

EXHIBIT 5 – COST OF CAPITAL

2024 Cost of Service

Westario Power Inc.

EB-2023-0058

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Statement of Impact on the the new cost of capital parameters

WPI is aware that the OEB issued revised Cost of Capital Parameters on October 31, 2023.

The 2024 and 2025 parameters are presented below;

Unfortunately, the utility's proposed rates and application had already been completed and rates calculated on the basis of 2023 cost of capital parameters presented in this Exhibit. Instead of updating the calculations, models, application and rates and risking further delays, WPI proposes to update the parameters in its response to interrogatories. The table below shows the impact of the changes on the proposed return. The impact is a reduction of \$1,725.

Using 2023 Cost of Capital Parameters (As filed)

Particulars	Capitalization Ratio		Cost Rate	Return
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$40,243,270	3.62%	\$1,456,671
Short-term Debt	4.00%	\$2,874,519	4.79%	\$137,689
Total Debt	60.00%	\$43,117,789	3.70%	\$1,594,360
Equity				
Common Equity	40.00%	\$28,745,193	9.36%	\$2,690,550
Preferred Shares	0.00%	\$ -		\$ -
Total Equity	40.00%	\$28,745,193	9.36%	\$2,690,550
Total	100.00%	\$71,862,982	5.96%	\$4,284,910

Using 2024 Cost of Capital Parameters

Particulars	Capitalization Ratio		Cost Rate	Return
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$40,243,270	3.62%	\$1,456,671
Short-term Debt	4.00%	\$2,874,519	6.23%	\$179,083
Total Debt	60.00%	\$43,117,789	3.79%	\$1,635,753
Equity				
Common Equity	40.00%	\$28,745,193	9.21%	\$2,647,432
Preferred Shares	0.00%	\$ -		\$ -
Total Equity	40.00%	\$28,745,193	9.21%	\$2,647,432
Total	100.00%	\$71,862,982	5.96%	\$4,283,185

5.1 CAPITAL STRUCTURE

In WPI's Exhibit 5, WPI presents evidence regarding its capital structure, its debt financing, and the calculation of its return on equity for the 2024 Test Year.

WPI seeks to recover a weighted average cost of capital of 5.96% through rates in the 2024 Test Year. WPI has followed the appropriate policies in determining the applicable cost of capital.

In calculating the applicable cost of capital, WPI has used:

- The OEB's deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity;
- The most recent published allowed return on equity (ROE) rate of 9.36% as per the OEB's prescribed Cost of Capital Parameters published for 2023 Cost of Service applications.

WPI acknowledges the OEB will most likely update the ROE for 2024 at a later date. Therefore the utility commits to updating its Application to reflect the OEB's updated Cost of Capital Parameters for 2024 applications as new information is issued, to the extent that updated information applies to the Application.

WPI is not seeking any changes in its Capital Structure from its 2018 Board Approved Structure. WPI does not issue any preference shares or common equity shares. As such, retirements of debt or preference shares and common share offerings do not apply in WPI's case.

WPI's cost of capital and return on rate base for 2024 Test Year is shown in table 1 below.

Table 2 shows the previously approved Capital Structure as a comparison. Although WPI no longer holds a debt instrument, Appendix 2-OB, which shows the utility's debt instrument until 2024, is presented in table 3.

Table 1 – 2024 Capital Structure and Statement of Rate Base (Appendix 2-OA)

Particulars	Capitalization Ratio		Cost Rate	Return
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$40,243,270	3.62%	\$1,456,671
Short-term Debt	4.00%	\$2,874,519	4.79%	\$137,689
Total Debt	60.00%	\$43,117,789	3.70%	\$1,594,360
Equity				
Common Equity	40.00%	\$28,745,193	9.36%	\$2,690,550
Preferred Shares	0.00%	\$ -		\$ -
Total Equity	40.00%	\$28,745,193	9.36%	\$2,690,550
Total	100.00%	\$71,862,982	5.96%	\$4,284,910

Table 2 – 2018 Capital Structure and Statement of Rate Base (Appendix 2-OA)

