Revolving Line of Credit Facility; and
- Letter of Credit issued in favour of the IESO

Burlington Hydro's Short Term Debt instruments are summarized below.

- Revolving Line of Credit: Burlington Hydro has access to a revolving line of credit facility in the amount of $10,000,000 that is secured by a general security agreement over the Corporation's assets. Burlington Hydro did not draw on this instrument in 2012.
- Letter of Credit: Burlington Hydro has obtained a Letter of Credit from a Canadian bank in the amount of $18,000,000 that has been issued in favour of the IESO. This Letter of Credit financially secures the Corporation's electricity purchases from the IESO, who has not drawn on this credit instrument.

Burlington Hydro is aware that the IESO is reviewing its prudential requirements and undertakes to update this evidence at a later date for any changes in these requirements authorized by the IESO.

Burlington Hydro does not forecast that it will redeem any debt and has not issued any preference shares, hence Burlington Hydro does not record either a profit or a loss on redemption of debt and/or preference shares. Burlington Hydro is not forecasting any new debt in the bridge and test years.

OEB Appendix 2-OB Cost of Debt presented at the next section details Burlington Hydro's long-term debt.

Attachment 1 (of 6):

Promissory Note

PROMISSORY NOTE

Principal Sum: C$47,878,608.00*

FOR VALUE RECEIVED, the undersigned hereby unconditionally promises to pay to the order of the City of Burlington (the "City") on demand by the City the principal sum of **FORTY-SEVEN MILLION, EIGHT HUNDRED AND SEVENTY-EIGHT THOUSAND, SIX HUNDRED AND EIGHT DOLLARS*** (**$47,878,608.00***) (*this "Principal Sum" to be adjusted to the maximum "deemed amount" in keeping with the latest rate application to the Ontario Energy Board) in lawful money of Canada at 426 Brant Street, P.O. Box 5013, Burlington, Ontario or such other place as the City may designate by notice in writing to the undersigned and to pay interest on the Principal Sum at the rate of 7.25% **per annum (**or as deemed from time to time by the Ontario Energy Board) calculated and accruing on the principal amount remaining unpaid and overdue interest, if any, from April 1, 2002, or such other date as agreed by the City and the undersigned, until the Principal Sum is repaid to the City.

Effective April 1, 2002, the interest rate will be 7.25% per annum. Interest shall be calculated and payable quarterly in arrears on the last day of March, June, September and December at the same address with the first interest payable at the end of the quarter following market opening or such other earlier agreed date. Interest both before and after default and judgement on the principal amount and overdue interest shall accrue or be payable at the aforementioned rate.

The payment of the Principal Sum and all interest on this Promissory Note is subordinated to debt issued by Burlington Hydro Inc. from time to time to a financial institution or other third party for the purpose of Burlington Hydro Inc. or its subsidiaries, and the City shall execute such documents as may reasonably be required by Burlington Hydro Inc. to evidence such subordination.

All payments or any part thereof may be extended, rearranged, renewed or postponed by the City. No delay or failure by the City to exercise any right or remedy against the undersigned shall be construed as a waiver of that or any right or remedy nor shall any waiver hereunder be deemed to be a waiver of subsequent default. The City may, at any time, in accordance with the provisions of City By-Law 123-1999 and the applicable Ontario Energy Board Directives and after consultation with the undersigned, replace this promissory note for one or more debt instruments of the undersigned with any change to any provision hereunder, including reducing or increasing the rate of interest payable on the principal amount owing at the time of replacement, setting a date on which the principal amount hereunder is due and payable or adjusting the principal sum payable hereunder, all as evidenced by the written acceptance by said debt instrument or instruments by the Treasurer of the City.

The undersigned hereby waives presentment, demand, protest of other notice of every kind in the enforcement of the promissory note. All amounts owing hereunder will be paid by the undersigned without regard for any equities between the undersigned and the City or any right of set-off or cross-claim.

In the event of default hereunder, the undersigned agrees to pay all expenses, including without limitation, reasonable legal fees (on a solicitor and his own client basis), incurred by the City in endeavoring to enforce its rights hereunder. All such amounts shall bear interest at the rate mentioned above.

