

OEB Filing Requirements Mapping
Exhibit 5

OEB Chapter 2 Filing Requirements: Heading/Sub-Heading		InnPower Corporation Application: Heading/Sub-Heading	
2.5	Exhibit 5: Cost of Capital & Capital Structure	2.5	Exhibit 5: Cost of Capital & Capital Structure
2.5.1	Capital Structure	2.5.1	Capital Structure
2.5.2	Cost of Capital (Return on Equity & Cost of Debt)	2.5.2	Cost of Capital (Return on Equity & Cost of Debt)
2.5.3	Not-for-Profit Corporations	2.5.3	Not-for-Profit Corporations

1

1 **Table of Contents**

2 **Table of Contents 2**

3 **2.5 Cost of Capital and Capital Structure..... 3**

4 2.5.1 Capital Structure..... 3

5 2.5.2 Cost of Capital (Return on Equity & Cost of Debt) 7

6 2.5.3 Not-for-Profit Corporations..... 9

7 **APPENDICES 10**

8

9

2.5 Cost of Capital and Capital Structure

2.5.1 Capital Structure

The purpose of this evidence is to provide an overview of InnPower Corporation's capital structure for the 2017 Test Year. Detailed schedules on capital structure and debt issuances can be found in this Exhibit, Tables 5-2 to 5-6, Chapter 2 Appendix 2-OA and Chapter 2 Appendix 2-OB.

InnPower Corporation's capital structure for ratemaking purposes and the ensuing evidence has been prepared in accordance with the Report of the Board on Cost of Capital for Ontario's Regulated 9 Utilities (the "Cost of Capital Report") (EB-2009-0084) issued on December 11, 2009.

On October 27, 2016 the Board issued a letter updating the Cost of Capital parameters to the following values for 2017 Applications:

Cost of Capital Parameter Updates

Rates Effective	Return on Equity (ROE)	Deemed Long-term Debt Rate	Deemed Short-term Debt Rate	Weighted Average Cost of Capital (WACC)*	Letter (issuance date)
Jan 1, 2017	8.78%	3.72%	1.76%	5.67%	Oct 27, 2016
Jan 1, 2016	9.19%	4.54%	1.65%	6.28%	Oct 15, 2015

InnPower Corporation confirms that the Cost of Capital Parameter Updates issued on October 27, 2016 have been incorporated to this Application.

In calculating the cost of capital, InnPower Corporation 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 October 27, 2016. The following table sets out the capital structure for the 2017 Test Year.

1 **Table 5-1: 2017 Capital Structure**

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2017		
Description	Deemed Portion	Effective Rate
Long-Term Debt	56.00%	3.72%
Short-Term Debt	4.00%	1.76%
Return On Equity	40.00%	8.78%
Weighted Debt Rate		3.59%
Regulated Rate of Return		5.67%

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5 **Return on Equity**

6 InnPower Corporation has used a ROE of 8.78% in the 2017 Test Years as established by the
 7 Board for 2017 cost of service applications.

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9 **Weighted Average Cost of Debt**

10 InnPower Corporation has used a Long Term Debt cost rate for the 2017 Test Years of 3.72%
 11 which is consistent with the OEB prescribed cost of capital parameters.

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13 **Long Term Debt**

14 InnPower Corporation's Long Term Debt instruments are itemized in the Chapter 2 Appendices
 15 2-OB, for the historical and Test Years of this application in Tables 5-2 - 5-6:

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17 **Table 5-2: InnPower Corporation Debt Instruments 2013**

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

Year 2013

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	Bank Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	29-Oct-10	20	\$ 1,887,048	4.53%	\$ 87,284.00	
2	Debentures	Town of Innsfil	Third-Party	Fixed Rate	1-Apr-95	20	\$ 2,005,000	6.26%	\$ 216,718.00	
3	Debentures	Infrastructure Ontario	Third-Party	Fixed Rate	15-Aug-11	15	\$ 2,166,667	3.91%	\$ 87,154.00	
4	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	14-Mar-12	24	\$ 3,805,466	4.05%	\$ 156,390.00	
5	Demand	Toronto Dominion Bank	Third-Party	Variable Rate	1-Jan-13	Demand	\$ 3,086,936	4.12%	\$ 127,181.76	
6	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	7-Sep-12	25	\$ 3,877,255	3.81%	\$ 149,764.00	
7	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	26-Nov-13	25	\$ 2,994,564	4.59%	\$ 11,318.00	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
	Total						\$ 19,822,936	4.22%	\$ 835,809.76	

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1 **Table 5-3: InnPower Corporation Debt Instruments 2014**

