



File Number: EB-2015-0083

Date Filed: June 1, 2015

Exhibit 5

COST OF CAPITAL AND CAPITAL STRUCTURE



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Exhibit 5

Tab 1 of 2

Capital Structure

1 Capital Structure

2

3 **COST OF CAPITAL AND CAPITAL STRUCTURE**

4

5 Kingston Hydro was incorporated on September 19, 2000 under Section 142 of the
6 Electricity Act, 1998, S.O. 1998, Chapter 15, Schedule A.

7 Kingston Hydro is wholly owned by the Corporation of the City of Kingston, a
8 municipality in the Province of Ontario. This ownership consists of 120 common shares
9 of Kingston Hydro.

10

11 The following evidence describes Kingston Hydro's capitalization, both in terms of debt
12 and equity.

13

14 Kingston Hydro wishes to adopt the Board's guidelines for the cost of capital, as
15 outlined in the *Report of the Board on the Cost of Capital for Ontario's Regulated*
16 *Utilities* (the "Cost of Capital Report"), issued December 11, 2009. The Applicant
17 confirms that the cost of capital parameters have been updated in accordance with the
18 Board's guidelines.

19

20 As documented in the Report of the Board on Rate Setting Parameters and
21 Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity
22 Distributors (EB-2010-0379) issued November 21, 2013, the Board now updates Cost of
23 Capital parameters for setting rates only once per year.

24

25 For this reason, the Applicant proposes to adjust its Cost of Capital parameters above
26 when the Board updates them for rates effective in the 2016 calendar year.

1 The Applicant also proposes to update the Cost of Capital parameters each year of the
2 Custom IR period during the 4GIRM process.

3

4 CAPITAL STRUCTURE

5

6 Kingston Hydro has a deemed capital structure of 60% debt and 40% equity. The
7 current (2011 Board approved) deemed short term debt rate is 2.46% and the current
8 deemed long term debt rate is 5.01%. The deemed return on equity is 9.58%. This
9 deemed return was used for the May 1, 2015 3rd generation IRM rate filing and equates
10 to a total cost of capital of 6.74%.

11

12 Kingston Hydro's Board Approved 2011 capital structure as well as actual capital
13 structure for 2011 through 2014 is as outlined in Appendix O2A Capital Structure and
14 Cost of Capital, as evidenced as Exhibit 5 Tab 1 Schedule 1 Attachment 1. Also
15 included is an estimate for the 2015 Bridge Year and the 2016 – 2020 Test years.

16

17 Since the Board Approved 2011 year through to the 2016 Test Year, Kingston Hydro
18 has not had any changes in actual capital structure including retirements of debt or
19 preference shares and buy-back of common shares.

20

21 Kingston Hydro's total long term debt is expected to increase from the 2014 audited
22 actual amount of \$25.2 million to \$32.2 million by December 31, 2016 and on to \$35.9
23 million in 2020.

24

25

26

27

28

1 DEBT INSTRUMENTS

2

3 Kingston Hydro's debt instruments are as outlined in Appendix O2-B Debt Instruments
4 as evidenced as Exhibit 5 Tab 1 Schedule 1 Attachment 2. Included are 2011-2014
5 actuals as well as the 2015 Bridge Year as well as the 2016 – 2020 Test Years.

6

7 **Long Term Affiliate Debt**

8

9 The Applicant had Long Term Affiliate Debt outstanding at the last Board approved year
10 of 2011 in the amount of \$10,880,619, which remains outstanding and will remain
11 outstanding through the Custom IR period. The interest rate remains at 5.87%, the
12 deemed interest rate at the 2011 cost of service proceeding which is also evidenced by
13 a promissory note. The details of the debt arrangement can be found in Exhibit 5 Tab 1
14 Schedule 1 Attachment 3.

15

16 **3rd Party Long Term Financing**

17

18 For the Board approved year of 2011 Kingston Hydro had average 3rd party long term
19 financing outstanding of \$2,361,549. This debt is at 3.25% and will be paid in full as of
20 May 20, 2019.

