DEFERRAL AND VARIANCE ACCOUNTS

1.0 PURPOSE

This evidence describes OPG's deferral and variance accounts and presents the amounts recorded in these accounts as of December 31, 2019 that are proposed for clearance in this application. These accounts were established pursuant to O. Reg. 53/05 and past OEB decisions and orders.

2.0 OVERVIEW

OPG proposes to clear the audited balances in all deferral and variance accounts as at December 31, 2019, less amortization amounts previously approved by the OEB in EB-2018-0243 and EB-2016-0152, with the exception of the Darlington Refurbishment Project ("DRP")[1] and hydroelectric components of the Capacity Refurbishment Variance Account ("CRVA"), the Fitness for Duty Deferral Account, the portion of the Nuclear Development Variance Account related to preliminary planning and preparation costs incurred for a small nuclear modular reactor ("SMR") generating station at the Darlington site, and the Rate Smoothing Deferral Account. OPG's proposal is consistent with the OEB's expectation that "all accounts should be reviewed and disposed of in a cost of service proceeding unless there is a compelling reason to not do so" (EB-2013-0321 Decision with Reasons, p. 125). OPG proposes to defer the clearance of the above accounts to a future application for the reasons discussed later in this schedule.

The total year-end 2019 balance in the accounts proposed for clearance is a net debit of \$274.6M[2] for the regulated hydroelectric facilities and a net debit of \$706.0M[3] for the nuclear facilities.[4] Adjusted for 2020-2021 amortization amounts approved in EB-2016-0152 and EB-

[1] The income tax impact of the capital cost allowance rule change resulting from the enactment of Bill C-97, *the Budget Implementation Act, 2019, No. 1* recorded in the CRVA, as well as the balances recorded in the CRVA related to the D2O Storage Projects are proposed for disposition, as discussed in Section 5.6.
[2] Ex. H1-1-1, Table 1, col. (c), line 16 less line 6.
[3] Ex. H1-1-1, Table 1, col. (c), line 41 less lines 21, 37, and 39 and less \$0.7M recorded in the Nuclear Development Variance Account.
[4] A debit entry or balance is an amount to be collected from ratepayers. A credit entry or balance is an amount to be returned to ratepayers.

2018-0243, the proposed balances recoverable in this application are a net debit balance of $141.3M[5] for the regulated hydroelectric facilities and a net debit balance of $339.8M[6] for the nuclear facilities.

Of the proposed balances recoverable in this application, a debit balance of $65.4M[7] for the regulated hydroelectric facilities and a debit balance $567.9M[8] for the nuclear facilities relate to unamortized portions of the Pension & OPEB Cash Versus Accrual Differential Deferral Account, Pension and OPEB Cost Variance Account and Bruce Lease Net Revenues Variance Account previously approved for recovery in prior proceedings over periods extending beyond December 31, 2021.

Details regarding proposed account clearance and riders are presented in Ex. H1-2-1. The audited balances in each of the deferral and variance accounts are shown in Ex. H1-1-1, Table 1. The unqualified Independent Auditors' Report prepared by Ernst & Young LLP on the Schedule of Regulatory Balances as at December 31, 2019 is presented as Attachment 1. The Schedule of Regulatory Balances as at December 31, 2019 itself is presented as Attachment 2.

OPG proposes to continue all existing deferral and variance accounts, using the methodologies that have been used to record entries into these accounts to date as approved by the OEB, with the exception of the Impact of Changes in Nuclear Station End-of-Life Dates (December 31, 2015) Deferral Account and Bruce Lease Net Revenues Variance Account – Derivative Sub-Account that OPG proposes to terminate.

[5] Ex. H1-2-1, Table 1, col. (f), line 16.
[6] Ex. H1-2-1, Table 2, col. (f), line 25.
[7] Ex. H1-2-1, Table 1, col. (f): sum of line 8, line 10 and line 11.
[8] Ex. H1-2-1, Table 2, col. (f): sum of line 10, line 13, line 15 and line 16.

The following information is provided in this exhibit:

- Section 3.0 lists OPG's existing deferral and variance accounts.
- Section 4.0 describes the proposed approach to determine reference amounts for additions to deferral and variance accounts as of the effective date of the payment amounts order for this application.
- Section 5.0 describes the existing deferral and variance accounts and how additions to the accounts have been and, as of the effective date of the payment amounts order in this proceeding, are proposed to be determined.
- Section 6.0 sets out the details of the new Pickering Closure Costs Deferral Account to be established pursuant to O. Reg. 53/05 and OPG's proposal for a new deferral account related to future changes in Pickering station's accounting end-of-life ("EOL") dates. The latter proposal is for a new deferral account to be established effective January 1, 2021 to permit the revenue requirement impact of the upcoming changes to the Pickering station's EOL dates effective December 31, 2020 to be recorded in the account during 2021 pending the OEB's final payment amounts order in respect of this application.
- Section 7.0 discusses the application of interest to the balances in the accounts.

3.0 LISTING OF EXISTING ACCOUNTS

The OEB has authorized deferral and variance accounts for OPG as listed below. OPG proposes to continue all of its existing deferral and variance accounts, unless otherwise noted:

- Hydroelectric Water Conditions Variance Account
- Ancillary Services Net Revenue Variance Account – Hydroelectric and Nuclear Sub-Accounts
- Hydroelectric Incentive Mechanism Variance Account
- Hydroelectric Surplus Baseload Generation Variance Account

- Income and Other Taxes Variance Account[9]
- Capacity Refurbishment Variance Account
- Pension and OPEB Cost Variance Account
- Pension & OPEB Cash Payment Variance Account
- Pension & OPEB Cash Versus Accrual Differential Deferral Account
- Hydroelectric Deferral and Variance Over/Under Recovery Variance Account
- Gross Revenue Charge Variance Account
- Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account
- Nuclear Liability Deferral Account
- Nuclear Development Variance Account
- Bruce Lease Net Revenues Variance Account – Derivative and Non-Derivative Sub-Accounts *(The Derivative Sub-Account is proposed to be terminated as of the effective date of the payment amounts order for this application, as discussed in Section 5.16)*
- Nuclear Deferral and Variance Over/Under Recovery Variance Account
- Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account *(Proposed to be terminated as of the effective date of the payment amounts order for this application, as discussed in Section 5.18)*
- Rate Smoothing Deferral Account
- Fitness for Duty Deferral Account
- SR&ED ITC Variance Account
- Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account
- Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Account – Primary and Contra Sub-Accounts, and Carrying Charges Sub-Account
- Impact Arising from the COVID-19 Emergency Deferral Account[10] *(The treatment of the account is subject to the ongoing OEB consultation, as discussed in Section 5.23)*

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[9] Includes an Accelerated Investment Property CCA sub-account pursuant to the OEB's letter dated July 25, 2019
[10] Established by the OEB's accounting order of March 25, 2020 as per the letter dated April 29, 2020, effective March 24, 2020.

- 2021 Overearnings Variance Account[11] *(The account applies to the 2021 year only, as discussed in Section 5.24)*

Exhibit H1-1-1, Table 1 shows the closing balances for 2017-2019 for each account. Ex. H1-1-1, Table 1a (2018) and Table 1b (2019) provide the continuity schedules for each of the balances. The continuity tables show, for each account, the closing balance for the prior year, additions (labelled "Transactions"), amortization subtracted and interest added, any transfers between accounts during the year, and the closing account balances.

Exhibit H1-1-1, Tables 2 through 16 provide supporting calculations showing the derivation of 2018 and 2019 additions into the deferral and variance accounts.[12] In accordance with the EB-2016-0152 Payment Amounts Order, the 2018 and 2019 additions for the regulated hydroelectric accounts are calculated with reference to amounts underpinning the hydroelectric payment amounts approved in EB-2013-0321 and for the nuclear accounts, with reference to amounts underpinning the corresponding nuclear revenue requirement approved in EB-2016-0152, unless specified otherwise in an account's description.

Until the effective date of the payment amounts order in this proceeding, OPG will continue to record amounts in the approved deferral and variance accounts pursuant to the EB-2016-0152 Payment Amounts Order, O. Reg. 53/05 and such other OEB decisions and orders that have established existing deferral and variance accounts.

4.0 ACCOUNT ADDITIONS AS OF THE EFFECTIVE DATE OF THE PAYMENT AMOUNTS ORDER IN THIS PROCEEDING

4.1 Hydroelectric Deferral and Variance Account Additions

OPG proposes that the reference amounts used to determine hydroelectric deferral and variance account additions as of the effective date of the payment amounts order in this

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[11] Established by the EB-2020-0248 Notice of Proceeding and Accounting Order, effective January 1, 2021.

[12] Derivations of 2016-2017 additions are also provided for CRVA – Nuclear – Non-DRP in Table 15, and for CRVA – Nuclear – D2O Storage Project in Table 16.

proceeding continue to be based on the forecasts underpinning the hydroelectric payment amounts in 2014 and 2015 approved by the OEB in EB-2013-0321, unless otherwise specified in the account descriptions.

This treatment would apply to the following accounts:

- Hydroelectric Water Conditions Variance Account
- Ancillary Services Net Revenue Variance Account – Hydroelectric
- Hydroelectric Incentive Mechanism Variance Account
- Income and Other Taxes Variance Account – Hydroelectric
- Capacity Refurbishment Variance Account – Hydroelectric
- Gross Revenue Charge Variance Account
- Pension & OPEB Cash Payment Variance Account

The proposed treatment applies only to the hydroelectric accounts that are listed above because the reference amounts for the other hydroelectric variance and deferral accounts are not based on the OEB-approved forecast amounts underpinning OPG's payment amounts.

4.2 Nuclear Deferral and Variance Account Additions

OPG proposes that the reference amounts used to determine nuclear deferral and variance account additions as of the effective date of the payment amounts order in this application be the annual forecasts underpinning the approved nuclear revenue requirements for each year in this proceeding, unless otherwise specified in the account descriptions.

5.0 ACCOUNT DESCRIPTIONS AND ENTRIES

This section provides a description and summarizes the purpose for OPG's deferral and variance accounts, outlines how additions to the accounts are determined, and the reasons for the credits and debits to the accounts in 2018 and 2019 that OPG seeks to clear in this application. OPG has made no changes to the process by which entries are recorded to the accounts since they were last approved by the OEB, including in EB-2018-0243.

5.1 Hydroelectric Water Conditions Variance Account

The Hydroelectric Water Conditions Variance Account was originally established by O. Reg. 53/05. It was subsequently approved by the OEB in EB-2007-0905 and all subsequent OPG applications in recognition of the fact that water conditions are subject to a high degree of forecast risk due to factors that are beyond OPG's ability to manage or control, such as weather.

This account records the financial impact of differences, including changes in gross revenue charge ("GRC") costs, between the actual production amount for the regulated hydroelectric facilities and the reference production amount, arising from changes in actual water conditions. The account applies to the five hydroelectric generating stations subject to rate regulation by the OEB since 2008 ("previously regulated hydroelectric facilities") and 21 of the 48 hydroelectric generating stations that became subject to OEB rate regulation effective July 1, 2014 ("newly regulated hydroelectric facilities"). These 21 facilities are as listed in Attachment 3.

For the previously regulated hydroelectric facilities, OPG determines the hydroelectric production impact of changes in water conditions by entering the actual flow values into the same production forecast models used to calculate the OEB-approved production forecast that underpins the payment amounts approved for these facilities by the OEB, holding all other variables constant. Deviations from forecast are determined as the difference between the calculated production resulting from entering actual flow for the month into the forecast model and the energy production forecast approved by the OEB. The revenue impact of the production variance recorded in this account is determined by multiplying the deviation from forecast by the approved payment amount in effect.

For the newly regulated hydroelectric facilities, 21 of 48 facilities use computer models to forecast production. The models convert forecast water availability to monthly energy production forecasts using historical median monthly flows. Similar to the previously regulated hydroelectric facilities, for these 21 facilities, OPG computes deviations of actual monthly flows from historical median monthly flows in order to determine the production variance. In calculating deviations from forecast for January 1 to June 30 of each year, the corresponding monthly production forecasts for 2015 underpinning the EB-2013-0321 payment amounts is used. In calculating such deviations for July 1 to December 31 of each year, the average of the corresponding monthly production forecasts for 2014 and 2015 underpinning the EB-2013-0321 payment amounts is used. The revenue impact of the production variance recorded in this account is determined by multiplying the deviation from forecast by the approved payment amount in effect.[13]

Models are not used to derive energy production forecasts for 27 of 48 newly regulated hydroelectric facilities. The 27 stations account for less than 2% of total production from all regulated hydroelectric stations. Given the small size of the 27 facilities, and consistent with prior OEB decisions, these facilities are excluded from the scope of the Hydroelectric Water Conditions Variance Account.

The account also records changes in GRC costs from those that underpin the payment amounts that were approved by the OEB, as a result of differences in energy production calculated as above. Amounts recorded in the account in respect of these costs are determined by multiplying the production deviation by the applicable gross revenue charge rate. The account also records any variances in amounts payable to the St. Lawrence Seaway Management Corporation for the conveyance of water in the Welland Ship Canal, as well as any variances in amounts payable to the Government of Quebec for water rentals, from those reflected in the payment amounts for regulated hydroelectric facilities that were approved by the OEB.

As of the effective date of the payment amounts order in this proceeding, OPG proposes that the above methods used to calculate deviations in energy production due to actual water flows and associated financial impact continue to be used.

[13] For the IR term, the hydroelectric payment amount is $43.88/MWh as established in EB-2020-0210 and held constant thereafter through December 31, 2026 pursuant to O. Reg. 53/03.

Due to favourable water supply conditions (i.e., precipitation) in 2018, the calculated actual hydroelectric production was higher than the reference forecast production by 2,142 GWh for the Niagara and R.H. Saunders facilities. This was partially offset by lower calculated actual production for the remaining regulated hydroelectric facilities of 561 GWh. These variances resulted in a net credit addition of $40.5M to the account in 2018. Due to favourable water supply conditions (i.e., precipitation) affecting multiple river systems across the province in 2019, the calculated actual hydroelectric production was higher than the reference forecast production by 2,102 GWh for the Niagara and R.H. Saunders facilities and 34 GWh for the remaining regulated hydroelectric facilities. These variances resulted in a credit entry of $61.0M to the account in 2019. The derivation of the variances is shown in Ex. H1-1-1, Table 2.