This Promissory Note is non-negotiable and non-assignable without the prior written consent of the undersigned.

This Promissory Note replaces the Promissory Note that was dated June 27, 2001 in the amount of $47,878,608.00.

DATED at Burlington, Ontario as of the 10th day of April, 2002.

BURLINGTON HYDRO INC.

By: ______________________________
President

By: ______________________________
Secretary-Treasurer

Attachment 2 (of 6):

Debenture

E5.1-2 Attach[illegible]

DEBENTURE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS DEBENTURE MUST NOT TRADE THE DEBENTURE BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MARCH 15, 2011, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

BURLINGTON HYDRO INC.

SECURED DEBENTURE DUE MARCH 15, 2026

No. 03-15-2011

Cdn.$10,000,000.00

BURLINGTON HYDRO INC. (hereinafter referred to in such capacity as the "Borrower"), for value received, hereby acknowledges itself liable and indebted and promises to pay to ONTARIO INFRASTRUCTURE PROJECTS CORPORATION or its registered assigns by March 15, 2026 the principal sum of Ten Million Dollars ($10,000,000.00) in lawful money of Canada by monthly payments on the 15th day of each month in each of the years 2011 to 2026, both inclusive, in the amounts set forth in the attached Schedule A which forms part of this Debenture (the "Payment Schedule") and to pay interest on the said principal sum from time to time outstanding from the date hereof, or from the last interest payment date to which interest shall have been paid or made available for payment on this Debenture, whichever is later, at a rate of interest set forth in the Payment Schedule in arrears on the 15th day of each month in each of the years 2011 to 2026 (each a "Payment Date") with the first payment due on September 15, 2011. Upon default interest shall be paid at the rate specified in the attached Schedule B which forms part of this Debenture. The applicable rate of interest, the payment of principal and interest and the principal balance outstanding under this Debenture in each year are shown in the Payment Schedule.

This Debenture is one of the Borrower's Secured Debentures originally authorized in the aggregate principal amount of Cdn.$10,000,000.00 pursuant to the financing agreement (the "Financing Agreement") dated as of November 17, 2009 and made between the Borrower and Ontario Infrastructure Projects Corporation (herein called "OIPC"). Capitalized terms not defined herein shall have the meanings assigned to them in the Financing Agreement.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable in respect of the principal for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Reference is hereby expressly made to the Financing Agreement and all instruments supplemental thereto for a statement and description of, among other things, the liability of the Borrower for payment of the Debenture, the terms, conditions, covenants and warranties upon which the Debenture is issued and held, and the rights and remedies of the holder of the Debenture issued thereunder and of the Borrower in respect thereof, all to the same effect as if the provisions of the Financing Agreement were herein set out, to all of which provisions the holder hereof by acceptance hereof assents.

The undersigned authorizes the registered holder of this Debenture to record on the reverse of this Debenture or on any attachment to this Debenture all repayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the registered holder on this Debenture or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the registered holder to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount and interest.

In case an Event of Default (as defined in the Financing Agreement) shall occur and be continuing, the full unpaid principal amount of this Debenture, together with interest accrued thereon, may become or be declared due before stated maturity by the registered holder of this Debenture in its sole discretion.

This Debenture is also subject to the conditions set forth in the attached Schedule B.

This Debenture shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

The parties hereto have declared that they have required that these presents and all other documents related hereto be in the English language.

Les parties aux présentes ont déclaré qu'elles ont exigé que le présent certificat, de même que tous les documents s'y rapportant, soient rédigés en anglais.

IN WITNESS HEREOF the Borrower has caused this Debenture to be executed and delivered as of the 15 day of March 2011.

BURLINGTON HYDRO INC.