21

22 In 2012, three additional long term loans were executed:

23

24 - A \$4 million loan was executed on January 4, 2012 at 3.25% for a term of 10
25 years.

26 - A \$2.25 million loan was executed on February 16, 2012 at 3.03% for a term of
27 seven years.

1 - A \$3.5 million loan was executed on December 18, 2012 at 3.92% for a term of
2 30 years

3

4 In 2013, a \$2.5 million loan was executed at 3.67% for a term of seven years.

5

6 In 2014, a \$1.5 million loan was executed at 3.24% for a term of seven years.

7

8 The Company projects the following additional financing in 2015-2020, all based on 30
9 year amortization periods unless otherwise noted:

10

11 - In 2015, it is expected that a \$5 million loan will be executed in mid-December.

12 The interest rate that has been projected is based on the Infrastructure Ontario
13 Indicative Lending rates for the 30 year Amortizer in effect as of April 25, 2015.

14 - In 2016, it is expected that a \$3.5 million loan will be executed on December 1.

15 The interest rate that has been projected is based on OEB Deemed Long Term
16 Debt rate in effect as of April 25, 2015.

17 - In 2017, it is expected that a \$1.0 million loan will be executed on December 1.

18 The interest rate that has been projected is based on OEB Deemed Long Term
19 Debt rate in effect as of April 25, 2015.

20 - In 2018, it is expected that a \$2.1 million loan will be executed on December 1.

21 The interest rate that has been projected is based on OEB Deemed Long Term
22 Debt rate in effect as of April 25, 2015.

23 - In 2019, it is expected that a \$2.0 million loan will be executed on December 1.

24 The interest rate that has been projected is based on OEB Deemed Long Term
25 Debt rate in effect as of April 25, 2015.

26 - Also, in 2019, the \$2.25 million loan that was executed on February 16, 2012 will
27 be due. It is expected that this loan will be renewed for \$1,620,119 with an

1 amortization period of 15 years. The interest rate that has been projected is
2 based on OEB Deemed Long Term Debt rate in effect as of April 25, 2015.

3 - In 2020, it is expected that a \$2.0 million loan will be executed on December 1.
4 The interest rate that has been projected is based on OEB Deemed Long Term
5 Debt rate in effect as of April 25, 2015.

6

7 **Common Equity**

8

9 Kingston Hydro has used the deemed return on equity of 9.30% throughout its Custom
10 IR period of 2016-2020. The use of the deemed rate follows the rate set by the Board in
11 its letter on Cost of Capital Parameter Updates issued November 20, 2014.

12

13 Kingston Hydro recognizes that this rate will be updated prior to the Decision reflect the
14 current rate in effect per the December 11, 2009 *Report of the Board on the Cost of*
15 *Capital for Ontario's Regulated Utilities*.

16

17 Kingston Hydro also requests that this rate be updated yearly to reflect the yearly Cost
18 of Capital updates issued by the OEB.



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Attachment 1 of 3

OEB Appendix 2-OA

Appendix 2-OA Capital Structure and Cost of Capital

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

Year: 2011 Board Approved

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$23,682,285	5.01%	\$1,186,133
2	Short-term Debt	4.00% (1)	\$1,691,592	2.46%	\$41,613
3	Total Debt	60.0%	\$25,373,877	4.84%	\$1,227,746
	Equity				
4	Common Equity	40.00%	\$16,915,918	9.58%	\$1,620,545
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$16,915,918	9.58%	\$1,620,545
7	Total	100.0%	\$42,289,795	6.74%	\$2,848,291

Year: 2011 Actual

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	33.2%	\$13,242,168	5.40%	\$715,443
2	Short-term Debt	0.0% (1)	\$ -	0.00%	\$ -
3	Total Debt	33.2%	\$13,242,168	5.40%	\$715,443
	Equity				
4	Common Equity	66.8%	\$26,648,451	6.26%	\$1,666,949
5	Preferred Shares		\$ -		\$ -
6	Total Equity	66.8%	\$26,648,451	6.26%	\$1,666,949
7	Total	100.0%	\$39,890,619	5.97%	\$2,382,392