5.2 Ancillary Services Net Revenue Variance Account – Hydroelectric and Nuclear Sub Accounts

The Ancillary Services Net Revenue Variance Account was originally established by O. Reg. 53/05. It was subsequently approved by the OEB in EB-2007-0905 and has been approved in all subsequent OPG applications. This account recognizes that ancillary services revenues are difficult to forecast accurately, with variances between forecast and actual ancillary revenues reflecting changing demand and system/grid operating requirements.

The account is divided into the Ancillary Services Net Revenue Variance Account – Hydroelectric and Ancillary Services Net Revenue Variance Account – Nuclear sub-accounts. Ancillary services for regulated hydroelectric operations include black start capability, operating reserve, regulation service, and reactive support/voltage control service. Ancillary services for nuclear operations include reactive support/voltage control service. Nuclear ancillary services revenue is discussed in Ex. G2-1-1.

For the Hydroelectric Sub-Account, the variance recorded is calculated as between actual regulated hydroelectric ancillary services net revenue and the average of the monthly forecast amounts for 2014 and 2015 underpinning the hydroelectric revenue requirement approved by the OEB in EB-2013-0321. As per the EB-2016-0152 Payment Amounts Order,

that monthly reference amount is $4.62M for the hydroelectric facilities.[14] OPG proposes to continue this method of determining additions to the Hydroelectric Sub-Account as of the effective date of the payment amounts order in this proceeding.
For the Nuclear Sub-Account, the variance recorded is calculated as between actual nuclear ancillary services net revenue and such forecast amounts reflected in the corresponding annual nuclear revenue requirement approved by the OEB. OPG proposes to continue this method of determining additions to the Nuclear Sub-Account as of the effective date of the payment amounts order in this proceeding.[15]

The derivation of entries into the Nuclear Sub-Account is shown in Ex. H1-1-1, Table 3, with a $0.2M debit entry for 2018 and a $3.9M credit entry for 2019. The reasons for these variances are discussed in Ex. G2-1-2. The credit entries into the Hydroelectric Sub-Account of $15.0M in 2018 and $16.2M in 2019 are driven primarily by a change in how OPG is compensated for lost production for regulation service under a contract with the IESO, from the Hourly Ontario Energy Price to the OEB-approved hydroelectric payment amount, and by higher operating reserve revenue.

5.3 Hydroelectric Incentive Mechanism Variance Account

The Hydroelectric Incentive Mechanism Variance Account was originally approved in EB-2010-0008 in conjunction with OPG's hydroelectric incentive mechanism ("HIM") and has been approved in all subsequent OPG applications. This account records a credit to ratepayers of 50% of OPG's HIM revenues above an OEB-specified threshold, currently set at $54.5M based on the forecast of HIM revenues reflected in the hydroelectric payment amounts approved in EB-2013-0321.

OPG proposes that the threshold of $54.5M, as approved by the OEB in EB-2016-0152, continue as of the effective date of the payment amounts order in this proceeding.

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[14] EB-2016-0152 PAO, App. G, p. 5.
[15] Forecast nuclear ancillary services revenue for the IR term is provided at Ex. G2-1-1, Table 1, line 8.

There were no additions to the account in 2018 and 2019 as actual HIM revenues of $10.9M in 2018 and $6.2M in 2019 were significantly below the threshold, as shown in Ex. H1-1-1, Table 4.

5.4 Hydroelectric Surplus Baseload Generation Variance Account

The Hydroelectric Surplus Baseload Generation Variance Account was originally approved in EB-2010-0008 and has been approved in all subsequent OPG applications. This account records the financial impact of foregone production at the regulated hydroelectric facilities due to surplus baseload generation ("SBG") conditions. The variance account was established as the preferred method for addressing the impact of SBG conditions on OPG's hydroelectric production forecast, which was then accordingly set by the OEB on a pre-SBG basis.

For the same reasons as noted in the description of the Hydroelectric Water Conditions Variance Account above, the 27 small regulated hydroelectric facilities that comprise less than 2% of total regulated hydroelectric production are excluded from the scope of this account.

Entries in the account have been and, as of the effective date of the payment amounts order in this proceeding, are proposed to continue to be calculated by multiplying the foregone production volume due to SBG conditions (in MWh), determined as per below, by the approved regulated hydroelectric payment amount in effect, net of the avoided GRC costs.[16]

As detailed in EB-2013-0321, Ex. E1-2-1, Section 3.2 and set out in the EB-2016-0152 Payment Amounts Order[17], OPG calculates foregone production due to SBG by starting with the total volume of spill and subtracting the volume of spill due to:

- water conveyance constraints (e.g., Sir Adam Beck Generating Station tunnel capacity constraints);

[16] For the IR term, the hydroelectric payment amount is $43.88/MWh as established in EB-2020-0210 and held constant thereafter through December 31, 2026 pursuant to O. Reg. 53/03.
[17] EB-2016-0152 Payment Amounts Order, App. G, p. 6

- production capability constraints (e.g., unit outages; operating regulatory requirements etc.);
- market constraints (i.e., IESO dispatch constraints: market or transmission system); and
- contractual obligations (e.g., regulation service).

The remaining spill volume is identified as potential SBG spill. From this potential spill volume, OPG excludes spill that occurs when the Ontario market price is above the level of the GRC. The volume of spill remaining after this adjustment is the foregone production due to SBG that is used to record entries in this account.

This account also records and, as of the effective date of the payment amounts in this proceeding is proposed to continue to record any variances in amounts payable to the St. Lawrence Seaway Management Corporation for the conveyance of water in the Welland Ship Canal and in the amounts payable to the Government of Quebec for water rentals, as a result of foregone production due to SBG conditions.

The derivation of account entries for 2018 and 2019 is shown in Ex. H1-1-1, Table 5. Actual foregone production due to SBG conditions in 2018 was approximately 3,224 GWh for the regulated hydroelectric facilities. For 2019, actual foregone production due to SBG conditions was approximately 3,304 GWh for the regulated hydroelectric facilities. Net of avoided GRC costs, the resulting debit entries in the account were $93.5M in 2018 and $97.8M in 2019.

Pursuant to the OEB-approved settlement proposal in EB-2018-0243, OPG undertook to prepare a forward-looking study to assess OPG's management of its generating facilities in relation to SBG conditions, including any opportunities OPG can take to help the system respond to SBG conditions in order to mitigate the associated cost to customers.[18] The study can be found in Ex. A1-11-1, Attachment 1. As the study explains, OPG already takes a number of actions that mitigate SBG conditions. The study also confirmed that there are not

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[18] EB-2018-0243, Ex. M-1-1, p. 15.

any viable additional actions OPG can take in response to SBG conditions beyond those currently in place without adversely impacting the economics and efficient operation of the IESO's energy market. The IESO was consulted in the preparation of the study and did not have any concerns with its main conclusions.

5.5 Income and Other Taxes Variance Account

The Income and Other Taxes Variance Account was originally approved in EB-2007-0905 and has been approved in all subsequent OPG applications. This account records and, as of the effective date of the payment amounts order in this proceeding is proposed to continue to record, the financial impact on the revenue requirement of the following:

- Any differences in payments in lieu of corporate income or capital taxes that result from a legislative or regulatory change to the tax rates or rules of the *Income Tax Act* (Canada) and the *Taxation Act*, 2007 (Ontario) (formerly the *Corporations Tax Act* (Ontario), as modified by the regulations under the *Electricity Act, 1998*, and any differences in payments in lieu of property tax to the Ontario Electricity Financial Corporation that result from changes to the regulations under the *Electricity Act, 1998*;
- Any differences in municipal property taxes that result from a legislative or regulatory change to the tax rates or rules for OPG's prescribed assets under the *Assessment Act, 1990*;
- Any differences in payments in lieu of corporate income or capital taxes that result from a change in, or a disclosure of, a new assessing or administrative policy that is published in the public tax administration or interpretation bulletins by relevant federal or provincial tax authorities, or court decisions on other taxpayers; and,
- Any differences in payments in lieu of income or capital taxes that result from assessments or re-assessments (including re-assessments associated with the application of the tax rates and rules to OPG's regulated operations or changes in assessing or administrative policy including those arising from court decisions on other taxpayers).

As discussed in section 5.21 below, the variance account does not record the impact of any of the above in relation to Scientific Research and Experimental Development investment tax credits ("SR&ED ITCs") and the income taxes payable thereon for the nuclear facilities for taxation periods effective June 1, 2017. Such impacts are recorded in the SR&ED ITC Variance Account established in EB-2016-0152 effective June 1, 2017.[19]

Entries into the account are recorded relative to the income tax provision and the underlying inputs reflected in the approved revenue requirement for the corresponding year. For the regulated hydroelectric facilities, the reference amounts used in determining variances are those reflected in the average 2014 and 2015 income tax provision approved by the OEB in EB-2013-0321, as adjusted for the removal of the application of the nuclear facilities' tax loss to the regulated hydroelectric facilities in 2015. As per the EB-2016-0152 Payment Amounts Order, the resulting monthly reference income tax provision is $6.52M. For the nuclear facilities, the reference amount used in determining variances is the corresponding annual income tax provision reflected in the nuclear revenue requirement approved by the OEB. OPG proposes to continue to determine additions to the variance account on this basis as of the effective date of the payment amounts order in this proceeding.[20]

OPG recorded four entries into the variance account in 2018 and 2019, as follows:

1) A credit entry related to a capital cost allowance ("CCA") rule change, which provides for a first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018, in 2019. As per the OEB's letter dated July 25, 2019 discussed below, this entry was recorded in a separate sub-account.
2) A credit entry related to an increase in the recognition of SR&ED ITCs for the 2014 taxation year from 75% to 100%, based on the resolution of the 2014 income tax audit in 2018;
3) A credit entry related to an increase in the recognition of SR&ED ITCs for the 2015 taxation year from 75% to 100%, based on the resolution of the 2015 income tax audit in 2019;

[19] This includes the impact of tax audit resolution for 2017 taxation years onwards (attributed to the nuclear facilities and, for 2017, pro-rated for the effective date of the account), which will be recorded in the SR&ED ITC Variance Account rather than the Income and Other Taxes Variance Account.
[20] Forecast income tax provision for the nuclear facilities for the IR term is provided at Ex. F4-2-1, Table 2, line 1 and detailed in F4-2-1, Table 3a.

4) A debit entry related to a reduction to the rate for the Ontario Research and Development Tax Credit (reported as part of SR&ED ITCs) from 4.5% to 3.5% of qualifying expenditures, effective June 1, 2016. The entry applies to the regulated hydroelectric facilities only, as the impact of this change for the nuclear facilities was reflected in the EB-2016-0152 nuclear revenue requirements.[21]

As shown in the derivations at Ex. H1-1-1, Table 6, Entry 1) is a credit of $12.2M in 2019 ($9.8M credit for nuclear and $2.5M credit for regulated hydroelectric). The combined impact of the other entries is a net credit of $1.9M in 2018 ($2.0M credit for nuclear and $0.1M debit for regulated hydroelectric) and a credit of $2.6M in 2019 ($2.4M credit for and $0.3M for regulated hydroelectric)[22].

Entry 1) represents the full impact of changes in tax rules allowing taxpayers, including OPG, to claim higher CCA deductions on accelerated investment incentive property pursuant to the passing of Bill C-97, *the Budget Implementation Act, 2019, No. 1* in 2019, effective November 21, 2018. As discussed in Ex. F4-2-1, section 3.2.1, accelerated investment incentive property is property acquired after November 20, 2018 and that is put into service after that date. The entry was recorded in 2019 for both nuclear and regulated hydroelectric assets, retrospectively to November 21, 2018, based on the timing of the legislation receiving Royal Assent. The entry does not include the impact on the CRVA-eligible projects, including the DRP, which is recorded, in full, in the CRVA as part of the total CCA variances for these projects. These entries comply with the OEB's expectation set out in the letter dated July 25, 2019 that OPG (and other rate-regulated utilities) record the impact of these CCA rule changes not reflected in rates in a sub-account of the Income and Other Taxes Variance Account (or such other similar accounts for other rate-regulated utilities). OPG proposes to return to customers the full tax benefit of these higher CCA amounts recorded in the Income and Other Taxes Variance Account (and the CRVA) through the disposition of balances in this application.

[21] The credit entry for the regulated hydroelectric facilities in each of 2018 and 2019 was less than $0.05M.
[22] Amounts do not add due to rounding.

For the nuclear facilities, Entry 1) was calculated by applying the new CCA rules to the forecast capital additions for the eligible period and resulting Undepreciated Capital Cost balances (other than those for DRP and any other CRVA eligible projects) reflected in the approved EB-2016-0152 nuclear revenue requirements, holding other variable constant. For the regulated hydroelectric facilities, OPG applied the new CCA rules to the forecast capital additions reflected in the approved EB-2013-0321 regulated hydroelectric revenue requirements, using percentage eligible of actual regulated hydroelectric projects (for the corresponding year) as a proxy.

Entries 2) and 3) are the same in nature and calculation as the equivalent SR&ED ITC impacts previously recorded in the account in relation to resolution of prior year income tax audits. The entries recognize a credit to ratepayers of an additional 25% of the benefit of SR&ED ITCs in relation to 2014 and 2015 that were previously credited to ratepayers at 75% through a combination of the EB-2010-0008 and EB-2013-0321 payment amounts and the Income and Other Taxes Variance Account balance approved in EB-2014-0370.[23] SR&ED ITCs are discussed further in Ex. F4-2-1, Section 3.4.

5.6 Capacity Refurbishment Variance Account

The Capacity Refurbishment Variance Account was originally approved in EB-2007-0905 and has been approved in all subsequent OPG applications. This account was established pursuant to Section 6(2)4 of O. Reg. 53/05 to record the financial impacts of variances between the actual capital and non-capital costs and firm financial commitments incurred to increase the output of, refurbish or add operating capacity to a prescribed generation facility referred to in Section 2 of O. Reg. 53/05 and those forecast costs and firm financial commitments underpinning the revenue requirement that was approved by the OEB. In 2015, O. Reg. 53/05 was amended to affirm that the scope of this account includes the capital and non-capital costs and firm financial commitments incurred in respect of the DRP. As required by O. Reg. 53/05, Section 6(2)4, the account includes assessment costs and pre-engineering costs and commitments.

[23] The EB-2010-0008 payment amounts were in effect until October 31, 2014.