By: ______________________

Name: Gerry Smallegange
Title: President and CEO

By: ______________________

Name: Micheal Kysley
Title: CFO and Secretary/Treasurer

Attachment 3 (of 6):

Credit Facilities - Infrastructure Ontario

E5.1.2 Attachment 2C

Ontario

Infrastructure Ontario

777 Bay Street, Suite 900, Toronto, ON M5G 2C8
777, rue Bay, bureau 900, Toronto, ON M5G 2C8

This Term Sheet dated March 2nd, 2012 ("Summary") is not a commitment of Ontario Infrastructure and Lands Corporation ("OILC"), or an agreement to deliver such a commitment. Any such commitment will be issued only in writing and will be subject to appropriate documentation, the terms of which are not limited to those set forth herein. Those matters that are not covered or made clear herein are subject to mutual agreement of the parties. This Summary has been prepared for convenience of reference purposes only and is not an exhaustive description of the terms and conditions of the Credit Facilities, which will be set out in the final Financing Agreement. This Summary is for the confidential use of the Borrower and OILC and is not to be disclosed to any third party without prior written consent of OILC. Please note that this Summary will be replaced and superseded by a Financing Agreement to be entered into between OILC and the Borrower on or after the date hereof based on the terms specified herein.

March 2nd, 2012

Burlington Hydro Inc.
1340 Brant Street, P.O Box 5018
Burlington, Ontario, L7R 3Z7

Dear Sir,

We are pleased to offer Burlington Hydro Inc. the following credit facilities (the "**Credit Facilities**"), subject to the terms and conditions set forth below and in the schedules to be finalized by OILC upon the Additional Terms and Conditions contemplated in the final Financing Agreement. Unless otherwise provided, all dollar amounts are in Canadian currency.

Borrower:	Burlington Hydro Inc. (the "**Borrower**")
Lender:	Ontario Infrastructure and Lands Corporation ("**OILC**")
Guarantor:	**N/A**
Aggregate Credit Limit:	$8,000,000 (the "**Committed Amount**")
Type of Credit Facilities:	1. Non-revolving floating rate construction loan in the aggregate maximum principal amount of $8,000,000 (the "**Construction Facility**") available until the Construction Loan Maturity Date. 2. Non-revolving fixed rate amortizing term loan in the aggregate maximum principal amount of $8,000,000 (the "**Term Facility**") available until the Term Loan Maturity Date.
Purpose:	To support Burlington Hydro's capital contribution to the Hydro1 Transformer Station (the "**Project**").
Construction Facility Maturity Date:	April 30, 2013, subject to acceleration by OILC pursuant to the terms set out in the Agreement.

Term Facility Maturity Date:	25 years after the conversion of the Construction Facility to the Term Facility, subject to acceleration by OILC pursuant to the terms set out in the Agreement.
Interest Rates:	1. Construction Facility: Floating rate posted on OILC's website as at the first Business Day of each calendar month. Indicative annual interest rate for the Construction Loan as at Feb 28, **2012** is 1.75% per annum. 2. Term Facility: Fixed rate as at the date of the Term Loan based on OILC's cost of funds plus OILC's prevailing spread assigned to the borrower sector for program delivery costs and risks. Indicative annual interest rate for the **Amortizing** Term Loan as at **February 28, 2012** is a spot rate of **3.93%** per annum, 1 year forward rate **10/25** is **3.74%, 10/25** 18 month forward rate is **3.86%** For all Credit Facilities, interest payments will be made in accordance with the final Financing Agreement.
Repayment Amounts:	Construction Facility: Interest only. The interest on a floating basis is paid monthly with no principal repayment required. Term Facility: approximately $41,918 per month based on an indicative annual interest rate of 3.93%. The interest is on a fixed rate basis for the entire term of the loan. The loan is repaid in 300 equal monthly instalments of blended principal and interest.
Drawdown:	1. Construction Facility: Construction Loan Advances shall be made on either the 1st or 15th day of the month. The Borrower shall deliver a drawdown notice no later than 20 days prior to the requested Advance date. 2. Term Facility: Conversions of Construction Loan Advances shall be made either on the 1st or 15th day of the month. The Borrower shall deliver a conversion notice requesting a conversion of a Construction Loan Advance to a Term Loan Advance no later than 60 days prior to the Conversion Date.
Evidence of Indebtedness:	OILC shall record the principal amount of the Advances, the payment of principal and interest on account of the Advances, and all other amounts becoming due to OILC under this Agreement. OILC's accounts and records shall constitute, in absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower under the Credit Facilities. For each Term Loan Advance, the Borrower shall provide a promissory note in favour of OILC which shall include the scheduled dates for principal repayment and interest payments.