Notes

(1)

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

Appendix 2-OA Capital Structure and Cost of Capital

Year: 2012 Actual

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	54.0%	\$22,705,328	3.98%	\$904,371
2	Short-term Debt	0.0% (1)	\$ -	2.46%	\$ -
3	Total Debt	54.0%	\$22,705,328	3.98%	\$904,371
	Equity				
4	Common Equity	46.0%	\$19,341,302	10.34%	\$1,999,442
5	Preferred Shares		\$ -		\$ -
6	Total Equity	46.0%	\$19,341,302	10.34%	\$1,999,442
7	Total	100.0%	\$42,046,629	6.91%	\$2,903,813

Year: 2013 Actual

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	52.4%	\$24,670,960	4.15%	\$1,024,164
2	Short-term Debt	0.0% (1)	\$ -	2.46%	\$ -
3	Total Debt	52.4%	\$24,670,960	4.15%	\$1,024,164
	Equity				
4	Common Equity	47.6%	\$22,445,123	9.03%	\$2,027,860
5	Preferred Shares		\$ -		\$ -
6	Total Equity	47.6%	\$22,445,123	9.03%	\$2,027,860
7	Total	100.0%	\$47,116,082	6.48%	\$3,052,023

Appendix 2-OA Capital Structure and Cost of Capital

Year: 2014 Actual

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	49.8%	\$25,551,089	4.29%	\$1,095,431
2	Short-term Debt	0.0% (1)	\$ -	2.46%	\$ -
3	Total Debt	49.8%	\$25,551,089	4.29%	\$1,095,431
	Equity				
4	Common Equity	50.2%	\$25,750,975	9.98%	\$2,570,177
5	Preferred Shares		\$ -		\$ -
6	Total Equity	50.2%	\$25,750,975	9.98%	\$2,570,177
7	Total	100.0%	\$51,302,063	7.15%	\$3,665,608

Year: 2015 Bridge

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	54.9%	\$29,872,097	3.75%	\$1,121,516
2	Short-term Debt	0.0% (1)	\$ -	0.00%	\$ -
3	Total Debt	54.9%	\$29,872,097	3.75%	\$1,121,516
	Equity				
4	Common Equity	45.1%	\$24,567,028	7.98%	\$1,960,996
5	Preferred Shares		\$ -		\$ -
6	Total Equity	45.1%	\$24,567,028	7.98%	\$1,960,996
7	Total	100.0%	\$54,439,124	5.66%	\$3,082,512

Appendix 2-OA Capital Structure and Cost of Capital

Year: 2016 Test

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$32,411,678	4.35%	\$1,410,682
2	Short-term Debt	4.00% (1)	\$2,315,120	2.16%	\$50,007
3	Total Debt	60.0%	\$34,726,798	4.21%	\$1,460,689
	Equity				
4	Common Equity	40.00%	\$23,151,198	9.30%	\$2,153,061
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$23,151,198	9.30%	\$2,153,061
7	Total	100.0%	\$57,877,996	6.24%	\$3,613,750

Year: 2017 Test

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$33,607,353	4.42%	\$1,486,257
2	Short-term Debt	4.00% (1)	\$2,400,525	2.16%	\$51,851
3	Total Debt	60.0%	\$36,007,878	4.27%	\$1,538,108
	Equity				
4	Common Equity	40.00%	\$24,005,252	9.30%	\$2,232,488
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$24,005,252	9.30%	\$2,232,488
7	Total	100.0%	\$60,013,131	6.28%	\$3,770,597

Appendix 2-OA Capital Structure and Cost of Capital

Year: 2018 Test

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$34,388,001	4.46%	\$1,534,888
2	Short-term Debt	4.00% (1)	\$2,456,286	2.16%	\$53,056
3	Total Debt	60.0%	\$36,844,287	4.31%	\$1,587,944
	Equity				
4	Common Equity	40.00%	\$24,562,858	9.30%	\$2,284,346
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$24,562,858	9.30%	\$2,284,346
7	Total	100.0%	\$61,407,146	6.31%	\$3,872,290