Particulars	Capitalization Ratio		Cost Rate	Return
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$28,200,731	4.24%	\$1,196,221
Short-term Debt	4.00%	\$2,014,338	2.29%	\$46,128
Total Debt	60.00%	\$30,215,069	4.11%	\$1,242,349
Equity				
Common Equity	40.00%	\$20,143,379	9.00%	\$1,812,904
Preferred Shares	0.00%	\$ -		\$ -
Total Equity	40.00%	\$20,143,379	9.00%	\$1,812,904
Total	100.00%	\$50,358,448	6.07%	\$3,055,253

All rates above are consistent with the letter issued by the OEB on October 20, 2022, and the Applicant is not proposing any rate different from the OEB guidelines.

5.2. RETURN ON EQUITY AND COST OF DEBT

Calculations of the cost for each capital component are presented in table 1. The following section addresses the return on equity, both historical vs. the actual ROE up to 2022, as reported in the annual RRR filings.

5.2.1 Return on Equity

WPI's historically achieved ROE has been with the 300 basis points of the Board-Approved ROE of 9.00%. WPI's budget process involves an analysis of the forecasted ROE. WPI's proposed ROE is 9.36%. WPI will continue to budget with consideration to the Board-Approved ROE and commits to staying within the 300 basis points going forward.

Table 3 – Historical Return On Equity Achieved

	2018	2019	2020	2021	2022
2018 Board Approved	9.00%	9.00%	9.00%	9.00%	9.00%
Actual Achieved	10.10%	10.99%	8.77%	7.01%	5.09%

5.2.2 Cost of Debt

OEB Appendix 2-OB below presents a capital structure for all required historic years, the bridge year and the Test year

Table 4 – Debt Instruments (Appendix 2-OB)

Year 2024									
Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)
1	Loan from Shareholders	Various	Affiliated	Fixed Rate		N/A	\$ 5,260,461	4.12%	\$ 216,730.98
2	Bank Swap #2	CIBC	Third-Party	Fixed Rate	01/01/2012	15	\$ 519,413	3.540%	\$ 18,387.23
3	Bank Swap #3	CIBC	Third-Party	Fixed Rate	06/30/2011	10	\$ 27,792	3.540%	\$ 983.84
4	Bank Swap #4	CIBC	Third-Party	Fixed Rate	08/19/2013	15	\$ 941,358	3.540%	\$ 33,324.09
5	Bank Swap #5	CIBC	Third-Party	Fixed Rate	06/12/2014	15	\$ 1,112,949	3.540%	\$ 39,398.39
6	Bank Swap #6	CIBC	Third-Party	Fixed Rate	07/01/2017	15	\$ 1,000,000	3.540%	\$ 35,400.00
7	Bank Swap #7	CIBC	Third-Party	Fixed Rate	03/01/2018	15	\$ 2,177,778	3.540%	\$ 77,093.33
8	Bank Swap #8	CIBC	Third-Party	Fixed Rate	01/01/2019	15	\$ 2,400,000	3.540%	\$ 84,960.00
9	Bank Swap #9 part 1	CIBC	Third-Party	Fixed Rate	10/01/2020	15	\$ 1,450,000	3.540%	\$ 51,330.00
10	Bank Swap #9 part 2	CIBC	Third-Party	Fixed Rate	01/01/2021	15	\$ 1,450,000	3.540%	\$ 51,330.00
11	Bank Swap #10	CIBC	Third-Party	Fixed Rate	11/01/2021	20	\$ 2,525,000	3.540%	\$ 89,385.00
	Bank Swap #11	CIBC	Third-Party	Fixed Rate	07/01/2022	20	\$ 2,650,000	3.540%	\$ 93,810.00
	New Bank Loan #1	CIBC	Third-Party	Fixed Rate	06-01-2023	20	\$ 4,106,250	3.540%	\$ 145,361.25
	New Bank Loan #2	CIBC	Third-Party	Fixed Rate	09-30-2023	20	\$ 3,766,666	3.540%	\$ 133,339.98
	New Bank Loan #3	CIBC	Third-Party	Fixed Rate	04-15-2024	20	\$ 7,500,000	4.700%	\$ 264,375.00
Total							\$ 36,887,668	0.03619	\$1,335,209.10