There are some differences in the approved methodologies used to record additions to the account for the regulated hydroelectric and nuclear facilities, discussed below.

Regulated Hydroelectric

Pursuant to the EB-2016-0152 Payment Amounts Order, beginning the effective date of the 2017 approved payment amount for the regulated hydroelectric facilities, the CRVA records entries for regulated hydroelectric assets relative to the annual reference amount of $0.9M reflected in the revenue requirement for 2014 and 2015 approved by the OEB in EB-2013-0321. Additionally, commencing on the same date, the EB-2016-0152 Payment Amounts Order stipulates that OPG is entitled to recover amounts recorded in the CRVA in relation to the regulated hydroelectric facilities to the extent that total capital in-service capital additions for these facilities exceed the funding available for capital expenditures through the regulated hydroelectric payment amounts. The annual capital funding implicit in the regulated hydroelectric payment amounts was determined by escalating the average 2014 and 2015 OEB-approved depreciation of $143.3M in EB-2013-0321 by the price cap index applied to adjust the hydroelectric payment amounts approved by the OEB for 2018 to 2021. This process is summarized in Chart 1, below, which is the same as in EB-2016-0152, Ex. H1-1-2, Table 3, as updated for the known price cap indices applicable to these years. The $0.9M reference amount is escalated by the same price cap index over this period, resulting in an amount of $0.96M for 2021.

Chart 1

Total Hydroelectric In-Service Additions Funded Through Payment Amounts

(Updated I-X Factors)

Line No.	Description	EB-2013-0152 Average	2017	2018	2019	2020	2021	Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Funding Available for Capital Expenditures[1,2]	143.3	145.3	146.6	148.2	150.5	153.0	743.6

Notes:
1 Average of 2014 and 2015 OEB Approved depreciation calculated as the sum of EB-2013-0321 Payment Amounts Order Table 1 line 17 cols. (c) and (f), and Table 2 line 17 cols. (c) and (f), divided by two.
2 Escalated at OEB-approved I-X rates of 1.4% in 2017, 0.9% in 2018, 1.1% in 2019, 1.5% in 2020, and 1.7% in 2021.

OPG proposes to continue the above methodology for recording entries into the CRVA for the regulated hydroelectric facilities as of the effective date of the payment amounts order in this proceeding. In line with the frozen 2021 regulated hydroelectric payment amount that will be applicable to the IR term pursuant to O. Reg. 53/05, OPG proposes to set the annual capital funding implicit in the regulated hydroelectric payment amounts for the IR term equal to the 2021 value of $153.0M, as shown in Chart 1 above. Similarly, OPG proposes to set the annual reference amount for the IR term equal to the 2021 value of $0.96M.

OPG is not seeking clearance of the hydroelectric balances in the CRVA in this application. OPG proposes to defer such clearance to a future application, which would provide the necessary details to support an assessment of the recoverability of any such amounts recorded over the full 2017-2021 IR period.[24]

Nuclear

For the nuclear facilities, the variances recorded in the account are determined as between the revenue requirement impact of actual capital and non-capital costs for eligible projects and the corresponding forecast amounts included in the annual nuclear revenue

[24] For the same reason, OPG did not seek clearance of the hydroelectric balances in the CRVA in its EB-2018-0243 deferral and variance account application.

requirements approved by the OEB. OPG proposes to continue this method as of the effective date of the payment amounts order in this proceeding. There are five nuclear CRVA-eligible initiatives included in the proposed revenue requirements in this application, as follows:

- Pickering Optimized Shutdown (Ex. F2-2-1, Ex. F2-3-1 and Ex. F2-4-1)
- Fuel Channel Life Extension Project (Ex. F2-3-1)
- Fuel Channel Life Extension Ongoing Costs (Ex. F2-2-1 and Ex. F2-4-1)
- Darlington Refurbishment Program (Ex. D2-2-1 and Ex. F2-7-1)
- Pickering Extended Operations (Ex. D2-1-3)

In this application, OPG seeks to clear applicable nuclear CRVA entries recorded since the beginning of 2016, as the last disposition of the account balance was as of December 31, 2015, in EB-2016-0152. The entries prior to June 1, 2017 were recorded relative to the reference amounts reflected in the EB-2013-0321 approved nuclear payment amounts and, effective June 1, 2017, relative to the reference amounts approved in EB-2016-0152.

This application is not seeking clearance of the portion of the CRVA balance (capital and non-capital) related to the DRP, other than for the D2O Storage Project and the impact of accelerated investment property rules (discussed in Section 5.5) on DRP-related CCA amounts.[25] As discussed in Ex. D2-2-1 and accompanying exhibits, OPG proposes to defer the clearance of the DRP-related balances to a future application, which would allow an assessment of the recoverability of these variances, if any, in the context of the overall performance of the four-unit refurbishment. In total, OPG is proposing to defer clearance of a debit balance of $51.4M related to the DRP as at December 31, 2019.[26]

[25] As discussed in Section 5.5, for CRVA-eligible projects, including the DRP, the impact of the new CCA rules is credited to the CRVA, rather than the Income and Other Taxes Variance Account.
[26] Ex. H1-2-1, Table 2, line 5, col. (e).

OPG is proposing to clear in full the DRP-related credit balance of $19.2M, as at December 31, 2019, for the impact of the CCA rule changes.[27] This amount was calculated by applying the new CCA rules to the forecast DRP capital additions for the eligible period and resulting Undepreciated Capital Cost balances reflected in the approved EB-2016-0152 revenue requirements, holding other variable constant.[28]

As discussed in Ex. D2-2-10, OPG is requesting that the remaining capital amount of $494.7M related to the D2O Storage Project be approved for inclusion in rate base based on the dates the various components were placed in service. The revenue requirement impacts of these investments once in service have been recorded in the CRVA, and will continue to be recorded in the CRVA until the effective date of nuclear payment amounts that reflect this project's inclusion in the rate base. OPG proposes to clear the account balance related to the D2O Storage Project at December 31, 2019, which is a debit of $58.1M.[29] The derivation of additions for 2016-2019 is shown in Ex. H1-1-1, Table 16.

OPG seeks to clear the full amount of the nuclear CRVA balance as at December 31, 2019 that is not related to the DRP. These entries to the account are as follows:

- For the non-capital portion, a credit of $7.0M in 2016, $7.3M in 2017, $47.5M in 2018 and $31.3M in 2019[30], for a total credit balance (inclusive of interest) of $94.2M
- For the capital portion, a debit of $0.4M in 2017, $0.5M in 2018 and $0.5M in 2019,[31] for a total debit balance (inclusive of interest) of $1.3M.

The 2016 non-capital credit entry was driven primarily by variances in Pickering Continued Operations costs, whereby there were no actual costs but the forecast costs continued into 2016 by virtue of the EB-2013-0321 payment amounts. The 2017, 2018 and 2019 non-capital

[27] Ex. H1-1-1, Table 1, col. (c), line 23. This is inclusive of the impact of the accelerated investment property rules on the CCA for the D2O Storage Project expenditures.
[28] The DRP-related CCA amounts, inclusive of the D2O Storage Project, reflected in the EB-2016-0152 revenue requirements were set out in EB-2016-0152, Ex. F4-2-1, Table 3a, Note 3.
[29] Ex. H1-1-1, Table 1, col. (c), line 24.
[30] Ex. H1-1-1 Table 15, line 30.
[31] Ex. H1-1-1 Table 15, line 31.

credit entries were largely due to timing variances in the execution of Pickering Extended Operations enabling activities, as discussed in Ex. F2-2-2, Ex. F2-3-2 and Ex. F2-4-2.[32]

There are also variances related to the following recorded over 2016-2019: Fuel Channel Life Cycle Management Project, Fuel Channel Life Extension ("FCLE") Project, FCLE related ongoing costs, Darlington Unit 3 Fuel Channel Component Retrieval Project, Darlington Spacer Retrieval Project, and Darlington Spacer Life Management Project. These projects are discussed in Ex. F2-2-2, Ex. F2-3-1 and Ex. F2-3-2.

The detailed derivations of the above non-capital entries are set out in Ex. H1-1-1 Table 15.

Additionally, as part of the 2019 non-capital entries, OPG recorded a debit adjustment of $23.7M related to the reference plan amount against which variances in the Fuel Channel Life Extension ("FCLE") Project costs were being determined since June 1, 2017.[33] The adjustment was made to correct an error made by OPG in the draft payment amounts order submission in EB-2016-0152, which was subsequently reproduced in the final EB-2016-0152 Payment Amounts Order. OPG identified this error during 2019 in preparing the current application and recorded the adjustment at the end of that year. As described below, this correction is necessary to accurately match the FCLE Project reference amount to the forecasts included in the OEB-approved nuclear revenue requirements and payment amounts in EB-2016-0152.

With respect to the nuclear facilities, the EB-2016-0152 Payment Amounts Order stated that the approved CRVA reference amounts for each respective year from 2017 to 2021 were the amounts for the capital and non-capital components "as reflected in the nuclear revenue requirement approved by the OEB in this [EB-2016-0152] proceeding".[34] The EB-2016-0152 Payment Amounts Order went on to identify the non-capital components of the total

[32] As noted in Ex. F2-2-2 and Ex. F2-4-2, total Pickering Extended Operations actual and budgeted OM&A/capital expenditures over the period 2016-2021 are forecast to be aligned to the estimate in EB-2016-0152 of $307M.
[33] Ex. H1-1-1 Table 15, line 14, col. (f).
[34] EB-2016-0152 Payment Amounts Order, App. G, p. 10.

reference amount as the sum of the “Total OM&A Costs” line at EB-2016-0152 Ex. L-4.1-1 Staff-024 and Darlington Refurbishment OM&A at EB-2016-0152, Ex. F2-1-1.[35] Exhibit L-4.1-1 Staff-024 included an updated FCLE Project cost forecast relative to OPG’s pre-filed evidence.[36] However, the nuclear revenue requirement approved by the OEB in EB-2016-0152 continued to include the original forecast and did not include the updated, higher costs from EB-2016-0152 Ex. L-4.1-1 Staff-024. Thus, in reflecting the updated FCLE Project costs, the CRVA reference plan amount cited in the EB-2016-0152 Payment Amounts Order overstated the nuclear revenue requirement that was approved by the OEB.

Prior to identifying this error, OPG was recording variances for the FCLE Project costs against the published reference amount in the EB-2016-0152 Payment Amounts Order. To accurately reflect the OEB’s revenue requirement decision and intent of the payment amounts order, once identified, OPG made the above noted adjustment debit entry of $23.7M, being the difference between the amounts in EB-2016-0152 Ex. L-4.1-1 Staff-024 and the EB-2016-0152 pre-filed evidence noted above. The adjustment comprises $0.7M for the period June 1, 2017 to December 31, 2017, $13.7M in 2018, and $9.3M in 2019. An equivalent difference of $1.7M will be recorded as an adjustment in 2020.[37] Interest has not been recorded on this adjustment for the period up to December 31, 2019.

The capital debit entries into the account relate to the capital portion of the Pickering Extended Operations initiative and the Darlington Spacer Retrieval project, discussed in Ex. D2-1-2 and Ex. D2-1-3.[38]

5.7 Pension and OPEB Cost Variance Account

[35] *Ibid.*
[36] EB-2016-0152, Ex. F2-3-1, Table 1, line 11, cols. (e) to (g).
[37] The EB-2016-0152 pre-filed evidence and EB-2016-0152 Ex. L-4.1-1 Staff-024 both reflected $0 for the FLCE Project in 2021.
[38] As noted at Ex. D2-1-2, there were no capital expenditures included in the Pickering Extended Operations initiative in EB-2016-0152; however, subsequent to that filing, it was determined that certain projects met capitalization eligibility criteria.

The Pension and OPEB Cost Variance Account was originally approved in EB-2011-0090 and has been continued in subsequent proceedings. This account records the difference between
(i) the pension and other post employment benefit ("OPEB") costs, plus related income tax PILs, reflected in the revenue requirement approved by the OEB; and (ii) OPG's actual pension and OPEB costs, and associated tax impacts, for the prescribed generation facilities. Actual pension and OPEB costs used in the calculation of the difference are calculated on an accrual basis using the same accounting standards as those used to derive the reference amount.

There are two remaining approved components of the account as at December 31, 2019:

1) Future Recovery: the OEB has approved the recovery of this balance over the period to December 31, 2024.[39] Adjusted for the amortization approved in EB-2018-0243 for 2020 and 2021, the remaining balance for recovery is $3.2M for regulated hydroelectric[40] and $64.4.M for nuclear[41]; and
2) Post 2012 Additions: the OEB has approved the recovery of the balance over a period of 72 months of July 1, 2015 to June 30, 2021. Adjusted for the amortization approved in EB-2018-0243 for 2020 and 2021, there is no remaining balance for recovery in this application.

OPG's clearance proposal in this application, set out in Ex. H1-2-1, continues the previously approved amortization period for the Future Recovery component.

No additions or interest were recorded in the Pension and OPEB Cost Variance Account in 2018 or 2019, pursuant to the EB-2016-0152 Payment Amounts Order.

5.8 Hydroelectric Deferral and Variance Over/Under Recovery Variance Account

[39] EB-2016-0152 Payment Amounts Order, Appendix G, p. 11, as continued in EB-2018-0243 (Ex. M1, Attachment A, Table 1, line 8 and Table 2, line 10)
[40] Ex. H1-2-1, Table 1, col. (f), line 8
[41] Ex. H1-2-1, Table 2, col. (f), line 13

The Hydroelectric Deferral and Variance Over/Under Recovery Variance Account was originally approved in EB-2009-0174 and has been approved in all subsequent OPG applications. This account records the differences between the amounts approved for recovery in the hydroelectric deferral and variance accounts and the actual amounts recovered based on the actual regulated hydroelectric production and approved riders. Pursuant to the OEB's orders, the account also captures the transfer of the hydroelectric portions of the balances remaining in other accounts as they expire from time to time. OPG proposes to continue the above methodology for recording entries into the account as of the effective date of the payment amounts order in this proceeding.

The derivation of the $0.3M and $2.2M debit additions to the account for 2018 and 2019, respectively, is shown in Ex. H1-1-1 Table 8. There were no transfers from expiring accounts in 2018 or 2019.