Year: 2019 Test

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$35,514,045	4.59%	\$1,628,974
2	Short-term Debt	4.00% (1)	\$2,536,717	2.16%	\$54,793
3	Total Debt	60.0%	\$38,050,762	4.43%	\$1,683,767
	Equity				
4	Common Equity	40.00%	\$25,367,175	9.30%	\$2,359,147
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$25,367,175	9.30%	\$2,359,147
7	Total	100.0%	\$63,417,937	6.38%	\$4,042,914

**Appendix 2-OA
Capital Structure and Cost of Capital**

Year: 2020 Test

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$36,599,489	4.62%	\$1,690,654
2	Short-term Debt	4.00% (1)	\$2,614,249	2.16%	\$56,468
3	Total Debt	60.0%	\$39,213,739	4.46%	\$1,747,122
	Equity				
4	Common Equity	40.00%	\$26,142,492	9.30%	\$2,431,252
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$26,142,492	9.30%	\$2,431,252
7	Total	100.0%	\$65,356,231	6.39%	\$4,178,373



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OEB Appendix 2-OB

Appendix 2-OB Debt Instruments

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

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)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 2,361,549	3.25%	\$ 76,750.33	
3									\$ -	
4									\$ -	
5									\$ -	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 13,242,168	5.40%	\$ 715,442.66	

Notes

- 1 If financing is in place only part of the year, calculate the pro-rated interest and input in the cell.
- 2 Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009, or with any subsequent update issued by the Board.
- 3 Add more lines above row 12 if necessary.

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)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 2,175,345	3.25%	\$ 70,698.70	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ 2,215,454	3.03%	\$ 67,128.26	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 3,933,910	3.25%	\$ 127,852.08	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 3,500,000	3.92%	\$ -	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 22,705,328	3.98%	\$ 904,371.36	

Appendix 2-OB Debt Instruments

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)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 1,890,030	3.25%	\$ 61,425.98	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ 2,138,287	3.03%	\$ 64,790.08	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 3,793,444	3.25%	\$ 123,286.93	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 3,468,580	3.92%	\$ 135,968.34	
6	Long Term Debt	TD Bank	Third-Party	Fixed Rate	18-Dec-13	7	\$ 2,500,000	3.67%	\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
									\$ -	
Total							\$ 24,670,960	4.15%	\$ 1,024,163.66	

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)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 1,595,304	3.25%	\$ 51,847.36	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ 2,051,734	3.03%	\$ 62,167.54	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 3,642,238	3.25%	\$ 118,372.74	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 3,404,497	3.92%	\$ 133,456.26	
6	Long Term Debt	TD Bank	Third-Party	Fixed Rate	18-Dec-13	7	\$ 2,476,698	3.67%	\$ 90,894.80	
7	Long Term Debt	TD Bank	Third-Party	Fixed Rate	9-Dec-14	7	\$ 1,500,000	3.24%	\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
									\$ -	
Total							\$ 25,551,089	4.29%	\$ 1,095,431.04	

Appendix 2-OB Debt Instruments

Year 2015

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 1,290,854	3.25%	\$ 41,952.76	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ 1,962,523	3.03%	\$ 59,464.43	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 3,486,044	3.25%	\$ 113,296.41	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 3,337,876	3.92%	\$ 130,844.74	
6	Long Term Debt	TD Bank	Third-Party	Fixed Rate	18-Dec-13	7	\$ 2,429,223	3.67%	\$ 89,152.47	
7	Long Term Debt	TD Bank	Third-Party	Fixed Rate	9-Dec-14	7	\$ 1,484,959	3.24%	\$ 48,112.67	
8	Long Term Debt	TBD	Third-Party	Fixed Rate	15-Dec-15	30	\$ 5,000,000	3.39%	\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 29,872,097	3.75%	\$ 1,121,515.81	