Repayment:	1. The Construction Facility is a non-revolving facility and no amounts repaid under the Construction Facility may be re-borrowed under the Construction Facility and it is understood by the parties that in no event shall any amount outstanding under the Construction Facility be repaid in full later than the Construction Loan Maturity Date, except for Conversions permitted in accordance with this Agreement. Any conversion of a Construction Loan to a Term Loan must occur on or prior to the Construction Loan Maturity Date. 2. The Term Facility is a non-revolving facility and no amounts repaid under the Term Facility may be re-borrowed under the Term Facility and it is understood by the parties that in no event shall the amounts outstanding under the Term Facility be repaid in full later than the Term Facility Maturity Date.
Security:	The following security shall be provided to support all present and future indebtedness and liability of the Borrower, and shall be registered in first position unless otherwise noted below, and shall be on OILC's standard form, supported by resolutions and legal opinion, all acceptable to OILC: a) a subordination and postponement agreement in which the City of Burlington subordinate and postpone its security interest for the promissory note of $47,878,608 in favour of OILC for the new loan only; b) a 2nd ranking general security agreement (the "GSA"); The 2nd ranking GSA ranks behind and is subject only to the 1st ranking GSA registered by the Toronto Dominion Bank of Canada (the "TD"). The 1st ranking GSA registered by the TD is for the purpose of securing 1) credit facility #1, a revolving line of credit for the amount of $10,000,000, 2) letter of credit for the amount of $18,000,000 c) an inter-creditor agreement between the TD, the Borrower and OILC, in which OILC agrees to subordinate its security interest in favour of the TD for it to secure the above-mentioned credit facilities 1), 2). The TD agrees that: 1) to increase the limit of credit facility #1, a written permission by OILC will be required. 2) an increase to the limit of credit facility #2 will be allowed provided the increase is required by the Independent Electricity System Operator (the "IESO") and the increase is pursuant to the normal course of business. d) a valid certificate of insurance with OILC added as a loss payee; and

	e) all other security documentation as may be required from time to time in the sole discretion of OILC to protect the interests of OILC. All of the above security shall be referred to collectively in this Agreement as the "OILC Security".
Representations and Warranties:	The Borrower shall and is deemed to make the customary Representations and Warranties as set out in the final Financing Agreement.
Positive Covenants:	So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower shall ensure that its subsidiaries and each of the Guarantors shall observe the standard Positive Covenants as set out in the final Financing Agreement.
Reporting:	The Borrower agrees to: a) provide audited annual financial statements of the Borrower within 120 days of the fiscal year end; b) Notify OILC within 5 business days if the Borrower changes its operating Bank, which currently is the Toronto Dominion Bank of Canada. The Borrower shall forward OILC a Copy of the Term Sheet issued by the Borrower's new operating Bank with regard to the new credit facilities once they becomes available. c) provide OILC upon request with any other reports relevant to the business and financial fundamentals of the Borrower including without limitation, proof of tax payments and statutory deductions, notification of applications or filings submitted to the OEB, IESO or any other regulatory body; and d) furnish OILC as soon as practicable with any other financial reporting information that OILC may require.
Negative Covenants:	So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower shall ensure that its subsidiaries and each of the Guarantors shall observe the standard Negative Covenants set out in the final Financing Agreement and in addition it shall not: a) make loans to, invest in, or make guarantee for any affiliated or unaffiliated companies and/or persons. b) the Borrower will not, nor will it permit any Material Related Entity to, sell, assign or otherwise dispose of any of its assets, rights and properties whether in a single transaction or a series of transactions, other than to the Borrower, unless: (i) such sale, assignment or other disposition is not material having regard to the assets, rights and properties of the Borrower and the