5.9 Gross Revenue Charge Variance Account

The Gross Revenue Charge Variance Account was originally approved in EB-2013-0321. It records the cost impact of a gross revenue charge reduction under Ontario Regulation 124/02, once approved by the Ontario Ministry of Natural Resources and Forestry, pertaining to production increases at OPG's Sir Adam Beck plants due to the operation of the new Niagara tunnel.

As no decision on the GRC reduction has been issued by the Ministry of Natural Resources and Forestry to date, there have been no amounts recorded in the account since its inception.

5.10 Pension & OPEB Cash Payment Variance Account

The Pension & OPEB Cash Payment Variance Account was approved in EB-2013-0321. It records the difference between OPG's actual registered pension plan contributions ("RPP") and OPEB plan payments (including the long-term disability benefit plan) attributed to the prescribed generating facilities, and such forecast amounts underpinning the revenue requirement approved by the OEB.

For the regulated hydroelectric facilities, the variance recorded is calculated as between actual RPP contributions and OPEB payments (including the long-term disability benefit plan) attributed to the regulated hydroelectric facilities and such forecast amounts underpinning the revenue requirement for 2014 and 2015 approved by the OEB in EB-2013-0321. As per the EB-2016-0152 Payment Amounts Order, the monthly reference amounts are $3.76M for RPP contributions and $1.07M for OPEB payments. As the payment amounts for the regulated hydroelectric facilities are not being adjusted in this application, OPG proposes to continue this method of determining additions to the account for these facilities as of the effective date of the payment amounts order in this proceeding.
With respect to the nuclear facilities, no additions will be required to the account as of the effective date of the payment amounts order in this proceeding, once the nuclear payment amounts reflect pension and OPEB accrual costs, as discussed further in Ex. F4-3-2.

The derivation of credit additions of $18.3M in 2018 and $18.5M in 2019 for the regulated hydroelectric facilities is shown, in Ex. H1-1-1, Table 7. The derivation of the credit additions of $54.9M in 2018 and $111.7M in 2019 for the nuclear facilities is also shown in Ex. H1-1-1, Table 7. The cash amounts for pension and OPEB are discussed in Ex. F4-3-2.

5.11 Pension and OPEB Cash Versus Accrual Differential Deferral Account

The Pension & OPEB Cash Versus Accrual Differential Deferral Account was approved in EB-2013-0321 and has been continued in subsequent OPG applications. The account records differences between: (i) OPG’s actual pension and OPEB costs for its prescribed generating facilities determined using the accrual accounting method applied in OPG’s audited consolidated financial statements; and, (ii) OPG’s actual registered pension plan contributions and other post-employment benefit plan payments (including the long-term disability benefit plan) attributed to OPG’s prescribed generating facilities. The account was established to record the above amounts pending the outcome of an OEB generic proceeding on the regulatory treatment of pension and OPEB costs.[42]

As the payment amounts for the regulated hydroelectric facilities are not being adjusted in this application, OPG proposes to continue this method of determining additions to the account for these facilities as of the effective date of the payment amounts order in this proceeding. With respect to the nuclear facilities, no additions to the account will be required as of the effective date of the payment amounts order in this proceeding, once the nuclear payment amounts reflect pension and OPEB accrual costs.

With the conclusion of the OEB's generic consultation (EB-2015-0040) in 2017 and the OEB's determination that the accrual method is presumptively appropriate for setting rates to recover pension and OPEB costs, the OEB approved a settlement proposal in EB-2018-0243 that provided for the recovery of the December 31, 2017 balance in the account in the following components:

- Non-RPP balance (nuclear and regulated hydroelectric) of $306.4M, to be recovered over the 6-year period to December 31, 2024.[43] The remaining balance as at December 31, 2019 is $255.3M.[44]
- RPP balance (nuclear and regulated hydroelectric) of $307.3M, to which the parties agreed but for which the recovery was deferred to this application.

As discussed in Ex. H1-2-1, in this application, OPG has reflected continuation of the approved amortization period for the EB-2018-02432 Non-RPP component, has proposed a recovery period for the EB-2018-0243 RPP component and also has proposed a recovery period to recover account additions recorded in 2018 and 2019.[45]

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[42] In establishing the account, the OEB stated that "[a]ny future treatment regarding the deferral account would be limited to the outcomes of the generic proceeding as they relate to the accounting and mechanics of recovery, as applicable." (EB-2013-0321 Decision with Reasons, p. 89).
[43] EB-2018-0243, Ex. M1, p. 10.
[44] The remaining balance in the account per Ex. H1-2-1, Table 1, line 11, col. (d) and Ex. H1-2-1, Table 2, line 16, col. (d). Tax impacts per Ex. H1-2-1, Table 1, line 18, col. (d) and Ex. H1-2-1, Table 2, line 27, col. (d).
[45] As noted in EB-2018-0243, EB-2015-0040 and prior OPG proceedings, the continued recognition of amounts recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account as a regulatory asset in

The derivation of debit account additions of $169.4.M for 2018 ($22.7M regulated hydroelectric and $146.7M nuclear) and $152.9M for 2019 ($21.4M regulated hydroelectric and $131.5M nuclear) for 2019 is shown in Ex. H1-1-1 Table 7.

Actual accrual costs and cash amounts for pension and OPEB plans are discussed in Ex. F4-3-2. Included as Attachment 2 to that exhibit is Aon independent actuary's report on

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OPG's financial statements in accordance with USGAAP requires that the period of deferring amounts recorded in the account related to OPEB not exceed five years from the time that they were incurred. For example, this means that amounts recorded at the beginning of 2018 must be recovered as of the beginning of 2023 to satisfy US GAAP criteria.

OPG's total accrual pension and OPEB costs in accordance with US GAAP for 2018 and 2019. As discussed in Ex. F4-3-2, OPG's total accrual pension and OPEB costs were attributed to the prescribed facilities using the same methodology as in the previous proceedings.

Pursuant to the OEB's decision in EB-2013-0321 and subsequent proceedings, no interest is recorded in the account.

5.12 Pension and OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Account

The Pension and OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Account was established by the OEB in EB-2015-0040. Pursuant to the OEB-approved settlement proposal in EB-2018-0243, the account currently records, in the Carrying Charges Sub-Account, interest at the OEB's prescribed Construction Work In Progress ("CWIP") rate on the amounts recovered for the Pension & OPEB Cash Versus Accrual Differential Deferral Account for the regulated hydroelectric and nuclear facilities. The interest entry is recorded asymmetrically in favour of ratepayers. The account tracks amounts to which interest is applied via offsetting entries into the Primary and Contra sub-accounts.

OPG proposes to continue the above treatment for amounts recovered from the Pension & OPEB Cash Versus Accrual Differential Deferral Account over the IR term. The account will also record the difference, and associated interest per above, between accrual costs and actual cash amounts for the nuclear facilities as of the effective date of the payment amounts order for this proceeding, once the nuclear payment amounts reflect pension and OPEB accrual costs.

There are no entries to the account prior to 2018. The total nuclear entry to the Primary Sub-Account for 2019 was $44.1M, resulting in a credit addition to the Carrying Charges Sub-Account of $0.6M. The total regulated hydroelectric entry to the Primary Sub-Account for 2019 is $7.0M, resulting in a credit addition to the Carrying Charges Sub-Account of $0.1M. The entries to the Primary Sub-Account correspond to the approved amortization of the

Pension & OPEB Cash Versus Accrual Differential deferral Account for 2019.[46]

No interest is recorded on the balance of the Carrying Charges Sub-Account.

5.13 Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account

The Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account was approved in EB-2014-0369 and continued in all subsequent OPG applications. Effective November 1, 2014, this account records the difference between the annual revenue requirement impact of the original Niagara Tunnel Project rate base addition disallowance of $28.0 million per EB-2013-0321 and the varied disallowance of $6.4 million per EB-2014-0369. As the payment amounts for the regulated hydroelectric facilities approved in EB-2016-0152 reflected the EB-2013-0321 disallowance and not the impact of the varied disallowance, OPG continues to record entries to the account. As the payment amounts for the regulated hydroelectric facilities are not being adjusted in this application, OPG proposes to continue recording entries to the account on the same basis, as of the effective date of the payment amounts order in this proceeding.

The derivation of the $1.8M and $1.7M debit additions to the account in 2018 and 2019, respectively, is shown in Ex. H1-1-1, Table 9.

5.14 Nuclear Liability Deferral Account

The Nuclear Liability Deferral Account was originally approved in EB-2007-0905 pursuant to O. Reg. 53/05 and has been approved in all subsequent OPG applications. In accordance with section 5.2(1) of O. Reg. 53/05, this account records the revenue requirement impact on the prescribed facilities of any change in OPG's nuclear decommissioning and used fuel and waste management liabilities ("nuclear liabilities") arising from an approved reference plan

[46] The total regulated hydroelectric entry of $7.0M corresponds to the amortization presented in EB-2018-0243, Ex. M1, Att. A, Table 1, line 11, col (i). The nuclear entry of $44.1M corresponds to the amortization presented in EB-2018-0243, Ex. M1, Att. A, Table 2, line 13, col. (i).

under the Ontario Nuclear Funds Agreement ("ONFA"), measured against the forecast impact reflected in the revenue requirement approved by the OEB.[47]

Ontario Regulation 53/05 defines the "nuclear decommissioning liability" as "the liability of Ontario Power Generation Inc. for decommissioning its nuclear generating facilities and the management of its nuclear waste and nuclear fuel." An "approved reference plan" is defined as "a reference plan, as defined in the Ontario Nuclear Funds Agreement, which has been approved by Her Majesty the Queen in the right of Ontario in accordance with that agreement."

As discussed in Ex. C2-1-1, the proposed IR term revenue requirements reflect the current approved ONFA Reference Plan effective January 1, 2017. The next ONFA Reference Plan, to be effective for the 2022-2026 period, is being developed and will be subject to approval by the Province of Ontario ("Province"). Once the updated Reference Plan is effective, OPG expects to record entries into this account.[48]

The annual weighted average accretion rate approved by the OEB for the "lesser of Unfunded Nuclear Liabilities and Asset Retirement Cost" provision in OPG's approved capital structure in this proceeding will apply to entries in the account as of the effective date of the payment amounts order in this proceeding.

As previously ordered by the OEB, no interest is recorded on the Nuclear Liability Deferral Account.

There are no account additions for 2018 or 2019 as the nuclear liabilities' impact arising from the current approved ONFA Reference Plan effective January 1, 2017 is included in the OEB-approved 2018 and 2019 nuclear revenue requirements.

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[47] O. Reg. 53/05 also specifies that the balance recorded in the account is to be recovered on a straight line basis over a period not to exceed three years (subsection 6(2)).

[48] Any additions to the Nuclear Liability Deferral Account related to the 2022-2026 ONFA Reference Plan and to the proposed Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account (see section 6.2) would be calculated such that there is no duplication across the accounts.

5.15 Nuclear Development Variance Account

The Nuclear Development Variance Account was established in accordance with Section 5.4 of O. Reg. 53/05. The account was originally approved in EB-2007-0905 and has been approved in all subsequent OPG applications. This account records variances between the actual non-capital costs incurred and firm financial commitments made in the course of planning and preparation for the development of proposed new nuclear generation facilities and those forecast costs and firm financial commitments reflected in the revenue requirement approved by the OEB.

The variance recorded in the account is calculated as between actual eligible non-capital costs and firm financial commitments and such forecast amounts reflected in the corresponding annual nuclear revenue requirement approved by the OEB. OPG proposes to continue this method of determining additions to the account as of the effective date of the payment amounts order in this proceeding.[49]

During 2018 and 2019, OPG continued to incur costs to maintain the license granted by the Canadian Nuclear Safety Commission, which preserves the option of considering Nuclear New Build in the future. For 2018 and 2019, these costs were higher than the forecast amounts reflected in the revenue requirements approved in EB-2016-0152, which resulted in debit entries of $1.0M in 2018 and $3.3M in 2019. Additionally, OPG incurred costs of $0.7M in 2018 and 2019 related to preliminary planning and preparation activities for an SMR generating station at the Darlington site that were recorded in the account. The derivations of the additions to the account for 2018 and 2019 is shown in Ex. H1-1-1, Table 10.

In this application, OPG seeks to clear the non-SMR portion of the 2018 and 2019 additions, which results in a debit balance for recovery of $3.7M.[50] OPG proposes to defer clearance of the SMR-related balance to a future application, which would allow these costs to be considered after the SMR-related preliminary planning and preparation activities have been further advanced. Further details on the SMR project are discussed in Ex. F2-8-1.

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[49] Forecast Darlington New Nuclear non-capital costs are provided at Ex. F2-1-1, Table 1, line 6.
[50] Ex. H1-2-1, Table 2, col. (f), line 3.

5.16 Bruce Lease Net Revenues Variance Account

The Bruce Lease Net Revenues Variance Account was originally approved in EB-2007-0905 in order to ensure that the actual difference between OPG's revenues and costs for the Bruce facilities is ultimately reflected in the payment amounts and riders and that OPG recovers its actual costs associated with the Bruce facilities. This account has been approved in all subsequent OPG applications.

This account records differences between (i) the forecast revenues and costs related to the Bruce lease that are factored into the nuclear revenue requirement approved by the OEB, and (ii) OPG's actual revenues and costs in respect of the Bruce facilities.

The account has two sub-accounts as follows:

Derivative Sub-Account: The Derivative Sub-Account related to the previously existing derivative liability for the conditional supplemental rent rebate provision of the Bruce lease. As noted in the EB-2016-0152 Payment Amounts Order, the provision for a conditional supplemental rent rebate has now been removed and the derivative liability eliminated.[51] Only interest credit and amortization entries were recorded in the Sub-Account during 2018 and 2019, which OPG proposes to clear in this application. OPG further proposes to terminate the sub-account as of the effective date of the payment amounts order in this proceeding and to transfer the remaining balance to, and record its subsequent amortization in the Nuclear Deferral and Variance Over/Under Recovery Variance Account.

Non-Derivative Sub-Account: The Non-Derivative Sub-Account balance relates to the non-derivative aspects of the account, including the cost impact of any changes in OPG's liabilities for decommissioning the Bruce nuclear generating facilities and the management of nuclear waste and nuclear fuel related to the Bruce stations.

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[51] EB-2016-0152 Payment Amounts Order, Appendix G, p. 16.