Year 2016

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 976,362	3.25%	\$ 31,731.77	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ 1,870,570	3.03%	\$ 56,678.27	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 3,324,697	3.25%	\$ 108,052.65	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 3,268,618	3.92%	\$ 128,129.83	
6	Long Term Debt	TD Bank	Third-Party	Fixed Rate	18-Dec-13	7	\$ 2,379,976	3.67%	\$ 87,345.12	
7	Long Term Debt	TD Bank	Third-Party	Fixed Rate	9-Dec-14	7	\$ 1,454,026	3.24%	\$ 47,110.44	
8	Long Term Debt	TBD	Third-Party	Fixed Rate	15-Dec-15	30	\$ 4,950,688	3.39%	\$ 167,828.32	
9	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-16	30	\$ 291,667	4.77%	\$ 13,912.50	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 29,397,223	4.35%	\$ 1,279,481.23	

Appendix 2-OB Debt Instruments

Year 2017

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 651,494	3.25%	\$ 21,173.56	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ 1,775,792	3.03%	\$ 53,806.50	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 3,158,027	3.25%	\$ 102,635.88	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 3,196,619	3.92%	\$ 125,307.46	
6	Long Term Debt	TD Bank	Third-Party	Fixed Rate	18-Dec-13	7	\$ 2,328,891	3.67%	\$ 85,470.30	
7	Long Term Debt	TD Bank	Third-Party	Fixed Rate	9-Dec-14	7	\$ 1,422,214	3.24%	\$ 46,079.73	
8	Long Term Debt	TBD	Third-Party	Fixed Rate	15-Dec-15	30	\$ 4,850,393	3.39%	\$ 164,428.32	
9	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-16	30	\$ 3,472,602	4.77%	\$ 165,643.12	
10	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-17	30	\$ 83,333	4.77%	\$ 3,975.00	
11									\$ -	
12									\$ -	
Total							\$ 31,819,984	4.42%	\$ 1,407,212.20	

Year 2018

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 315,910	3.25%	\$ 10,267.08	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ 1,678,102	3.03%	\$ 50,846.49	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 2,985,860	3.25%	\$ 97,040.45	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 3,121,770	3.92%	\$ 122,373.38	
6	Long Term Debt	TD Bank	Third-Party	Fixed Rate	18-Dec-13	7	\$ 2,275,899	3.67%	\$ 83,525.49	
7	Long Term Debt	TD Bank	Third-Party	Fixed Rate	9-Dec-14	7	\$ 1,389,372	3.24%	\$ 45,015.65	
8	Long Term Debt	TBD	Third-Party	Fixed Rate	15-Dec-15	30	\$ 4,746,699	3.39%	\$ 160,913.10	
9	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-16	30	\$ 3,416,499	4.77%	\$ 162,967.00	
10	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-17	30	\$ 992,172	4.77%	\$ 47,326.60	
11	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-18	30	\$ 175,000	4.77%	\$ 8,347.50	
12									\$ -	
Total							\$ 31,977,902	4.46%	\$ 1,427,315.08	

Appendix 2-OB Debt Instruments

Year 2019

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ 36,414	3.25%	\$ 1,183.46	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ 135,010	3.03%	\$ 4,090.80	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 2,808,012	3.25%	\$ 91,260.39	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 3,043,958	3.92%	\$ 119,323.15	
6	Long Term Debt	TD Bank	Third-Party	Fixed Rate	18-Dec-13	7	\$ 2,220,930	3.67%	\$ 81,508.13	
7	Long Term Debt	TD Bank	Third-Party	Fixed Rate	9-Dec-14	7	\$ 1,355,465	3.24%	\$ 43,917.07	
8	Long Term Debt	TBD	Third-Party	Fixed Rate	15-Dec-15	30	\$ 4,639,490	3.39%	\$ 157,278.71	
9	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-16	30	\$ 3,357,721	4.77%	\$ 160,163.29	
10	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-17	30	\$ 976,143	4.77%	\$ 46,562.02	
11	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-18	30	\$ 2,083,561	4.77%	\$ 99,385.86	
12	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-19	30	\$ 166,667	4.77%	\$ 7,950.00	
13	Long Term Debt	TBD	Third-Party	Fixed Rate	16-Feb-19	15	\$ 1,581,924	4.77%	\$ 75,457.77	Loan 3 renewed
Total							\$ 33,285,914	4.59%	\$ 1,526,772.99	