Year 2023									
Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)
1	Loan from Shareholders	Various	Affiliated	Fixed Rate		N/A	\$ 5,260,461	4.12%	\$ 216,730.98
2	Bank Swap #2	CIBC	Third-Party	Fixed Rate	01/01/2012	15	\$ 699,292	3.540%	\$ 24,754.93
3	Bank Swap #3	CIBC	Third-Party	Fixed Rate	06/30/2011	10	\$ 352,386	3.540%	\$ 12,474.46
4	Bank Swap #4	CIBC	Third-Party	Fixed Rate	08/19/2013	15	\$ 1,167,612	3.540%	\$ 41,333.48
5	Bank Swap #5	CIBC	Third-Party	Fixed Rate	06/12/2014	15	\$ 1,329,932	3.540%	\$ 47,079.58
6	Bank Swap #6	CIBC	Third-Party	Fixed Rate	07/01/2017	15	\$ 1,133,333	3.540%	\$ 40,120.00
7	Bank Swap #7	CIBC	Third-Party	Fixed Rate	03/01/2018	15	\$ 2,444,444	3.540%	\$ 86,533.33
8	Bank Swap #8	CIBC	Third-Party	Fixed Rate	01/01/2019	15	\$ 2,666,667	3.540%	\$ 94,400.00
9	Bank Swap #9 part 1	CIBC	Third-Party	Fixed Rate	10/01/2020	15	\$ 1,566,667	3.540%	\$ 55,460.02
10	Bank Swap #9 part 2	CIBC	Third-Party	Fixed Rate	01/01/2021	15	\$ 1,599,999	3.540%	\$ 56,639.98
11	Bank Swap #10	CIBC	Third-Party	Fixed Rate	11/01/2021	20	\$ 2,675,000	3.540%	\$ 94,695.00
	Bank Swap #11	CIBC	Third-Party	Fixed Rate	07/01/2022	20	\$ 2,800,000	3.540%	\$ 99,120.00
	New Bank Loan #1	CIBC	Third-Party	Fixed Rate	06-01-2023	20	\$ 4,350,000	3.540%	\$ 76,995.00
	New Bank Loan #2	CIBC	Third-Party	Fixed Rate	09-30-2023	20	\$ 3,983,333	3.540%	\$ 35,252.53
Total							\$ 32,029,126	0.030646	\$981,589.25

Year 2022									
Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)
1	Loan from Shareholders	Various	Affiliated	Fixed Rate		N/A	\$ 5,260,461	4.120%	\$ 216,730.98
2	Bank Swap #1	CIBC	Third-Party	Fixed Rate	12/28/2011	10	\$ -	3.954%	\$ -
3	Bank Swap #2	CIBC	Third-Party	Fixed Rate	01/01/2012	15	\$ 868,417	3.940%	\$ 34,215.63
4	Bank Swap #3	CIBC	Third-Party	Fixed Rate	06/30/2011	10	\$ 661,089	3.940%	\$ 26,046.89
5	Bank Swap #4	CIBC	Third-Party	Fixed Rate	08/19/2013	15	\$ 1,384,274	3.940%	\$ 54,540.39
6	Bank Swap #5	CIBC	Third-Party	Fixed Rate	06/12/2014	15	\$ 1,538,441	3.940%	\$ 60,614.57
7	Bank Swap #6	CIBC	Third-Party	Fixed Rate	07/01/2017	15	\$ 1,266,667	3.940%	\$ 49,906.67
8	Bank Swap #7	CIBC	Third-Party	Fixed Rate	03/01/2018	15	\$ 2,711,111	3.940%	\$ 106,817.78
9	Bank Swap #8	CIBC	Third-Party	Fixed Rate	01/01/2019	15	\$ 2,933,333	3.940%	\$ 115,573.33
10	Bank Swap #9 part 1	CIBC	Third-Party	Fixed Rate	10/01/2020	15	\$ 1,700,001	3.940%	\$ 66,980.03
11	Bank Swap #9 part 2	CIBC	Third-Party	Fixed Rate	01/01/2021	15	\$ 1,733,333	3.940%	\$ 68,293.31
12	Bank Swap #10	CIBC	Third-Party	Fixed Rate	11/01/2021	20	\$ 2,825,000	3.940%	\$ 111,305.00
13	Bank Swap #11		Third-Party	Fixed Rate	07/01/2022	20	\$ 2,950,000	3.940%	\$ 116,230.00
Total							\$ 25,832,125	0.0397	\$1,027,254.57