The variance recorded in the sub-account is determined by comparing (i) the quotient of the annual forecast amount of Bruce lease net revenues reflected in the OEB-approved revenue requirement and the OEB approved nuclear production forecast for the corresponding year multiplied by OPG's actual nuclear production for the year, and (ii) OPG's actual revenues and costs in respect of the Bruce facilities. OPG proposes to continue this method of determining additions to the account as of the effective date of the payment amounts order in this proceeding.[52]

The derivation of the 2018 debit entry of $11.8M and the 2019 debit entry of $3.5M to the Non-Derivative Sub-Account is shown in Ex. H1-1-1, Table 11. Bruce Lease net revenues are discussed in Ex. G2-2-1.

5.17 Nuclear Deferral and Variance Over/Under Recovery Variance Account

The Nuclear Deferral and Variance Over/Under Recovery Variance Account was originally approved in EB-2009-0174 and has been approved in all subsequent OPG applications. This account records the difference between the amounts approved for recovery in the nuclear deferral and variance accounts and the actual amounts recovered based on the actual nuclear production and approved riders. Pursuant to OEB's orders, the account also captures the transfer of the nuclear portions of the balances remaining in other accounts as they expire from time to time. OPG proposes to continue the above methodology for recording entries into the account of the effective date of the payment amounts order in this proceeding.

The derivation of the $2.9M and $22.1M credit additions to the account for 2018 and 2019 is shown in Ex. H1-1-1, Table 12. There were no transfers from expiring accounts in 2018 nor 2019.

5.18 Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account

[52] Forecast Bruce Lease net revenues are provided at Ex. G2-2-1, Table 1, line 3.

The Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account was approved in EB-2015-0374 pursuant to an accounting order application filed by OPG. The application was filed as required by the EB-2013-0321 Payment Amounts Order, as a result of changes to station EOL dates for OPG's nuclear generating stations implemented effective December 31, 2015. Effective January 1, 2016, this account recorded the revenue requirement impact for the prescribed nuclear facilities arising from changes to nuclear liabilities and depreciation and amortization expense resulting from these station EOL date changes. Pursuant to the EB-2016-0152 Payment Amounts Order, no further additions are recorded to the account as of the June 1, 2017 as the impact arising from these changes to station EOL dates was reflected in the nuclear revenue requirements approved in EB-2016-0152.[53] No interest was recorded in the account in 2018 or 2019 pursuant to the OEB's orders.

The December 31, 2019 balance in the account is expected to be fully amortized by December 31, 2021 pursuant to the OEB-approved settlement proposal in EB-2018-0243.[54] As such, OPG proposes to terminate this account as of the effective date of the payment amounts order in this proceeding and to transfer any remaining balance (expected to be nil) to the Nuclear Deferral and Variance Over/Under Recovery Variance Account.

5.19 Rate Smoothing Deferral Account

The Rate Smoothing Deferral Account was established in accordance with section 5.5 of O. Reg. 53/05 and approved in EB-2016-0152. The account records the difference between: (i) the total annual nuclear revenue requirement approved by the OEB; and, (ii) the portion of that revenue requirement in (i) that is used in connection with setting the nuclear payment amounts in each year ("the annual deferral amount").

[53] EB-2016-0152 Payment Amounts Order, Appendix G, p. 17.
[54] EB-2018-0243, Ex. M1, Att. A, Table 2, line 2.

Pursuant to the EB-2016-0152 Payment Amounts Order, the approved annual deferral amounts to the Rate Smoothing Deferral Account are $0 in 2017, $0 in 2018, $102.2M in 2019, $390.6M in 2020 and $0 in 2021, and are recorded monthly on a straight-line basis.[55]

According to O. Reg. 53/05, an annual deferral amount will be recorded in this account from January 1, 2017 until the DRP ends (the “deferral period”). As discussed in Ex. I3-2-1, OPG proposes to set the annual deferral amounts as follows for the IR term, to be recorded monthly on a straight-line basis: $238.9M in 2022, $297.5M in 2023, $164.7M in 2024, $103.4M in 2025, and ($44.8M) in 2026.[56]

The regulation stipulates that the OEB shall ensure that OPG recovers the balance recorded in the deferral account and shall authorize recovery of the account balance on a straight line basis over a period not to exceed ten years commencing at the end of the deferral period. The regulation also stipulates that the deferral account shall record interest on the balance of the account at a long-term debt rate reflecting OPG’s cost of long-term borrowing approved by the OEB, compounded annually.

5.20 Fitness for Duty Deferral Account

The Fitness for Duty Deferral Account was approved by the OEB in EB-2016-0152. The account records costs related to implementing the Canadian Nuclear Safety Commission (“CNSC”) Fitness for Duty program. The Fitness for Duty program is a drug, alcohol, psychological and physical testing program for employees in nuclear facilities, anticipated to be a license requirement of the CNSC. The total December 31, 2019 debit balance in the account is $0.5M.[57]

The Fitness for Duty requirements were approved by the CNSC in 2017 and OPG is continuing to implement the necessary programmatic changes to comply with the new requirements. Given the ongoing implementation work, this application is not seeking

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[55] EB-2016-0152 Payment Amounts Order, Appendix H, p. 1.
[56] The derivation of the annual deferral amounts is shown in Ex. I1-3-2, Chart 4.
[57] Ex. H1-1-1, Table 1, col. (f), line 43.

clearance of the amount in the account. OPG proposes to defer the clearance to a future application, which would allow an assessment of the costs to be undertaken at a time when implementation has advanced further.[58]

The revenue requirements sought in this application do not include any forecast costs for the implementation of the Fitness for Duty program. As the forecast of costs related to the program remains uncertain during the IR term, OPG proposes to continue to record any such incurred amounts in the account for future disposition.

5.21 SR&ED ITC Variance Account

The SR&ED ITC Variance Account was approved in EB-2016-0152. Effective June 1, 2017, the account records the difference between actual SR&ED ITCs (attributed to the nuclear facilities) as determined after any tax audits and the forecast SR&ED ITCs included in the nuclear revenue requirement approved by the OEB, including the tax on the difference.[59]

In its Decision and Order in EB-2016-0152, the OEB instructed OPG to consider the utilization of SR&ED ITCs for the nuclear and hydroelectric businesses in its next application, as the rate-setting methodologies for these businesses beyond 2021 were not certain at the time the decision was issued.[60] For the reasons discussed in Ex. F4-2-1, section 3.4.1, OPG proposes to continue the current operation of the SR&ED ITC Variance Account for the IR term for the nuclear facilities and does not propose any changes to the current treatment of the regulated hydroelectric SR&ED ITCs for the IR term.[61]

Actual SR&ED ITCs net of tax (attributed to the nuclear facilities) recorded in 2018 and 2019, inclusive of immediately preceding year's true-up adjustments based on tax return

[58] For the same reason, OPG did not seek clearance of the Fitness for Duty Deferral Account balance in its EB-2018-0243 deferral and variance account application.

[59] The impact of tax audit resolution for taxation years prior to 2017 (and for 2017, as pro-rated for the period prior to the effective date of the SR&ED ITC Variance Account), attributed to the nuclear facilities, is recorded in the Income and Other Taxes Variance Account.

[60] EB-2016-0152 Decision and Order, December 28, 2017, p. 88.

[61] Forecast SR&ED ITCs attributed to the nuclear facilities are provided at Ex. F4-2-1, Table 3c, line 28 for the IR term.

completion, were higher than the forecast amounts reflected in the corresponding revenue requirements approved in EB-2016-0152. The derivation of the resulting $11.0M and $0.7M credit additions to the account in 2018 and 2019, respectively, is shown in Ex. H1-1-1, Table 14.

5.22 Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account

The Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account was approved in EB-2018-0002 pursuant to an accounting order application filed by OPG. Similar to the EB-2015-0374 accounting order application, this application was filed as required by the EB-2016-0152 Payment Amounts Order, as a result of changes to station EOL dates for the Pickering station implemented effective December 31, 2017. Effective January 1, 2018, this account records the revenue requirement impact for the prescribed nuclear facilities arising from changes to nuclear liabilities and depreciation and amortization expense resulting from these changes. The changes to the Pickering station EOL dates are discussed in Ex. F4-2-1, Section 3.4.

Pursuant to the EB-2018-0002 Decision and Order, the account entries will continue until the effective date of the OEB's next nuclear payment amounts order.[62, 63] No further additions will be recorded to the account subsequent to the effective date of the payment amounts order to this application incorporating the changes to the Pickering station EOL dates in nuclear payment amounts.

Derivation of the $123.0M credit entry in 2018 and $122.8M credit entry in 2019 is shown in Ex. H1-1-1, Table 13, cols. (a) and (b). The entries have been calculated in the manner detailed by OPG in EB-2018-0002 and are nearly identical to the impacts estimated at that

[62] EB-2018-0002 Decision and Order, p. 1.
[63] Additions are recorded in the Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account in a manner that does not duplicate any additions recorded in the Nuclear Liability Deferral Account (see section 5.14).

time.[64] The impacts recorded in the account are determined by applying the revised Pickering station EOL dates to recalculate the corresponding OEB-approved values (such as depreciation and amortization expense) reflected in the EB-2016-0152 revenue requirement, holding other variables constant (such as capital in-service amounts).

As projected in EB-2018-0002, the credit entry of $123.0M in 2018 is comprised of a $148.6M credit reflecting the revenue requirement impact of lower non-ARC depreciation and amortization expense due to the extension of the Pickering station EOL date, partially offset by a $25.6M debit related to the revenue requirement impact of changes to nuclear liabilities. The credit entry of $122.8M in 2019 is similarly comprised of a $149.1M credit reflecting the revenue requirement impact of non-ARC depreciation and amortization expense, partially offset by a $26.3M debit related to the revenue requirement impact of changes to nuclear liabilities. The impact of changes to nuclear liabilities is discussed in Ex. C2-1-1, Section 7.0.

No interest was recorded in the account in 2018 or 2019 pursuant to the decision and order in EB-2018-0002.

5.23 Impacts Arising from the COVID-19 Emergency Deferral Account

The Impacts Arising from the COVID-19 Emergency Deferral Account was established by the OEB in its March 25, 2020 accounting order in acknowledgement that electricity and natural gas distributors may incur incremental costs as a result of the COVID-19 emergency. In an April 29, 2020 letter, the OEB confirmed the applicability of the account to OPG and electricity transmitters. The account is effective March 24, 2020. OPG does not seek disposition of any balances in the account in this application.

The treatment of the account is subject of the OEB's ongoing stakeholder consultation (EB-2020-0133). OPG is participating in the consultation.

[64] EB-2018-0002, OPG's response to Board Staff Interrogatory #1 sets out the detailed methodology for calculating the entries. Attachment 1, Table 1 of that response projected a credit entry of $122.7M for 2018 and $122.4M in 2019. The response also projected a credit entry of $156.7M in 2020 and a debit entry of $264.1M for 2021, which remain very close to the current estimate shown at Ex. H1-1-1, Table 13, cols. (c) and (d) for information purposes.

5.24 2021 Overearnings Variance Account

The 2021 Overearnings Variance Account was established by the OEB in EB-2020-0248. The account will record any actual regulated earnings achieved by OPG's regulated business in 2021 that are more than 300 basis points above the OEB-approved return on equity ("ROE") as reflected in OPG's payment amounts in effect for 2021. In the event that OPG's 2021 regulated ROE does not exceed 300 basis points over the OEB-approved ROE, no entry is to be made to the account. The variance account applies only to the 2021 year.

6.0 NEW ACCOUNTS

This section sets out the details of the new Pickering Closure Costs Deferral Account pursuant to O. Reg. 53/05 and OPG's proposal for a new deferral account related to future changes in Pickering station's accounting EOL dates.

6.1 Pickering Closure Costs Deferral Account

The Pickering Closure Costs Deferral Account is established in accordance with Section 5.6 of O. Reg. 53/05. This account will record any employment-related costs, and non-capital costs related to third party service providers incurred by OPG that arise from any Pickering closure activities.

The regulation specifies that Pickering closure costs can be incurred before or after the closure of a Pickering unit, but does not include costs that are eligible for reimbursement to OPG under the ONFA. The regulation also stipulates that OPG shall record Pickering closure costs in the deferral account as they are reflected in the audited financial statements approved by OPG's Board of Directors and shall record interest on the balance of the account as the OEB may direct. Subject to the OEB's satisfaction that the costs are prudently incurred and accurately recorded, the balance recorded in the deferral account and related income tax effects are to be recovered on a straight line basis over a period not to exceed 10 years beginning from the day the last Pickering unit permanently stops generating electricity.

OPG proposes to apply interest to the monthly opening balance of this account at the interest rate set by the OEB from time to time pursuant to its interest policy for deferral and variance accounts.

6.2 Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account

OPG proposes establishing the Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account to record the revenue requirement impact arising from changes to nuclear liabilities and depreciation and amortization expense resulting from changes to the Pickering station EOL dates, for OPG's prescribed nuclear facilities. The account would address the current requirements for filing of individual accounting order applications that would apply to each such change in the station EOL dates with an annual revenue requirement impact of $10M or greater.[65] This requirement has been in place since

[65] EB-2016-0152 Payment Amounts Order, p. 13.

EB-2013-0321 and has thus far resulted in two accounting order applications, in EB-2015-0374 and EB-2018-0002.[66] The proposed deferral account would operate similarly to the Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account and the Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account approved by the OEB in those proceedings, as discussed in sections 5.18 and 5.22 above.

OPG proposes the deferral account because it anticipates that there will be future changes to the Pickering station EOL dates, for financial accounting purposes in accordance with US GAAP, once necessary criteria are met. In particular, this includes the accounting EOL date for Pickering Units 5-8, which is expected to be reassessed in the future when further technical work and the status of the CNSC's approval process are considered to provide sufficient high confidence, for depreciation purposes, with respect to the planned operation of the units beyond the current EOL date of December 31, 2024.[67] It also includes the extension of the Pickering Units 1 and 4 EOL date from December 31, 2022 to December 31, 2024, which is expected to be implemented as of December 31, 2020 based on the achievement of the necessary high confidence during the year. Further discussion is found in Ex. F4-2-1, Section 3.5.

As was the case in EB-2015-0374 and EB-2018-0002, OPG is not able to provide the total revenue requirement impact associated with the changes being implemented as of December 31, 2020 at this time, primarily because the final year-end information required to calculate the December 31, 2020 ARO/ARC adjustment is not yet available. Accordingly, these changes are not reflected in the 2020-2026 Business Plan or this application.