	Material Related Entities, taken as a whole or effected in the ordinary course of operations of the Borrower or the Material Related Entities, as applicable; (ii) the Borrower, concurrent with the completion of such sale, assignment or other disposition, provides OILC with a certificate of an Authorized Officer to the effect that such Authorized Officer has no reason to believe that, after giving effect to such sale, assignment or other disposition, the Borrower will not be able to meet all of its financial obligations in accordance with their terms; including its obligation to pay principal and interest on the Advances; or (iii) the sale is a sale to a wholly owned municipal corporation or a wholly owned subsidiary thereof; c) the Borrower shall notify OILC in writing prior to any new debt issuance and shall seek the approval of OILC where the resulting Debt Service Coverage Ratio of the Borrower relating to any new debt issue falls below 1.20x at any time, such ratio will otherwise be tested and calculated as of the end of each Fiscal Year as applicable; any new debt issuance on behalf of the Borrower, shall rank pari passu with OILC's security under this agreement make any payments towards repaying any Shareholder debt or retiring any of its Equity with the exception of those repayments which constitute (i) any amount not exceeding EBITDA, less cash taxes, less Unfinanced Capex, less interest costs and any principal repayments on all Indebtedness of the Borrower, all of which is to be tested and calculated by OILC on an annual basis, or (ii) any dividend payments without first obtaining OILC's prior written consent

Permitted Liens:	Permitted Liens are listed in the final Financing Agreement and also include: a) any Liens in connection with existing credit facilities provided by the TD and the City of Burlington to the Borrower not to exceed the respective credit limits as stipulated in the inter-creditor agreement.
Financial Covenants:	a) the Borrower shall maintain a Debt Service Coverage Ratio (1) at 1.2 to 1 or higher for the term of this Agreement; such ratio will otherwise be tested and calculated as of the end of each Fiscal Year as applicable. b) the Borrower shall maintain a maximum Debt to Capitalization ratio of 0.60:1, Debt is defined as all interest bearing debt (excluding customer deposits). Capitalization is defined as the sum of total interest bearing debt (excluding customer deposits), shareholder's equity, contributed capital, and preference share capital net of any goodwill. To be tested annually. c) OILC agrees to revise the required financial ratios should the difference between the current accounting rules and the adoption of International Financial Reporting Standards on January 1, 2011 by the Borrower have a material impact on its financial ratios. The revision shall be based on the original intent of the required ratios in this Agreement but allow for reconciliation of the current accounting rules and the International Financial Reporting Standards. (1) **Debt Service Coverage ratio** is defined as Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) excluding extraordinary items divided by the sum of principal and interest payments made on all interest-bearing debts, during the fiscal year in question. DSCR = (EBITDA) / (Principal + Interest)
Events of Default:	OILC may accelerate the payment of principal and interest under any committed credit facility hereunder and/or terminate any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the Events of Default contained in Schedule A attached hereto and after any one of the following additional Events of Default as further described in Schedule A: 1. any material adverse change in legislation or regulation. 2. any material judgments. 3. loss of OEB License.

We trust you will find these credit facilities helpful in meeting your ongoing financial requirements. We ask that if you wish to accept this offer of financing, please do so by signing and returning the attached duplicate copy of this letter to the undersigned. This offer will expire if not accepted in writing and received by OILC on or before April 10, 2012.

Yours Truly,

ONTARIO INFRASTRUCTURE AND
LANDS CORPORATION

by: ______________________
Name: Bill Ralph
Title: Chief Risk Officer

TO: ONTARIO INFRASTRUCTURE AND LANDS CORPORATION

Burlington Hydro Inc. hereby accepts the foregoing offer this 7 day of March, 2012.

Burlington Hydro Inc

by: ______________________
Name: Micheal Kysley
Title: EVP & CFO

____
Name: Gerry Smallegange
Title: President & CEO

We have authority to bind the Corporation.

Attachment 4 (of 6):

Credit Facilities - Tonronto Dominion Bank

E5.1.2 Attachment 2 of

Commercial Banking

Halton Commercial Banking Centre
5515 North Service Road, Suite 103
Burlington, Ontario
L7L 5H7

Telephone No.: (905) 336-6718
Fax No.: (905) 336-7712

January 18, 2011

Burlington Hydro Inc.

1340 Brant Street
Burlington, Ontario
L7L 3Z7

Attention: Mr. Gerry Smallegange
Mr. Michael Kysley

Dear Sirs,

We are pleased to offer the Borrower the following credit facilities (the "Facilities"), subject to the following terms and conditions.