Year 2021									
Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) (Note 2)	Interest (\$) (Note 1)
1	Loan from Shareholders	Various	Affiliated	Fixed Rate		N/A	\$ 5,260,461	4.120%	\$ 216,730.98
2	Bank Swap #1	CIBC	Third-Party	Fixed Rate	12/28/2011	10	\$ 144,894	3.431%	\$ 4,971.33
3	Bank Swap #2	CIBC	Third-Party	Fixed Rate	01/01/2012	15	\$ 1,027,432	4.281%	\$ 43,984.36
4	Bank Swap #3	CIBC	Third-Party	Fixed Rate	06/30/2011	10	\$ 954,679	3.431%	\$ 32,755.02
5	Bank Swap #4	CIBC	Third-Party	Fixed Rate	08/19/2013	15	\$ 1,591,750	3.631%	\$ 57,796.43
6	Bank Swap #5	CIBC	Third-Party	Fixed Rate	06/12/2014	15	\$ 1,738,807	3.631%	\$ 63,136.10
7	Bank Swap #6	CIBC	Third-Party	Fixed Rate	07/01/2017	15	\$ 1,400,000	3.631%	\$ 50,834.00
8	Bank Swap #7	CIBC	Third-Party	Fixed Rate	03/01/2018	15	\$ 2,977,778	3.631%	\$ 108,123.11
9	Bank Swap #8	CIBC	Third-Party	Fixed Rate	01/01/2019	15	\$ 3,200,000	3.631%	\$ 116,192.00
10	Bank Swap #9 part 1	CIBC	Third-Party	Fixed Rate	10/01/2020	15	\$ 1,833,334	3.631%	\$ 66,568.36
11	Bank Swap #9 part 2	CIBC	Third-Party	Fixed Rate	01/01/2021	15	\$ 1,866,666	3.631%	\$ 67,778.64
12	Bank Swap #10	CIBC	Third-Party	Fixed Rate	11/01/2021	20	\$ 2,975,000	3.631%	\$ 108,022.25
Total							\$ 24,970,800	0.037519525	\$ 936,892.58

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)
1	Loan from Shareholders	Various	Affiliated	Fixed Rate		N/A	\$ 5,260,461	4.120%	\$ 216,730.98
2	Bank Swap #1	CIBC	Third-Party	Fixed Rate	12/28/2011	10	\$ 702,823	3.495%	\$ 24,563.66
3	Bank Swap #2	CIBC	Third-Party	Fixed Rate	01/01/2012	15	\$ 1,176,941	4.345%	\$ 51,138.09
4	Bank Swap #3	CIBC	Third-Party	Fixed Rate	06/30/2011	10	\$ 1,233,896	3.495%	\$ 43,124.67
5	Bank Swap #4	CIBC	Third-Party	Fixed Rate	08/19/2013	15	\$ 1,790,429	3.695%	\$ 66,156.35
6	Bank Swap #5	CIBC	Third-Party	Fixed Rate	06/12/2014	15	\$ 1,931,350	3.695%	\$ 71,363.38
7	Bank Swap #6	CIBC	Third-Party	Fixed Rate	07/01/2017	15	\$ 1,533,333	3.695%	\$ 56,656.65
8	Bank Swap #7	CIBC	Third-Party	Fixed Rate	03/01/2018	15	\$ 3,244,444	3.695%	\$ 119,882.21
9	Bank Swap #8	CIBC	Third-Party	Fixed Rate	01/01/2019	15	\$ 3,466,667	3.695%	\$ 128,093.35
10	Bank Swap #9 part 1	CIBC	Third-Party	Fixed Rate	10/01/2020	15	\$ 1,966,667	3.695%	\$ 72,668.35
11	Bank Swap #9 part 2	CIBC	Third-Party	Fixed Rate	01/01/2021	15	\$ 2,000,000	3.695%	\$ 73,900.00
Total							\$ 24,307,011	0.038025148	\$ 924,277.68