Based on historical experience and the relatively short remaining depreciation periods for the Pickering units, OPG expects that the annual revenue requirement impact of the above changes, whether for Units 1 and 4 as of December 31, 2020 or for Units 5-8 at a later date,

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[66] This requirement was also partly in place in EB-2012-0002, with respect to the impact of changes to nuclear liabilities (EB-2012-0002 Payment Amounts Order, p. 7).
[67] The Pickering optimized shutdown plan is discussed further in Ex. F2-1-1.

will be in excess of the $10M materiality threshold. OPG notes that the station EOL accounting changes that were the subject of the Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account and the Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account have both resulted in net credit balances of over $100M over a period of several years.

OPG believes that the proposed deferral account would provide an administratively efficient alternative for addressing the need for future current accounting order applications related to Pickering station EOL station changes. It would also avoid a potential update to the evidence once the year-end 2020 ARO/ARC adjustment is calculated and reflected in OPG's 2020 audited consolidated financial statements, which will not be issued until March 2021.

In recording entries to the propose deferral account, OPG would apply the same methodologies as used to make entries in the deferral accounts established in EB-2015-0374 and EB-2018-0002, and would not record amounts otherwise recorded in another authorized deferral or variance account. The revenue requirement impact of the corresponding Pickering station EOL date change would be recorded from the date of implementation until such time as new payment amounts incorporating these impacts come into effect. Illustrative accounting order and account entries are provided in Attachment 4.

As with the deferral accounts established in EB-2015-0374 and EB-2018-0002, the account entries and balance would continue to be subject to review and testing in a subsequent proceeding.[68] The account also would not replace the existing accounting order requirements related to any changes to the Darlington EOL date, or any other changes to nuclear liabilities other than as a result of the ONFA Reference Plan update.

The account satisfies the OEB's deferral and variance account eligibility criteria of causation, materiality and prudence, consistent with the OEB's finding, in establishing the equivalent

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[68] EB-2015-0374 Decision and Order, pp. 5-6; EB-2018-0002 Decision and Order p. 4.

account in EB-2018-0002, that "OPG has satisfied the three criteria of causation, materiality, and prudence".[69]

Pending the final payment amounts order in this proceeding, the new account is proposed to take effect on January 1, 2021. This will enable OPG to record the revenue requirement impact from the changes to Pickering Unit 1 and 4 EOL date that will begin effective January 1, 2021.

Similar to the Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account and the Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account, OPG proposes that no interest be recorded on the balance of the proposed account.

7.0 INTEREST

OPG proposes to record interest on all deferral and variance accounts unless specified otherwise in the account descriptions above. For these accounts, OPG proposes to apply interest to the monthly opening balances of these accounts at the interest rate set by the OEB from time to time pursuant to its interest policy for deferral and variance accounts, unless specified otherwise in the account descriptions above.

The above approach was used to apply interest to deferral and variance account balances in determining the December 31, 2019 audited balances pursuant to the OEB's decisions and orders.

[69] EB-2018-0002 Decision and Order, p. 4.

ATTACHMENTS

Attachment 1:	Independent Auditors' Report prepared by Ernst & Young LLP Chartered Professional Accountants
Attachment 2:	Schedule of Regulatory Balances as at December 31, 2019
Attachment 3:	Regulated Stations with Modeled Production Forecasts
Attachment 4:	Illustrative Accounting Order – Impact Resulting from Optimization of Pickering Station End-of-Life dates Deferral Account

INDEPENDENT AUDITORS' REPORT

To the management of
Ontario Power Generation Inc.

Opinion

We have audited the schedule of regulatory balances of **Ontario Power Generation Inc.**, (the Company) as at December 31, 2019 (the "Schedule").

In our opinion, the accompanying schedule, which presents the balances of the deferral and variance accounts authorized for Ontario Power Generation Inc. by the decisions and orders of the Ontario Energy Board, is prepared, in all material respects in accordance with the basis of accounting as described in Note 1 to the Schedule.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Schedule* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting and restriction on use

We draw attention to Note 1 of the Schedule, which describes the basis of accounting. The Schedule is prepared to assist the Company in filing with the Ontario Energy Board as part of the regulatory process. As a result, the Schedule may not be suitable for another purpose. Our report is intended solely for the information and use of the Company and for filing with the Ontario Energy Board as part of the regulatory process. Our opinion is not modified in respect of this matter.

Responsibilities of management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the basis of accounting as described in Note 1 of the Schedule; this includes determining that the basis of accounting is an acceptable basis for the preparation of the Schedule in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Schedule that are free from material misstatement, whether due to fraud or error.

In preparing the Schedule, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Schedule.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Schedule, including the disclosures, and whether the Schedule represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence to express an opinion on the Schedule. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 22, 2020

SCHEDULE OF REGULATORY BALANCES
AS AT DECEMBER 31, 2019

The *Ontario Energy Board Act, 1998* and *Ontario Regulation 53/05* provide that Ontario Power Generation Inc. (OPG or the Company) receives regulated prices for electricity generated from most of the Company's hydroelectric generating facilities and all of the nuclear generating facilities that the Company operates. OPG's regulated prices for the generation from these facilities are determined by the Ontario Energy Board (OEB).

The OEB's decisions and orders have authorized OPG to establish certain variance and deferral accounts, including those authorized pursuant to *Ontario Regulation 53/05*. The balances in these accounts are calculated in accordance with the OEB's decisions and orders and *Ontario Regulation 53/05*. In accordance with United Stated generally accepted accounting principles ("US GAAP"), OPG's consolidated financial statements recognize regulatory assets and regulatory liabilities for balances in the variance and deferral accounts.

Through its March 2017 and December 2017 decisions on OPG's application for new regulated prices under case number EB-2016-0152 and related partial settlement agreement between OPG and intervenors, the OEB approved the balances in all of the Company's variance and deferral accounts as at December 31, 2015, with the exception of the Pension & OPEB Cash to Accrual Differential Deferral Account, and less amounts previously approved for recovery or repayment in these accounts during 2016 under case number EB-2014-0370. To effect recovery of the balances approved in the EB-2016-0152 proceeding, the OEB established rate riders for OPG's regulated generation for the period from March 1, 2018 to December 31, 2020.

Through its February 2019 decision on OPG's application for a base regulated price adjustment for the regulated hydroelectric facilities and disposition of variance and deferral account balances and related settlement agreement between OPG and intervenors, under case number EB-2018-0243, the OEB approved the balances in all of the Company's variance and deferral accounts as at December 31, 2017, with the exception of the Capacity Refurbishment Variance Account and Fitness for Duty Deferral Account that were excluded from OPG's application, and less amounts previously approved for recovery or repayment under case number EB-2016-0152. To effect recovery of the balances approved in the EB-2018-0243 proceeding, the OEB established rate riders for OPG's regulated generation for the period from January 1, 2019 to December 31, 2021.

For the period from January 1, 2018 to December 31, 2019, OPG recognized additions to the variance and deferral accounts and amortized the balances in the accounts as authorized by the OEB in the EB-2016-0152 Payment Amounts Order, the EB-2018-0002 Decision and Order and the EB-2018-0243 Payment Amounts Order, as applicable. Where authorized by the OEB, OPG recorded interest on the unamortized balances in the applicable variance and deferral accounts at the OEB-prescribed rate ranging from 1.50 percent per annum to 2.45 percent per annum during the period from January 1, 2018 to December 31, 2019.

As at December 31, 2019, the balances to be recovered from (refunded to) ratepayers in the variance and deferral accounts authorized for OPG were as follows:

(millions of dollars)	**2019**
Regulated Hydroelectric	
Hydroelectric Surplus Baseload Generation Variance Account	**448**
Capacity Refurbishment Variance Account – Hydroelectric	**26**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Hydroelectric – Registered Pension Plan (RPP) – EB-2018-0243 Approved	**41**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Hydroelectric – Non RPP – EB-2018-0243 Approved	**35**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Hydroelectric – Post-2017 Additions	**44**
Pension and OPEB Cost Variance Account – Hydroelectric – Post 2012 Additions	**16**
Pension and OPEB Cost Variance Account – Hydroelectric – Future Recovery	**6**
Pension & OPEB Cash Payment Variance Account – Hydroelectric	**(60)**
Pension and OPEB Forecast Accrual versus Actual Cash Differential Variance Account – Carrying Charges Sub-Account – Hydroelectric[1]	**-**
Ancillary Services Net Revenue Variance Account – Hydroelectric	**(62)**
Hydroelectric Water Conditions Variance Account	**(216)**
Hydroelectric Deferral and Variance Over/Under Recovery Variance Account	**17**
Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account	**8**
Hydroelectric Incentive Mechanism Variance Account[1]	**-**
Income and Other Taxes Variance Account – Hydroelectric	**(3)**
Gross Revenue Charge Variance Account	**-**
Total – Regulated Hydroelectric	**300**
Nuclear	
Pension and OPEB Cost Variance Account – Nuclear – Future Recovery	**137**
Pension and OPEB Cost Variance Account – Nuclear – Post 2012 Additions	**331**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Nuclear – Registered Pension Plan (RPP) – EB-2018-0243 Approved	**266**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Nuclear – Non-RPP – EB-2018-0243 Approved	**221**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Nuclear – Post-2017 Additions	**278**
Pension & OPEB Cash Payment Variance Account – Nuclear	**(288)**
Pension and OPEB Forecast Accrual Versus Actual Cash Differential Variance Account – Carrying Charges Sub-Account – Nuclear	**(1)**
Nuclear Liability Deferral Account	**13**
Bruce Lease Net Revenues Variance Account – Derivative Sub-Account	**(27)**
Bruce Lease Net Revenues Variance Account – Non-Derivative Sub-Account	**192**
Nuclear Deferral and Variance Over/Under Recovery Variance Account	**20**
Capacity Refurbishment Variance Account – Nuclear – DRP	**38**
Capacity Refurbishment Variance Account – Nuclear – Non-DRP	**(103)**
Capacity Refurbishment Variance Account – Nuclear – Accelerated Investment Incentive CCA-DRP	**(19)**
Capacity Refurbishment Variance Account – Nuclear – Heavy Water Storage Facility (D2O)	**58**
Income and Other Taxes Variance Account – Nuclear	**(22)**
Nuclear Development Variance Account	**5**
Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account	**(92)**
Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account	**(246)**
Ancillary Services Net Revenue Variance Account – Nuclear	**(1)**
SR&ED ITC Variance Account	**(15)**
Fitness for Duty Deferral Account	**1**
Rate Smoothing Deferral Account	**104**
Total – Nuclear	**850**

[1] The account balance is less than $0.5 million, which rounds to nil million.

This schedule of regulatory balances has been prepared solely for the use of OPG's management and for filing with the OEB, and is considered by OPG's management to be a fair and reasonable representation of the balances in the authorized variance and deferral accounts as at December 31, 2019. These balances have been determined in accordance with the basis of accounting described in Note 1 to this schedule.

On behalf of Ontario Power Generation Inc.

John Mauti
Chief Financial Officer and Senior Vice President – Finance
December 22, 2020

See accompanying note to the schedule

NOTE TO THE SCHEDULE OF REGULATORY BALANCES AS AT DECEMBER 31, 2019

1. BASIS OF ACCOUNTING

The schedule of regulatory balances presents the balances as at December 31, 2019 in all variance and deferral accounts authorized for OPG, with the exception of the Pension and OPEB Forecast Accrual Versus Actual Cash Differential Variance Account – Primary and Contra sub-accounts which are offsetting by definition. The balances presented represent the regulatory assets and regulatory liabilities for these accounts recorded by OPG in accordance with US GAAP for the purposes of its consolidated financial statements, as modified to include a return on equity amount as part of cost of capital additions recorded in the accounts for recovery from, or refund to, ratepayers and to include the full amount of additions recorded in the Capacity Refurbishment Variance Account – Hydroelectric effective June 1, 2017. The Pension and OPEB Forecast Accrual Versus Actual Cash Differential Variance Account – Primary and Contra sub-accounts have a net zero balance at all times pursuant to the Report of the Ontario Energy Board under case number EB-2015-0040. All dollar amounts are presented in Canadian dollars.

For the purposes of its consolidated financial statements prepared in accordance with US GAAP, as required by FASB Accounting Standards Codification Topic 980, *Regulated Operations*, OPG limits the portion of cost of capital additions recognized as a regulatory asset to the amount calculated using the average rate of capitalized interest applied by OPG to construction and development in progress balances. The amortization expense related to the regulatory assets for variance and deferral accounts that include cost of capital additions are correspondingly limited in OPG's consolidated financial statements to amounts calculated using the average rate of capitalized interest applied to OPG's construction and development in progress balances.

In the EB-2016-0152 payment amounts order issued on March 23, 2018, the OEB stipulated that OPG will be entitled to future recovery of additions recorded in the Capacity Refurbishment Variance Account – Hydroelectric effective June 1, 2017 to the extent that OPG's total capital in-service additions for the regulated hydroelectric facilities over the 2017-2021 period exceed the funding for capital expenditures for these facilities implicit in the hydroelectric payment amounts over that period, as calculated pursuant to the EB-2016-0152 payment amounts order. In accordance with US GAAP, OPG's consolidated financial statements do not recognize a regulatory asset for additions recorded in the Capacity Refurbishment Variance Account – Hydroelectric effective June 1, 2017 until such time as OPG assesses that there is sufficient assurance that these amounts will be recoverable in the future based on the above condition.

US GAAP recognizes that rate regulation can create economic benefits and obligations that are required to be obtained from, or settled with, the ratepayers. When OPG assesses that there is sufficient assurance that incurred costs in respect of its regulated facilities will be recovered in the future, those costs are deferred and reported as a regulatory asset in the Company's consolidated financial statements. When OPG is required to refund amounts in respect of its regulated facilities to ratepayers in the future, including amounts related to costs that have not been incurred and for which the OEB has provided recovery through regulated prices, the Company records a regulatory liability in its consolidated financial statements. The measurement of regulatory assets and regulatory liabilities is subject to certain estimates and assumptions, including assumptions made in the interpretation of *Ontario Regulation 53/05* and the OEB's decisions. The estimates and assumptions made in the interpretation of the regulation and the OEB's decisions are reviewed as part of the OEB's regulatory process.

OPG's most recent annual consolidated financial statements filed with the Ontario Securities Commission are as at and for the year ended December 31, 2019. OPG's most recent interim consolidated financial statements filed with the Ontario Securities Commission are as at and for the nine months ended September 30, 2020.