Year 2014

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	Bank Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	29-Oct-10	20	\$ 1,810,535	4.53%	\$ 80,363.00	
2	Debentures	Town of Innsfil	Third-Party	Fixed Rate	1-Apr-95	20	\$ 1,045,000	6.26%	\$ 125,288.00	
3	Debentures	Infrastructure Ontario	Third-Party	Fixed Rate	15-Aug-11	15	\$ 2,000,000	3.91%	\$ 80,467.00	
4	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	14-Mar-12	24	\$ 3,698,493	4.05%	\$ 153,343.00	
5	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	7-Sep-12	25	\$ 3,774,855	3.81%	\$ 145,942.00	
6	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	26-Nov-13	25	\$ 2,929,602	4.59%	\$ 136,090.00	
7	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	23-Jul-14	30	\$ 1,985,371	3.96%	\$ 32,886.00	
8	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	25-Nov-14	30	\$ 1,996,985	3.91%	\$ 6,434.00	
9	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	1-Dec-14	30	\$ 2,000,000	3.91%	\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 21,240,841	3.58%	\$ 760,813.00	

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4 **Table 5-4: InnPower Corporation Debt Instruments 2015**

Year 2015

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	Bank Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	29-Oct-10	20	\$ 1,730,484	4.53%	\$ 80,362.00	
2	Debentures	Infrastructure Ontario	Third-Party	Fixed Rate	15-Aug-11	15	\$ 1,833,333	3.91%	\$ 74,120.00	
3	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	14-Mar-12	24	\$ 3,585,388	4.05%	\$ 147,210.00	
4	Demand	Toronto Dominion Bank	Third-Party	Variable Rate	1-Jan-14	Demand	\$ 3,681,171	3.81%	\$ 141,972.00	
5	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	7-Sep-12	25	\$ 3,668,484	4.59%	\$ 133,045.00	
6	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	26-Nov-13	25	\$ 2,861,596	3.96%	\$ 77,968.00	
7	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	23-Jul-14	30	\$ 1,949,305	3.91%	\$ 77,520.00	
8	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	25-Nov-14	30	\$ 1,961,117	3.68%	\$ 66,615.00	
9	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	26-Jun-15	30	\$ 12,193,723	2.81%	\$ 173,120.00	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 33,464,601	2.90%	\$ 971,932.00	

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7 **Table 5-5: InnPower Corporation Debt Instruments 2016**

Year 2016

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	Bank Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	29-Oct-10	20	\$ 1,646,952	4.53%	\$ 76,882.00	
2	Debentures	Infrastructure Ontario	Third-Party	Fixed Rate	15-Aug-11	15	\$ 1,666,667	3.91%	\$ 67,791.00	
3	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	14-Mar-12	24	\$ 3,468,067	4.05%	\$ 142,994.00	
4	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	7-Sep-12	25	\$ 3,558,381	3.81%	\$ 138,240.00	
5	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	26-Nov-13	25	\$ 2,790,772	4.59%	\$ 130,227.00	
6	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	23-Jul-14	30	\$ 1,912,002	3.96%	\$ 76,731.00	
7	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	25-Nov-14	30	\$ 1,924,037	3.91%	\$ 76,307.00	
8	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	9-Jan-15	30	\$ 1,927,282	3.68%	\$ 71,889.00	
9	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	26-Jun-15	30	\$ 11,925,553	2.81%	\$ 340,624.00	
10	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	2015	30	\$ 3,629,591	4.00%	\$ 145,167.00	
11	Commercial Loan	Toronto Dominion Bank	Third-Party	Fixed Rate	2016	30	\$ 4,194,184	2.00%	\$ 33,320.00	
12									\$ -	
Total							\$ 38,643,488	3.36%	\$ 1,300,172.00	

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1 **2.5.2 Cost of Capital (Return on Equity & Cost of Debt)**

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 3 InnPower Corporation provides the following tables (Table 5-7: and Table 5:8:) from the Chapter
 4 2 Appendices for the 2013 Board Approved Cost of Capital and the 2017 Test Year Cost of
 5 Capital.

7 **Table 5-7: Appendix 2-OA 2013 Board Approved Cost of Capital**

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**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: 2013

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)		
	Debt				
1	Long-term Debt	56.00%	\$18,586,984	4.23%	\$786,973
2	Short-term Debt	4.00%	\$1,327,642	2.07%	\$27,482
3	Total Debt	60.0%	\$19,914,626	4.09%	\$814,455
	Equity				
4	Common Equity	40.00%	\$13,276,417	8.98%	\$1,192,222
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$13,276,417	8.98%	\$1,192,222
7	Total	100.0%	\$33,191,043	6.05%	\$2,006,677

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1 **Table 5-8: Appendix 2-OA 2017 Test Year Cost of Capital**

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**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: 2017

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$31,515,556	3.72%	\$1,172,379
2	Short-term Debt	4.00%	\$2,251,111	1.76%	\$39,620
3	Total Debt	60.0%	\$33,766,667	3.59%	\$1,211,998
	Equity				
4	Common Equity	40.00%	\$22,511,112	8.78%	\$1,976,476
5	Preferred Shares		\$ -	0.00%	\$ -
6	Total Equity	40.0%	\$22,511,112	8.78%	\$1,976,476
7	Total	100.0%	\$56,277,779	5.67%	\$3,188,474

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1 **2.5.3 Not-for-Profit Corporations**

2 InnPower Corporation is not a cooperative and as such, all requirements related to a not-for-
3 profit organization do not apply.

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1 APPENDICES

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3 No appendices are required for Exhibit 5.