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)
1	Loan from Shareholders	Various	Affiliated	Fixed Rate		N/A	\$ 5,260,461	4.12%	\$ 216,730.98
2	Bank Swap #1	CIBC	Third-Party	Fixed Rate	12/28/2011	10	\$ 1,317,512	4.050%	\$ 53,359.24
3	Bank Swap #2	CIBC	Third-Party	Fixed Rate	01/01/2012	15	\$ 1,227,659	4.900%	\$ 60,155.29
4	Bank Swap #3	CIBC	Third-Party	Fixed Rate	06/30/2011	10	\$ 1,980,685	4.050%	\$ 80,217.74
5	Bank Swap #4	CIBC	Third-Party	Fixed Rate	08/19/2013	15	\$ 1,499,443	4.250%	\$ 63,726.33
6	Bank Swap #5	CIBC	Third-Party	Fixed Rate	06/12/2014	15	\$ 2,116,373	4.250%	\$ 89,945.85
7	Bank Swap #6	CIBC	Third-Party	Fixed Rate	07/01/2017	15	\$ 1,666,667	4.250%	\$ 70,833.35
8	Bank Swap #7	CIBC	Third-Party	Fixed Rate	03/01/2018	15	\$ 3,511,111	4.250%	\$ 149,222.22
9	Bank Swap #8	CIBC	Third-Party	Fixed Rate	01/01/2019	15	\$ 3,733,333	4.250%	\$ 158,666.65
Total							\$ 22,313,244	0.042255517	\$ 942,857.65

5.2.3 Long-Term, Short Term Debt

There are unsecured promissory notes from WPI to specific shareholders in the amount of \$5,260,461 bearing interest at the rate of 4.12% per annum, payable on demand only to the extent the shareholder requests payment ninety days prior to the year end. In the event a request is made, the Company is obliged to repay the shareholder during the following fiscal year.

Specific notes are to:

• Municipality of South Bruce	\$292,498
• Town of Hanover	\$1,135,083
• Town of Saugeen Shores	\$3,062,913
• Township of Huron Kinloss	\$370,285
• Township of North Huron	\$399,682
• Total Shareholder Debt	\$5,260,461

The Interest on the promissory note is \$216,730.95 per year. A copy of a promissory note for one shareholder is attached as Appendix 5A. The balances of the notes are the same.

WPI has also filed along with this application the consolidation schedule of it's Swaps.

CIBC Term secured bank loans are secured by a general security agreement conveying a security interest in the personal property of the Corporation, a first priority present and future fixed charge securing not more than \$2,500,000 over the real property at 24 Eastridge Road, and acknowledgment of fire insurance, with first loss payable to CIBC.

On September 24, 2021, the Corporation entered into an interest rate swap agreement and amended on July 19, 2022, on a notional principal of \$20,125,685 maturing on October 1, 2041. At the same time, the Corporation terminated all of the previously held swap arrangements on CIBC term installment loans (#1-10), without penalty. The new swap agreement on CIBC term installment loans (#1-11) is structured such that only one fixed rate payment and a weighted average interest rate remains. The amortization period of each individual loan remains materially unchanged. The swap is a received variable, pay fixed swap with CIBC World Markets and effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 2.940% plus a stamping fee. Prior to this transaction, the previously held swap arrangements on term installment loans #1-10 had an effective interest rate of 2.631% plus a stamping fee.