REGULATED STATIONS WITH MODELED PRODUCTION FORECASTS

River System	Station
Niagara	Sir Adam Beck 1 Sir Adam Beck 2 Sir Adam Beck PGS
Welland	DeCew Falls 1 DeCew Falls 2
St. Lawrence	R.H. Saunders
Madawaska	Mountain Chute Barrett Chute Calabogie Stewartville Arnprior
Ottawa	Otto Holden Des Joachims Chenaux Chats Falls
Abitibi	Abitibi Canyon Otter Rapids
Montreal	Lower Notch
Nipigon	Pine Portage Cameron Falls Alexander
Aguasabon	Aguasabon
Kamanistikwia	Silver Falls Kakabeka Falls
English	Manitou Falls Caribou Falls
Winnipeg	Whitedog Falls

River System	Station
Montreal	Chute
Matabitchuan	Matabitchuan
Mississippi	High Falls
Rideau	Merrickville
Otonabee	Lakefield Auburn
Trent	Seymour Ranney Falls Hagues Reach Meyersburg Sills Island Frankford Sidney
Beaver	Eugenia Falls
Muskoka	Trethewey Hanna Chute South Falls Ragged Rapids Big Eddy
Severn	Big Chute
South	Elliot Chute Bingham Chute Nipissing
Sturgeon	Crystal Falls
Wanapitei	Stinson Conistion McVittie

Illustrative Accounting Order
Ontario Power Generation Inc.
EB-2020-0290

Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account

OPG shall establish this new account, effective January 1, 2021, to record the revenue requirement impact arising from changes to nuclear liabilities and depreciation and amortization expense resulting from changes to the Pickering station end-of-life dates, for OPG's prescribed nuclear facilities.

Entry 1: Nuclear liability revenue requirement for prescribed facilities

Entry	Debit	Credit
DR/CR Depreciation Expense	x,xxx	x,xxx
DR/CR Return on Rate Base	x,xxx	x,xxx
DR/CR Income Tax Expense	x,xxx	x,xxx
DR/CR Used Fuel Storage and Disposal Variable Expense	x,xxx	x,xxx
DR/CR Low & Intermediate Level Waste Management Variable Expense	x,xxx	x,xxx
CR/DR Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account [1]	x,xxx	x,xxx

To record the impact on nuclear liabilities costs resulting from changes in end-of-life dates on Asset Retirement Cost ("ARC") depreciation, the associated impacts on the return on rate base and variable used fuel and waste management expenses, and the tax impact of the settlement with customers of the net amount.

[1] The extension of Pickering Units 1 and 4 EOL to December 31, 2024 is expected to result in a net credit entry in 2021-2022 reflecting a lower ARC depreciation expense in those years. The entry is expected to be a net debit in 2023-2024 reflecting higher Pickering Units 1 and 4 ARC depreciation expense to be recovered from ratepayers in those years, compared to nil ARC depreciation reflected in amounts proposed to be included in revenue requirement in EB-2020-0290 based on December 31, 2022 end-of-life.

Entry 2: Non-ARC revenue requirement impact for prescribed facilities

Entry	Debit	Credit
DR/CR Depreciation Expense	x,xxx	x,xxx
DR/CR Income Tax Expense	x,xxx	x,xxx
CR Return on Rate Base		x,xxx
CR/DR Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account [2]	x,xxx	x,xxx

To record the impact of changes in Pickering station lives on non-ARC depreciation expense, the associated impact on the return on net rate base through the change in accumulated depreciation, and the tax impact of the settlement with customers of the net amount.

OPG shall not record interest on the balance of this account.

OPG shall file the balance in the Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account in conjunction with its regular reporting on other deferral and variance accounts approved by the OEB.

The account entries will continue until the effective date of the next payment amounts order incorporating the corresponding changes to the Pickering station end-life dates in nuclear payment amounts.

[2] The extension of Pickering Units 1 and 4 EOL to December 31, 2024 is expected to result in a net credit entry in 2021-2022 reflecting a lower non-ARC depreciation expense in those years. The entry is expected to be a net debit in 2023-2024 reflecting a higher Pickering non-ARC depreciation expense to be recovered from ratepayers in those years based on the extended life of Units 1 and 4 to 2024, compared to the proposed non-ARC depreciation amount included in the EB-2020-0290 revenue requirement for 2023-2024 that was set to equal forecast Pickering in-service additions in that year.

Table 1
Deferral and Variance Accounts
Closing Account Balances - 2017 to 2019 ($M)

Line No.	Account	Note	Actual Year End Balance 2017	Actual Year End Balance 2018	Actual Year End Balance 2019
			(a)	(b)	(c)
			Note 1	Note 2	Note 3
	Regulated Hydroelectric:				
1	**Hydroelectric Water Conditions Variance**		(150.2)	(191.1)	(215.8)
2	**Ancillary Services Net Revenue Variance - Hydroelectric**		(45.0)	(58.9)	(62.1)
3	**Hydroelectric Incentive Mechanism Variance**		(0.1)	(0.1)	(0.0)
4	**Hydroelectric Surplus Baseload Generation Variance**		360.5	448.9	447.7
5	**Income and Other Taxes Variance - Hydroelectric**	7	0.0	0.1	(2.6)
6	**Capacity Refurbishment Variance - Hydroelectric**		9.0	15.9	26.2
7	**Niagara Tunnel Project Pre-December 2008 Disallowance Variance**		5.8	7.6	8.2
8	**Pension and OPEB Cost Variance - Hydroelectric - Future**		8.4	8.1	6.3
9	**Pension and OPEB Cost Variance - Hydroelectric - Post 2012 Additions**		26.6	24.8	15.3
10	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Registered Pension Plan (RPP) - EB-2018-0243 Approved**		41.3	41.3	41.3
11	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Non - RPP - EB-2018-0243 Approved**		41.9	41.9	34.9
12	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Post-2017 Additions**		0.0	22.7	44.1
13	**Pension & OPEB Cash Payment Variance - Hydroelectric**		(25.9)	(45.4)	(59.9)
14	**Pension and OPEB Forecast Accrual versus Actual Cash Differential - Carrying Charges - Hydroelectric**	4	0.0	0.0	(0.1)
15	**Hydroelectric Deferral and Variance Over/Under Recovery Variance**		25.7	24.4	17.3
16	**Total**		297.9	340.4	300.8
	Nuclear:				
17	**Nuclear Liability Deferral**		18.6	18.6	12.4
18	**Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account**		(103.4)	(103.4)	(92.3)
19	**Nuclear Development Variance**		1.9	2.7	5.2
20	**Ancillary Services Net Revenue Variance - Nuclear**		3.4	3.5	(1.1)
21	**Capacity Refurbishment Variance - Nuclear - DRP - Excluding D2O**		(66.3)	(9.8)	38.3
22	**Capacity Refurbishment Variance - Nuclear - Non-DRP**	6	(33.6)	(79.1)	(102.9)
23	**Capacity Refurbishment Variance - Nuclear - Accelerated Investment Incentive CCA - DRP**		0.0	0.0	(19.2)
24	**Capacity Refurbishment Variance - Nuclear - D2O**		18.7	37.1	58.1
25	**Bruce Lease Net Revenues Variance - Derivative Sub-Account**		(69.4)	(60.3)	(26.9)
26	**Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account - EB-2018-0243/EB-2016-0152 Approved**		189.0	185.9	168.8
27	**Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account - Post 2017 Additions**		0.0	15.4	23.1
28	**Income and Other Taxes Variance - Nuclear**		(10.1)	(11.6)	(21.1)
29	**Pension and OPEB Cost Variance - Nuclear - Future**		171.7	165.3	136.9
30	**Pension and OPEB Cost Variance - Nuclear - Post 2012 Additions**		508.9	475.0	331.5
31	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Registered Pension Plan (RPP) - EB-2018-0243 Approved**		266.0	266.0	266.0
32	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Non - RPP - EB-2018-0243 Approved**		264.5	264.5	220.4
33	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Post-2017 Additions**		0.0	146.7	278.2
34	**Pension & OPEB Cash Payment Variance - Nuclear**		(114.0)	(175.0)	(288.6)
35	**Pension and OPEB Forecast Accrual versus Actual Cash Differential - Carrying Charges - Nuclear**	4	0.0	0.0	(0.6)
36	**Nuclear Deferral and Variance Over/Under Recovery Variance**		74.7	66.4	19.8
37	**Fitness for Duty Deferral**		0.1	0.2	0.5
38	**SR&ED ITC Variance**		(3.4)	(14.5)	(15.1)
39	**Rate Smoothing Deferral**		0.0	0.0	104.3
40	**Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account**	5	0.0	(123.0)	(245.8)
41	**Total**		1,117.4	1,070.6	849.8
42	**Grand Total** (line 18 + line 47)		1,415.3	1,411.0	1,150.6

Notes:

1 From EB-2018-0243, Settlement Proposal, Attachment A, Table 1, col. (a) and Table 2, col. (a), which forms the basis of the payment amount riders approved in the Decision and Payment Amounts Order dated February 21, 2019.

2 From Ex. H1-1-1, Table 1a, col. (f).

3 From Ex. H1-1-1, Table 1b, col. (f).

4 OEB Report on Regulatory Treatment of Pension and Other Post-Employment Benefits (OPEBs) costs, issued in EB-2015-0040, establishes the (i) Pension and OPEB Cash Versus Accrual Differential Carrying Charges Deferral Account; (ii) Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Account - Primary; and (iii) Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Account - Contra. Only the Pension and OPEB Cash Versus Accrual Differential Carrying Charges Deferral Account is presented in the table as the Primary and Contra account balances always net to zero.

5 This account was established effective January 1, 2018 as per the OEB's Decision and Order in EB-2018-0002.

6 The December 31, 2017 balance has been updated from that presented (but not sought for recovery) in EB-2018-0243 in the course of preparing the evidence for this application.

Numbers may not add due to rounding.

Table 1a
Deferral and Variance Accounts
Continuity of Account Balances - Actual 2017 to 2018 ($M)

Line No.	Account	Note	Actual Year End Balance 2017	Actual 2018 Transactions	Actual 2018 Amortization EB-2016-0152	Actual 2018 Interest	Actual 2018 Transfers	(a)+(b)+(c)+(d)+(e) Actual Year End Balance 2018
			(a)	(b)	(c)	(d)	(e)	(f)
			Note 1		Note 2	Note 3		
	Hydroelectric:							
1	**Hydroelectric Water Conditions Variance**		(150.2)	(40.5)	2.6	(3.0)	0.0	(191.1)
2	**Ancillary Services Net Revenue Variance - Hydroelectric**		(45.0)	(15.0)	2.0	(0.8)	0.0	(58.9)
3	**Hydroelectric Incentive Mechanism Variance**		(0.1)	0.0	0.0	0.0	0.0	(0.1)
4	**Hydroelectric Surplus Baseload Generation Variance**		360.5	93.5	(12.4)	7.3	0.0	448.9
5	**Income and Other Taxes Variance - Hydroelectric**		0.0	0.1	0.0	(0.0)	0.0	0.1
6	**Capacity Refurbishment Variance - Hydroelectric**		9.0	7.3	(0.5)	0.1	0.0	15.9
7	**Niagara Tunnel Project Pre-December 2008 Disallowance Variance**		5.8	1.8	0.0	0.1	0.0	7.6
8	**Pension and OPEB Cost Variance - Hydroelectric - Future**		8.4	0.0	(0.3)	0.0	0.0	8.1
9	**Pension and OPEB Cost Variance - Hydroelectric - Post 2012 Additions**		26.6	0.0	(1.8)	0.0	0.0	24.8
10	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Registered Pension Plan (RPP) - EB-2018-0243 Approved**		41.3	0.0	0.0	0.0	0.0	41.3
11	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Non - RPP - EB-2018-0243 Approved**		41.9	0.0	0.0	0.0	0.0	41.9
12	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Post-2017 Additions**		0.0	22.7	0.0	0.0	0.0	22.7
13	**Pension & OPEB Cash Payment Variance - Hydroelectric**		(25.9)	(18.3)	(0.6)	(0.5)	0.0	(45.4)
14	**Hydroelectric Deferral and Variance Over/Under Recovery Variance**		25.7	0.3	(2.0)	0.4	0.0	24.4
15	**Total**		297.9	51.9	(13.0)	3.6	0.0	340.4
	Nuclear:							
16	**Nuclear Liability Deferral**		18.6	0.0	0.0	0.0	0.0	18.6
17	**Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral**		(103.4)	0.0	0.0	0.0	0.0	(103.4)
18	**Nuclear Development Variance**		1.9	1.0	(0.3)	0.0	0.0	2.7
19	**Ancillary Services Net Revenue Variance - Nuclear**		3.4	0.2	(0.1)	0.1	0.0	3.5
20	**Capacity Refurbishment Variance - Nuclear - DRP - Excluding D2O**		(66.3)	49.2	7.4	(0.2)	0.0	(9.8)
21	**Capacity Refurbishment Variance - Nuclear - Non-DRP**	4	(33.6)	(47.0)	2.9	(1.3)	0.0	(79.1)
22	**Capacity Refurbishment Variance - Nuclear - Accelerated Investment Incentive CCA - DRP**		0.0	0.0	0.0	0.0	0.0	0.0
23	**Capacity Refurbishment Variance - Nuclear - D2O**		18.7	17.9	0.0	0.5	0.0	37.1
24	**Bruce Lease Net Revenues Variance - Derivative Sub-Account**		(69.4)	0.0	10.3	(1.2)	0.0	(60.3)
25	**Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account - EB-2018-0243/EB-2016-0152 Approved**		189.0	0.0	(3.1)	0.0	0.0	185.9
26	**Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account - Post 2017 Additions**		0.0	11.8	0.0	3.6	0.0	15.4
27	**Income and Other Taxes Variance - Nuclear**		(10.1)	(2.0)	0.6	(0.2)	0.0	(11.6)
28	**Pension and OPEB Cost Variance - Nuclear - Future**		171.7	0.0	(6.4)	0.0	0.0	165.3
29	**Pension and OPEB Cost Variance - Nuclear - Post 2012 Additions**		508.9	0.0	(33.9)	0.0	0.0	475.0
30	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Registered Pension Plan (RPP) - EB-2018-0243 Approved**		266.0	0.0	0.0	0.0	0.0	266.0
31	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Non - RPP - EB-2018-0243 Approved**		264.5	0.0	0.0	0.0	0.0	264.5
32	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Post-2017 Additions**		0.0	146.7	0.0	0.0	0.0	146.7
33	**Pension & OPEB Cash Payment Variance - Nuclear**		(114.0)	(54.9)	(3.5)	(2.6)	0.0	(175.0)
34	**Nuclear Deferral and Variance Over/Under Recovery Variance**		74.7	(2.9)	(6.6)	1.2	0.0	66.4
35	**Fitness for Duty Deferral**		0.1	0.1	0.0	0.0	0.0	0.2
36	**SR&ED ITC Variance**		(3.4)	(11.0)	0.0	(0.1)	0.0	(14.5)
37	**Rate Smoothing Deferral**		0.0	0.0	0.0	0.0	0.0	0.0
38	**Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account**	5	0.0	(123.0)	0.0	0.0	0.0	(123.0)
39	**Total**		1,117.4	(13.9)	(32.7)	(0.2)	0.0	1,070.6
40	**Grand Total** (line 15 + line 39)		1,415.3	37.9	(45.7)	3.4	0.0	1,411.0

Notes:

1 From EB-2018-0243, Settlement Proposal, Attachment A, Table 1, col. (a) and Table 2, col. (a), which forms the basis of the payment amount riders approved in the Decision and Payment Amounts Order dated February 21, 2019.