Year 2020

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)	Additional Comments, if any
1	Note payable	City of Kingston	Affiliated	Fixed Rate	1-May-11		\$ 10,880,619	5.87%	\$ 638,692.34	
2	Long Term Debt	TD Bank	Third-Party	Fixed Rate	20-May-09	10	\$ -	3.25%	\$ -	
3	Long Term Debt	TD Bank	Third-Party	Fixed Rate	16-Feb-12	7	\$ -	3.03%	\$ -	
4	Long Term Debt	TD Bank	Third-Party	Fixed Rate	4-Jan-12	10	\$ 2,624,298	3.25%	\$ 85,289.69	
5	Long Term Debt	IO	Third-Party	Fixed Rate	18-Dec-12	30	\$ 2,963,065	3.92%	\$ 116,152.15	
6	Long Term Debt	TD Bank	Third-Party	Fixed Rate	18-Dec-13	7	\$ 2,163,909	3.67%	\$ 79,415.46	
7	Long Term Debt	TD Bank	Third-Party	Fixed Rate	9-Dec-14	7	\$ 1,320,460	3.24%	\$ 42,782.90	
8	Long Term Debt	TBD	Third-Party	Fixed Rate	15-Dec-15	30	\$ 4,528,645	3.39%	\$ 153,521.07	
9	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-16	30	\$ 3,296,138	4.77%	\$ 157,225.78	
10	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-17	30	\$ 959,349	4.77%	\$ 45,760.95	
11	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-18	30	\$ 2,049,900	4.77%	\$ 97,780.23	
12	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-19	30	\$ 1,984,344	4.77%	\$ 94,653.21	
13	Long Term Debt	TBD	Third-Party	Fixed Rate	16-Feb-19	15	\$ 1,503,713	4.77%	\$ 71,727.11	Loan 3 renewed
14	Long Term Debt	TBD	Third-Party	Fixed Rate	1-Dec-20	30	\$ 166,667	4.77%	\$ 7,950.00	
Total							\$ 34,441,107	4.62%	\$ 1,590,950.88	



File Number:EB-2015-0083

Exhibit: 5

Tab: 1

Schedule: 1

Date Filed: June 1, 2015

Attachment 3 of 3

Promissory Note to the City of Kingston

AMENDED PROMISSORY NOTE

FOR VALUE RECEIVED, *Kingston Hydro Corporation* promises to pay to or to the order of *The Corporation of the City of Kingston* in part or in whole, on no less than 366 days prior written notice, at Kingston, Ontario the sum of \$10,880,619 (ten million, eight hundred and eighty thousand, six hundred and nineteen Dollars), and to pay interest from the date of this Promissory Note on the said sum or the amount from time to time remaining unpaid at the rate per annum which is equal to 5.87% (amended with effect as of May 1, 2011), and to pay on demand interest on overdue interest at the aforesaid rate. Such interest shall be payable monthly in arrears.. Interest at the aforesaid rate shall apply both before and after demand, default and judgment.

The principal and interest of this Promissory Note shall be paid in Canadian dollars without set-off or counterclaim.

Kingston Hydro Corporation waives presentment, protest and notice of any kind in the enforcement of this promissory note.

This promissory note shall be governed by the laws of the Province of Ontario including the federal laws of Canada applicable therein.

This promissory note amends, as to interest rate and notice of repayment, supercedes and replaces the demand promissory note earlier executed by Kingston Hydro Corporation in favour of The Corporation of the City of Kingston reflecting the terms of a resolution passed by the The Corporation of the City of Kingston under Section 159.1 of the Electricity Act, 1998, a copy of which is attached hereto as Exhibit "A", which earlier promissory note has been lost, misplaced or destroyed and is cancelled by the execution and delivery of this Promissory Note. .

Made at Kingston, Ontario this 28th day of November, 2012.