The Corporation's term installment loans, with a carrying amount of \$20,567,963 as of December 31, 2022, are repayable monthly in accordance with the amortization schedule associated with each individual loan.

In 2023 and 2024 WPI expects to enter into a financing agreement with CIBC for the purposes of funding capital projects for \$9.5 and \$7.5 million respectively. The fixed interest rates from CIBC through the Interest Rate Swap market will fluctuate and are expected to be competitive with other Banks. WPI expects them to be in 4.50-8.00 % range, depending on the Bank of Canada governor's decisions. Actual interest rates from CIBC will not be available until the time of drawdown. Currently, the effective fixed interest rate is 3.54% and plus a yearly stamping fee of 1.4%.

WPI utilizes a demand operating loan from CIBC used for working capital purposes and mainly used for the purchase of electricity and for the capital purchases before the total amount is significant for the re-financing for the long-term. The maximum capacity of the demand facility is 4.5m. WPI is not forecasting any new long-term debt in the bridge and test year other than the debt explained above. To add WA balances and interest from 2018, if used.

5.2.4 Notional Debt

The notional debt, described as the difference between the utility's weighted average cost of the actual long-term debt versus the deemed debt. For WPI, the calculated notional debt would be - \$120,436. The derivation is shown in the table below. The utility confirms that it has not incurred profit or losses on the redemption of its historical debt.

Table 5 – Actual Debt

2024						
Particulars	Capitalization Ratio			Cost Rate	Return	
	(%)		(\$)	(%)		(\$)
Debt						
Long-term Debt	51.37%		\$36,877,688	3.62%		\$1,335,209
Short-term Debt	4.00%		\$2,872,495 -	7.50%		\$215,437-
Total Debt	55.4%		\$39,760,163	3.90%		\$1,550,646

Table 6 – Notional Debt

2024						
Particulars	Capitalization Ratio			Cost Rate	Return	
	(%)		(\$)	(%)		(\$)
Debt						
Long-term Debt	56.00%		\$3,327,268	0.00%		(\$120,436)
Short-term Debt	4.00%		\$ -	0.00%		\$ -
Total Debt			\$3,327,268	0.50%		(\$120,436)

5.2.5 Non-For Profit Corporations

WPI confirms that it is a for-profit corporation, and therefore none of the requirements related to non-for-profit apply in WPI's case.

APPENDICES

List of Appendices

Appendix A	Promissory Note

APPENDICES A

PROMISSORY NOTE

This promissory note (the “Note”) is issued to replace the promissory note dated PRIOR to the 1st day of January 2014.

For the sum of \$2.00 now paid and such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Westario Power Inc, (the Obligor”) hereby promises to pay on demand to or to the order of the The Corporation of the **Town of Saugeen Shores** (the “Obligee”), in lawful money of Canada, THREE MILLION AND SIXTY TWO THOUSAND, NINE HUNDRED AND THIRTEEN DOLLARS (\$3,062,913.00), together with interest accrued thereon as hereinafter provided.

The principal amount outstanding from time to time under this Note shall bear interest from and after January 1st, 2014, both before and after demand, default and judgement, until paid, at the rate of 4.12% per annum. Interest will be payable quarterly, commencing three months from the date hereof, and will be calculated on the basis of the number of days elapsed to the day immediately preceding such date.

All payments of principal and interest hereunder shall be paid to the Obligee at such place as the Obligee may in writing direct.

The whole or part of the principal amount of this Note together with any interest accrued and outstanding in connection therewith may be repaid by the Obligor at any time or from time to time without notice, bonus or penalty of any kind.

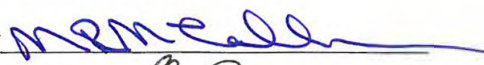
The Obligor hereby waives presentment for payment, notice of non-payment, protest and notice of protest and hereby consents to all extensions and renewals hereof, without notice, and hereby agrees to pay all costs and expenses (including all reasonable legal costs) paid or incurred in collecting all amounts payable hereunder after the same shall become due and payable.