BORROWER	Burlington Hydro Inc. (the "Borrower")
LENDER	**The Toronto-Dominion Bank** (the "Bank"), through its Halton Commercial Banking Centre branch in Burlington, Ontario.
CREDIT LIMIT	1) CDN $10,000,000 2) CDN $18,000,000
TYPE OF CREDIT AND BORROWING OPTIONS	1) **Operating Loan** available at the Borrower's option by way of: • Prime Rate Based Loans in CDN$ ("Prime Based Loans") • Bankers Acceptances in CDN$ ("B/As") 2) **Letters of Credit** available at the Borrower's option by way of: • Letters of Credit in CDN$ ("L/Cs")
PURPOSE	1) To finance ongoing working capital requirements 2) To satisfy the prudential support obligation of the IESO
TENOR	1, 2) Uncommitted

Attachment 5 (of 6):

Letter of Credit - Toronto Dominion

E5.1.2 Attachment 2.8

TD Commercial Banking

TD Commercial Banking
Creekside Credit Administration Services
Commercial Group
4720 Tahoe Blvd., Bldg. #1, 4th Floor
Mississauga, ON L4W 5P2
T: (905) 214-0564 F: (905) 214-0788

Irrevocable Standby Letter of Credit No. 0080-9221420-02

Place of Issue: The Toronto-Dominion Bank, 510 Brant Street, Burlington, ON L7R 2G7

Date of Issue: March 31, 2011

Date and Place of Expiry: March 31, 2012 (such date and any date to which the Credit is extended is the "Expiry Date") at our counters

Beneficiary:
Independent Electricity System Operator
2635 Lakeshore Road West
Mississauga, ON
L5J 4R9

Applicant:
Burlington Hydro Inc.
1340 Brant Street
Burlington, ON
L7R 3Z7

Amount: EIGHTEEN MILLION DOLLARS ($18,000,000.00)

The Toronto-Dominion Bank hereby issues this irrevocable standby letter of credit ("Credit") in your favour for an aggregate sum shown above which is available on written demand made upon The Toronto-Dominion Bank, at 1340 Brant Street, Burlington, ON L7R 3Z7, which demand we shall honour without enquiring whether you have a right as between yourself and the Applicant to make such demand and without recognizing any claim of the Applicant.

Provided, however, that you are to deliver to us at such time as a written demand for payment is made upon us the following documents:

1. Certificate purportedly signed by an authorized signatory of Independent Electricity System Operator stating that "an event of default has occurred under the market rules by or in respect of Burlington Hydro Inc. and that, in accordance with the provisions of the market rules, the Independent Electricity System Operator is entitled to payment of (insert a specified amount in dollars) as of the date of delivery of this certificate."

Special Conditions:

1. Partial drawings are allowed.
2. This Credit will continue to the Expiry Date and will expire at our counters at the close of banking business on that date subject to the following condition set out below in paragraph 3.
3. It is a condition of this Credit that it shall be deemed automatically extended without amendment for one year periods from the Expiry Date hereof, or any future expiration date, unless thirty (30) calendar days prior to any expiration date we shall notify you by registered mail/courier that we elect not to consider this Credit renewed for any such additional period.
4. The value of this Credit is reduced by any partial drawings made. If this Credit is automatically renewed, it is renewed for the then outstanding balance of this Credit.

We hereby issue this standby letter of credit in your favour subject to the International Standby Practices 1998.

Ryan Winslow W1089
Relationship Manager

Matthew Simpson S3098
Manager Commercial Credit

SCANNED

Attachment 6 (of 6):

OEB Appendix 2-OB Cost of Debt

File Number:	EB-2013-0115
Exhibit:	
Tab:	
Schedule:	
Page:	
Date:	

Appendix 2-OB
Debt Instruments

This table must be completed for the required years of all historical years, the bridge year and the test year.