Kingston Hydro Corporation

Per:



James Keech
President and CEO

Per:



Randy Murphy
Treasurer


WITNESS

* * * * *

I HEREBY CERTIFY THAT THE FOLLOWING IS A TRUE AND CORRECT COPY OF Clause 1.(i), Committee of the Whole, ADOPTED AND APPROVED BY KINGSTON CITY COUNCIL AT ITS REGULAR MEETING HELD ON FEBRUARY 11, 2003:

1. (i) *WHEREAS the Province has enacted legislation in 1998, the Electricity Act, that has removed electricity from the definition of "public utility", and;*
WHEREAS the City of Kingston formed Kingston Electricity Distribution Limited, a business under the Business Corporations Act, as required by Section 142(1) of the Electricity Act, and;
WHEREAS the City of Kingston is satisfied that all necessary steps were taken to determine the revenue requirements of its electricity distribution utility, and;
WHEREAS Section 159.1 of Bill 210, the Electricity Pricing, Conservation & Supply Act, 2002, enacted on December 9, 2002, provides that a municipality that has an interest in an LDC, as defined in subsection 159.1(3), may, within 90 days after Section 159.1 comes into force, pass a resolution providing that the municipality affirms that the LDC should continue to be incorporated as provided in Subsection 142(1) of the Electricity Act, and;
WHEREAS Section 159.1 of Bill 210 provides that if the Minister of Energy does not receive a certificate certifying the passing of the resolution to continue to be incorporated, as provided in Subsection 142(1) of the Electricity Act within 90 days of Section 159.1 coming into force, the consequences as laid out in Subsections 159.1(5), (6) and (7) of Bill 210 will follow;
THEREFORE BE IT RESOLVED THAT the City of Kingston affirm that Kingston Electricity Distribution Limited shall continue to be incorporated as provided in Section 142(1) of the Electricity Act, as it was established in 2000;

-and further-

THAT Council authorize the Mayor and City Clerk to execute the Certificate of Passing of a resolution as prescribed by Regulation 430/02, certifying the passing of the resolution to continue to operate on a for-profit basis.

CARRIED



CAROLYN DOWNS
City Clerk

DATED at Kingston, Ontario
this 12th day of February, 2003

* * * * *

December 20, 2002

CERTIFICATE OF PASSING OF RESOLUTION
UNDER SECTION 159.1 OF THE *ELECTRICITY ACT, 1998*

Name of Municipality

Corporation of the City of Kingston

Name of Local Distribution Company

Kingston Electricity Distribution Limited

Direct and Indirect Beneficial Ownership of and Voting Rights in Local Distribution Company. Specify shareholders and % of ownership at each level of the corporate structure (see subsection 159.1 (3) of Act). If there is insufficient space on this form, attach additional page(s).

Corporation of the City of Kingston - Common Shares - 100%

Attached is a copy of the resolution passed by the municipality affirming that the local distribution company should continue to operate on a for-profit basis.

The municipality affirms that the projected return on common equity to be earned by the local distribution company, on which the rates approved by the Ontario Energy Board are based, is 8.43 %.

Provide details of all financial arrangements involving the municipality and the local distribution company. If there is insufficient space on this form, attach additional page(s).

Date of Arrangement	Description of Arrangement	Term	Principal Amount	Annual Interest Payable
Jan. 1, 2000	Note Payable	No Fixed Terms of Repayment	\$12,380,619	\$897,596

Isabel Turner ISABEL TURNER
Name of Mayor

Isabel Turner Feb 12, 2003
Signature of Mayor Date

CAROLYN S. DOWNS
Name of Clerk

Carolyn Downs Feb 12, 2003
Signature of Clerk Date



File Number: EB-2015-0083

Date Filed: June 1, 2015

Exhibit 5

Tab 2 of 2

Not-for-Profit Corporations



File Number: EB-2015-0083

Exhibit: 5

Tab: 2

Schedule: 1

Page: 1 of 1

Date Filed: June 1, 2015

1 Not-for-Profit Corporations

2

3 **NOT-FOR-PROFIT CORPORATIONS**

4

5 Kingston Hydro Corporation is not a not-for-profit corporation.