This Note shall not be assigned, transferred, negotiated or otherwise disposed of by the Obligee except in conjunction with the Obligee’s Common Shares and in accordance with the Shareholders’ Agreement. This Note shall ensure to the benefit of the Obligee and its successors and assigns and shall be binding on the Obligor and its successors and permitted assigns.

The provisions of this Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DATED as of the 1st day of January 2014.

WESTARIO POWER INC.

By 

By 

PROMISSORY NOTE

This promissory note (the “**Note**”) is issued to replace the promissory note dated PRIOR to the 1st day of January 2014.

For the sum of \$2.00 now paid and such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Westario Power Inc, (the Obligor”) hereby promises to pay on demand to or to the order of the The Corporation of the **Municipality of South Bruce** (the “Obligee”), in lawful money of Canada, TWO HUNDRED AND NINETY TWO THOUSAND, FOUR HUNDRED AND NINETY EIGHT DOLLARS (\$292,498.00), together with interest accrued thereon as hereinafter provided.

The principal amount outstanding from time to time under this Note shall bear interest from and after January 1st, 2014, both before and after demand, default and judgement, until paid, at the rate of 4.12% per annum. Interest will be payable quarterly, commencing three months from the date hereof, and will be calculated on the basis of the number of days elapsed to the day immediately preceding such date.

All payments of principal and interest hereunder shall be paid to the Obligee at such place as the Obligee may in writing direct.

The whole or part of the principal amount of this Note together with any interest accrued and outstanding in connection therewith may be repaid by the Obligor at any time or from time to time without notice, bonus or penalty of any kind.


The Obligor hereby waives presentment for payment, notice of non-payment, protest and notice of protest and hereby consents to all extensions and renewals hereof, without notice, and hereby agrees to pay all costs and expenses (including all reasonable legal costs) paid or incurred in collecting all amounts payable hereunder after the same shall become due and payable.

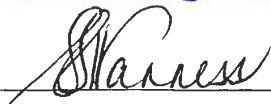
This Note shall not be assigned, transferred, negotiated or otherwise disposed of by the Obligee except in conjunction with the Obligee’s Common Shares and in accordance with the Shareholders’ Agreement. This Note shall ensure to the benefit of the Obligee and its successors and assigns and shall be binding on the Obligor and its successors and permitted assigns.

The provisions of this Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DATED as of the 1st day of January 2014.

WESTARIO POWER INC.

By 

By 

PROMISSORY NOTE

This promissory note (the "Note") is issued to replace the promissory note dated PRIOR to the 1st day of January 2014.

For the sum of \$2.00 now paid and such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Westario Power Inc, (the Obligor") hereby promises to pay on demand to or to the order of the The Corporation of the **Town of Hanover** (the "Obligee"), in lawful money of Canada, ONE MILLION ONE HUNDRED AND THIRTY FIVE THOUSAND, AND EIGHTY THREE DOLLARS (\$1,135,083.00), together with interest accrued thereon as hereinafter provided.

The principal amount outstanding from time to time under this Note shall bear interest from and after January 1st, 2014, both before and after demand, default and judgement, until paid, at the rate of 4.12% per annum. Interest will be payable quarterly, commencing three months from the date hereof, and will be calculated on the basis of the number of days elapsed to the day immediately preceding such date.

All payments of principal and interest hereunder shall be paid to the Obligee at such place as the Obligee may in writing direct.

The whole or part of the principal amount of this Note together with any interest accrued and outstanding in connection therewith may be repaid by the Obligor at any time or from time to time without notice, bonus or penalty of any kind.

The Obligor hereby waives presentment for payment, notice of non-payment, protest and notice of protest and hereby consents to all extensions and renewals hereof, without notice, and hereby agrees to pay all costs and expenses (including all reasonable legal costs) paid or incurred in collecting all amounts payable hereunder after the same shall become due and payable.


This Note shall not be assigned, transferred, negotiated or otherwise disposed of by the Obligee except in conjunction with the Obligee's Common Shares and in accordance with the Shareholders' Agreement. This Note shall ensure to the benefit of the Obligee and its successors and assigns and shall be binding on the Obligor and its successors and permitted assigns.