Year 2014

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	
1	Promissory Note	City of Burlington	Affiliate	Fixed	Apr 2/10	perpetual	$ 47,878,608	*	2,248,000	
2	Debenture	Infrastructure Ontario	3rd Party	Fixed	Mar 15/11	10	$ 8,093,366	4.51%	378,299	
3	Debenture	Infrastructure Ontario	3rd Party	Fixed	Mar 1/13	25	$ 7,663,028	4.02%	312,336	
4	IESO Letter of Credit	TD Bank	3rd Party	Fixed	Apr 1/11	5	$ 18,000,000	0.40%	72,706	
5	Operating Line of Credit	TD Bank	3rd Party	Variable	Apr 1/11	5	$ -	P-.25	0	
6									0	
7									0	
8									0	
9									0	
10									0	
11									0	
12									0	
Total							$ 81,635,002	3.69%	3,011,341	

Year 2013

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	
1	Promissory Note	City of Burlington	Affiliate	Fixed	Apr 2/10	perpetual	$ 47,878,608	5.87%	2,810,474	
2	Debenture	Infrastructure Ontario	3rd Party	Fixed	Mar 15/11	10	$ 8,633,670	4.51%	402,082	
3	Debenture	Infrastructure Ontario	3rd Party	Fixed	Mar 1/13	25	$ 7,858,476	4.02%	239,314	
4	Construction Loan	Infrastructure Ontario	3rd Party	Variable	June 20/12	n/a	$ -	floating	17,407	
5	IESO Letter of Credit	TD Bank	3rd Party	Fixed	Apr 1/11	5	$ 18,000,000	0.40%	72,706	
6	Operating Line of Credit	TD Bank	3rd Party	Variable	Apr 1/11	5	$ -	P-.25	0	
7									0	
8									0	
9									0	
10									0	
11									0	
12									0	
Total							$ 82,370,754	4.30%	3,541,983	

Year 2012

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	
1	Promissory Note	City of Burlington	Affiliate	Fixed	Apr 2/10	perpetual	$ 47,878,608	5.87%	2,810,474	
2	Debenture	Infrastructure Ontario	3rd Party	Fixed	Mar 15/11	10	$ 9,150,191	4.51%	424,819	
3	Construction Loan	Infrastructure Ontario	3rd Party	Variable	June 20/12	n/a	$ 6,000,000	floating	38,711	
4	IESO Letter of Credit	TD Bank	3rd Party	Fixed	Apr 1/11	5	$ 18,000,000	0.40%	72,706	
5	Operating Line of Credit	TD Bank	3rd Party	Variable	Apr 1/11	5	$ -	P-.25	0	
6									0	
7									0	
8									0	
9									0	
10									0	
11									0	
12									0	
Total							$ 81,028,799	4.13%	3,346,710	

Year 2011

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	
1	Promissory Note	City of Burlington	Affiliate	Fixed	Apr 2/10	perpetual	$ 47,878,608	5.87%	2,810,474	
2	Debenture	Infrastructure Ontario	3rd Party	Fixed	Mar 15/11	10	$ 9,643,977	4.51%	351,053	
3	Construction Loan	Infrastructure Ontario	3rd Party	Variable	Feb 15/10	n/a	$ -	floating	26,251	
4	IESO Letter of Credit	TD Bank	3rd Party	Fixed	Apr 1/11	5	$ 18,000,000	0.40%	54,444	
5	IESO Letter of Credit	ScotiaCapital	3rd Party	Fixed	Apr 1/10	1	$ -	1.50%	60,412	
6	Operating Line of Credit	TD Bank	3rd Party	Variable	Apr 1/11	5	$ 10,000,000	P-.25	0	
7	Operating Line of Credit	ScotiaCapital	3rd Party	Variable	Apr 1/10	1	$ -	P	9,144	
8									0	
9									0	
10									0	
11									0	
12									0	

Total							$ 85,522,585	3.87%	3,311,778	

Year 2010

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) (Note 2)	Interest ($) (Note 1)	
1									0	
2	Promissory Note	City of Burlington	Affiliate	Fixed	Apr 2/10	perpetual	$ 47,878,608	*	3,027,699	
3	Construction Loan	Infrastructure Ontario	3rd Party	Variable	Feb 15/10	n/a	$ 7,500,000	floating	85,763	
4	IESO Letter of Credit	ScotiaCapital	3rd Party	Fixed	Apr 1/10	1	$ 14,000,000	1.50%	210,000	
5	Operating Line of Credit	ScotiaCapital	3rd Party	Variable	Apr 1/10	1	$ -	P	40,591	
6									0	
7									0	
8									0	
9									0	
10									0	
11									0	
12									0	
Total							$ 69,378,608	4.85%	3,364,053	