The provisions of this Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DATED as of the 1st day of January 2014.

WESTARIO POWER INC.

By 

By 

PROMISSORY NOTE

This promissory note (the "Note") is issued to replace the promissory note dated PRIOR to the 1st day of January 2014.

For the sum of \$2.00 now paid and such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Westario Power Inc. (the Obligor") hereby promises to pay on demand to or to the order of the The Corporation of the **Township of Huron Kinloss** (the "Obligee"), in lawful money of Canada, THREE HUNDRED AND SEVENTY THOUSAND, TWO HUNDRED AND EIGHTY FOUR DOLLARS and SEVENTY FIVE CENTS (\$370,284.75), together with interest accrued thereon as hereinafter provided.

The principal amount outstanding from time to time under this Note shall bear interest from and after January 1st, 2014, both before and after demand, default and judgement, until paid, at the rate of 4.12% per annum. Interest will be payable quarterly, commencing three months from the date hereof, and will be calculated on the basis of the number of days elapsed to the day immediately preceding such date.

All payments of principal and interest hereunder shall be paid to the Obligee at such place as the Obligee may in writing direct.

The whole or part of the principal amount of this Note together with any interest accrued and outstanding in connection therewith may be repaid by the Obligor at any time or from time to time without notice, bonus or penalty of any kind.

The Obligor hereby waives presentment for payment, notice of non-payment, protest and notice of protest and hereby consents to all extensions and renewals hereof, without notice, and hereby agrees to pay all costs and expenses (including all reasonable legal costs) paid or incurred in collecting all amounts payable hereunder after the same shall become due and payable.

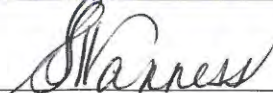
This Note shall not be assigned, transferred, negotiated or otherwise disposed of by the Obligee except in conjunction with the Obligee's Common Shares and in accordance with the Shareholders' Agreement. This Note shall ensure to the benefit of the Obligee and its successors and assigns and shall be binding on the Obligor and its successors and permitted assigns.

The provisions of this Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DATED as of the 1st day of January 2014.

WESTARIO POWER INC.

By 

By 

PROMISSORY NOTE

This promissory note (the "Note") is issued to replace the promissory note dated PRIOR to the 1st day of January 2014.

For the sum of \$2.00 now paid and such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Westario Power Inc. (the Obligor") hereby promises to pay on demand to or to the order of the The Corporation of the **Township of North Huron** (the "Obligee"), in lawful money of Canada, THREE HUNDRED AND NINETY NINE THOUSAND, SIX HUNDRED AND EIGHTY TWO DOLLARS (\$399,682.00), together with interest accrued thereon as hereinafter provided.

The principal amount outstanding from time to time under this Note shall bear interest from and after January 1st, 2014, both before and after demand, default and judgement, until paid, at the rate of 4.12% per annum. Interest will be payable quarterly, commencing three months from the date hereof, and will be calculated on the basis of the number of days elapsed to the day immediately preceding such date.

All payments of principal and interest hereunder shall be paid to the Obligee at such place as the Obligee may in writing direct.

The whole or part of the principal amount of this Note together with any interest accrued and outstanding in connection therewith may be repaid by the Obligor at any time or from time to time without notice, bonus or penalty of any kind.


The Obligor hereby waives presentment for payment, notice of non-payment, protest and notice of protest and hereby consents to all extensions and renewals hereof, without notice, and hereby agrees to pay all costs and expenses (including all reasonable legal costs) paid or incurred in collecting all amounts payable hereunder after the same shall become due and payable.

This Note shall not be assigned, transferred, negotiated or otherwise disposed of by the Obligee except in conjunction with the Obligee's Common Shares and in accordance with the Shareholders' Agreement. This Note shall ensure to the benefit of the Obligee and its successors and assigns and shall be binding on the Obligor and its successors and permitted assigns.

The provisions of this Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DATED as of the 1st day of January 2014.

WESTARIO POWER INC.

By 

By 