2 As per EB-2016-0152 Payment Amounts Order, App. D, Table 1, col. (e) for hydroelectric and EB-2016-0152 Payment Amounts Order, App. E, Table 1, col. (e) for nuclear .

3 Per the EB-2016-0152 Payment Amounts Order, no interest is recorded on the Pension & OPEB Cash Versus Accrual Differential Deferral Account, Pension and OPEB Cost Variance Account, Nuclear Liability Deferral Account, Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral, and Impact Resulting from Changes in Pickering End-of-Life Dates (December 31 2017) Deferral Account.

4 The December 31, 2017 balance has been updated from that presented (but not sought for recovery) in EB-2018-0243 in the course of preparing the evidence for this application.

5 This account was established effective January 1, 2018 as per the OEB's Decision and Order in EB-2018-0002.

Numbers may not add due to rounding.

Table 1b
Deferral and Variance Accounts
Continuity of Account Balances - Actual 2018 to 2019 ($M)

Line No.	Account	Note	Audited Year End Balance 2018	Actual 2019 Transactions	Amortization EB-2016-0152	Amortization EB-2018-0243	Interest	Transfers	(a)+(b)+(c)+(d)+(e) Actual Year End Balance 2019
			(a)	(b)	(c)	(d)	(e)	(f)	(f)
			Note 1		Note 2	Note 3	Note 4		
	Hydroelectric:								
1	**Hydroelectric Water Conditions Variance**		(191.1)	(61.0)	8.7	32.3	(4.6)	0.0	(215.8)
2	**Ancillary Services Net Revenue Variance - Hydroelectric**		(58.9)	(16.2)	6.6	7.7	(1.3)	0.0	(62.1)
3	**Hydroelectric Incentive Mechanism Variance**		(0.1)	0.0	0.1	0.0	0.0	0.0	(0.0)
4	**Hydroelectric Surplus Baseload Generation Variance**		448.9	97.8	(41.2)	(67.5)	9.7	0.0	447.7
5	**Income and Other Taxes Variance - Hydroelectric**	7	0.1	(2.7)	0.0	0.0	(0.0)	0.0	(2.6)
6	**Capacity Refurbishment Variance - Hydroelectric**		15.9	11.7	(1.6)	0.0	0.2	0.0	26.2
7	**Niagara Tunnel Project Pre-December 2008 Disallowance Variance**		7.6	1.7	0.0	(1.4)	0.2	0.0	8.2
8	**Pension and OPEB Cost Variance - Hydroelectric - Future**		8.1	0.0	(1.1)	(0.8)	0.0	0.0	6.3
9	**Pension and OPEB Cost Variance - Hydroelectric - Post 2012 Additions**		24.8	0.0	(5.9)	(3.6)	0.0	0.0	15.3
10	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Registered Pension Plan (RPP) - EB-2018-0243 Approved**		41.3	0.0	0.0	0.0	0.0	0.0	41.3
11	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Non - RPP - EB-2018-0243 Approved**		41.9	0.0	0.0	(7.0)	0.0	0.0	34.9
12	**Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Post-2017 Additions**		22.7	21.4	0.0	0.0	0.0	0.0	44.1
13	**Pension & OPEB Cash Payment Variance - Hydroelectric**		(45.4)	(18.5)	(2.1)	7.3	(1.2)	0.0	(59.9)
14	**Pension and OPEB Cash Versus Accrual Differential Carrying Charges - Hydroelectric**	5	0.0	(0.1)	0.0	0.0	0.0	0.0	(0.1)
15	**Hydroelectric Deferral and Variance Over/Under Recovery Variance**		24.4	2.2	(6.7)	(3.0)	0.4	0.0	17.3
16	**Total**		340.4	36.3	(43.4)	(35.9)	3.5	0.0	300.8
	Nuclear:								
17	**Nuclear Liability Deferral**		18.6	0.0	0.0	(6.2)	0.0	0.0	12.4
18	**Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral**		(103.4)	0.0	0.0	11.1	0.0	0.0	(92.3)
19	**Nuclear Development Variance**		2.7	3.3	(0.9)	(0.0)	0.1	0.0	5.2
20	**Ancillary Services Net Revenue Variance - Nuclear**		3.5	(3.9)	(0.5)	(0.3)	0.0	0.0	(1.1)
21	**Capacity Refurbishment Variance - Nuclear - DRP - Excluding D2O**		(9.8)	22.2	24.8	0.0	1.1	0.0	38.3
22	**Capacity Refurbishment Variance - Nuclear - Non-DRP**		(79.1)	(30.8)	9.8	0.0	(2.8)	0.0	(102.9)
23	**Capacity Refurbishment Variance - Nuclear - Accelerated Investment Incentive CCA - DRP**		0.0	(18.9)	0.0	0.0	(0.3)	0.0	(19.2)
24	**Capacity Refurbishment Variance - Nuclear - D2O**		37.1	20.6	0.0	0.0	0.4	0.0	58.1
25	**Bruce Lease Net Revenues Variance - Derivative Sub-Account**		(60.3)	0.0	34.3	0.1	(1.0)	0.0	(26.9)
26	**Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account - EB-2018-0243/EB-2016-0152 Approved**		185.9	0.0	(10.3)	(6.8)	0.0	0.0	168.8
27	**Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account - Post 2017 Additions**		15.4	3.5	0.0	0.0	4.2	0.0	23.1
28	**Income and Other Taxes Variance - Nuclear**	7	(11.6)	(12.1)	2.2	0.6	(0.2)	0.0	(21.1)
29	**Pension and OPEB Cost Variance - Nuclear - Future**		165.3	0.0	(21.5)	(6.9)	0.0	0.0	136.9
30	**Pension and OPEB Cost Variance - Nuclear - Post 2012 Additions**		475.0	0.0	(113.1)	(30.4)	0.0	0.0	331.5
31	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Registered Pension Plan (RPP) - EB-2018-0243 Approved**		266.0	0.0	0.0	0.0	0.0	0.0	266.0
32	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Non - RPP - EB-2018-0243 Approved**		264.5	0.0	0.0	(44.1)	0.0	0.0	220.4
33	**Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Post-2017 Additions**		146.7	131.5	0.0	0.0	0.0	0.0	278.2
34	**Pension & OPEB Cash Payment Variance - Nuclear**		(175.0)	(111.7)	(11.7)	14.8	(4.9)	0.0	(288.6)
35	**Pension and OPEB Forecast Accrual versus Actual Cash Differential - Carrying Charges - Hydroelectric**	5	0.0	(0.6)	0.0	0.0	0.0	0.0	(0.6)
36	**Nuclear Deferral and Variance Over/Under Recovery Variance**		66.4	(22.1)	(22.1)	(3.3)	0.8	0.0	19.8
37	**Fitness for Duty Deferral**		0.2	0.3	0.0	0.0	0.0	0.0	0.5
38	**SR&ED ITC Variance**		(14.5)	(0.7)	0.0	0.4	(0.3)	0.0	(15.1)
39	**Rate Smoothing Deferral**		0.0	102.2	0.0	0.0	2.1	0.0	104.3
40	**Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account**	6	(123.0)	(122.8)	0.0	0.0	0.0	0.0	(245.8)
41	**Total**		1,070.6	(40.0)	(108.9)	(71.0)	(0.8)	0.0	849.8
42	**Grand Total** (line 18 + line 41)		1,411.0	(3.8)	(152.3)	(106.9)	2.6	0.0	1,150.5

Notes:
1 From Ex. H1-1-1, Table 1a, col. (f).
2 As per EB-2016-0152 Payment Amounts Order, App. D, Table 1, col. (f) for Hydroelectric and EB-2016-0152 Payment Amounts Order, App. E, Table 1, col. (f) for Nuclear .
3 From EB-2018-0243, Settlement Proposal, Attachment A, Table 1, col. (i) and Table 2, col. (i), which forms the basis of the payment amounts approved in the Decision and Payment Amounts Order dated February 21, 2019.
4 Per the EB-2016-0152 and EB-2018-0243 Payment Amounts Orders, no interest is recorded on the Pension & OPEB Cash Versus Accrual Differential Deferral Account, Pension and OPEB Cost Variance Account, Nuclear Liability Deferral Account, Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral and Impact Resulting from Changes in Station End-of-Life Dates (December 31 2017) Deferral Account.
5 OEB Report on Regulatory Treatment of Pension and Other Post-Employment Benefits (OPEBs) costs, issued in EB-2015-0040, establishes the (i) Pension and OPEB Cash Versus Accrual Differential Carrying Charges Deferral Account; (ii) Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Account - Primary; and (iii) Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Account - Contra. Only the Pension and OPEB Cash Versus Accrual Differential Carrying Charges Deferral Account is presented in the table as the Primary and Contra account balances always net to zero.
6 This account was established effective January 1, 2018 as per the OEB's Decision and Order in EB-2018-0002.
7 The 2019 entry to the Income and Other Taxes Variance Account includes a credit entry related to a capital cost allowance rule change discussed further at Ex. F4-2-1, Section 3.2.1.

Table 2
Hydroelectric Water Conditions Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
	Regulated Hydroelectric:			
1	**Forecast Production (GWh)**	1	32,432	32,432
2	**Actual Calculated Production (GWh)**		34,012	34,568
3	**Difference (GWh)** (line 1 - line 2)		(1,581)	(2,136)
4	**Payment Amount ($/MWh)**	2	42.05	42.51
5	**Revenue Impact ($M)** (line 3 x line 4 / 1000)		(66.5)	(90.8)
6	**GRC/Water Rental Costs ($M)**		25.9	29.8
7	**Addition to Variance Account ($M)** (line 5 + line 6)		(40.5)	(61.0)

Notes:
1 Value determined as set out in EB-2016-0152 Payment Amounts Order, App. G, pp. 3-4.
2 Col. (a) from EB-2016-0152 Payment Amounts Order, App. B, Table 1, line 6 and col. (b) from EB-2018-0243, Decision and Payment Amounts Order, pg. 3.

Table 3
Ancillary Services Net Revenue Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
	Regulated Hydroelectric:			
1	**Forecast Revenue:**	1	55.5	55.5
2	**Actual Revenue**		70.5	71.8
3	**Regulated Hydroelectric Addition to Variance Account** (line 1 - line 2)		(15.0)	(16.2)
	Nuclear:			
4	**Forecast Revenue**	1	1.8	1.9
5	**Actual Revenue**	2	1.6	5.8
6	**Nuclear Addition to Variance Account** (line 4 - line 5)		0.2	(3.9)

Notes:
1 Cols. (a) and (b) is as per EB-2016-0152 Payment Amounts Order, App, G, p. 5.
2 As shown in G2-1-1, Table 1, line 6, cols. (c) and (d).

Table 4
Hydroelectric Incentive Mechanism Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
1	**Total Actual Regulated Hydroelectric Incentive Mechanism Net Revenue**	1	10.9	6.2
2	**Threshold**	2	54.5	54.5
3	**Actual Hydroelectric Incentive Mechanism Net Revenue In Excess of Threshold** (line 1 - line 2; nil if line 1 < line 2)		0.0	0.0
4	**Percentage**	2	50%	50%
5	**Addition to Variance Account** (line 3 x line 4)		0.0	0.0

Notes:

1 Annual values as reported in OPG's 2018 Management's Discussion & Analysis (p. 41) for 2018 and 2019 Management's Discussion & Analysis (p.38) for 2019.

2 Annual threshold and percentage per EB-2014-0370 Payment Amounts Order, App. B, pp. 8-9.

Table 5
Hydroelectric Surplus Baseload Generation Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
	Regulated Hydroelectric:			
1	**Actual Foregone Production Due to SBG Conditions (GWh)**	1	3,224	3,304
2	**Payment Amount ($/MWh)**	2	42.05	42.51
3	**Revenue ($M)** (line 1 x line 2 / 1000)		135.6	140.4
4	**GRC/Water Rental Costs ($M)**		(42.1)	(42.6)
5	**Addition to Variance Account ($M)** (line 3 + line 4)		93.5	97.8

Notes:
1 Total annual SBG in cols.(a) and (b) is as reported in OPG's 2019 Management's Discussion & Analysis (p.13).
2 Col. (a) from EB-2016-0152 Payment Amounts Order, App. B, Table 1, line 6 and col. (b) from EB-2018-0243, Decision and Payment Amounts Order, p. 3

Table 6
Income and Other Taxes Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018 Regulated Hydroelectric	Actual 2018 Nuclear	Actual 2018 (a)+(b) Total	Actual 2019 Regulated Hydroelectric	Actual 2019 Nuclear	Actual 2019 (d)+(e) Total
			(a)	(b)	(c)	(d)	(e)	(f)
	Entry (i):CCA Accelerated Investment Incentive Impact	1						
1	**2018 CCA differences**		-	-	-	(0.5)	(0.4)	(0.9)
2	**2019 CCA differences**		-	-	-	(7.0)	(28.8)	(35.8)
3	**Income Tax Impact in 2018** (line 1 x 25%)		-	-	-	(0.1)	(0.1)	(0.2)
4	**Income Tax Impact in 2019** (line 2 x 25%)		-	-	-	(1.7)	(7.2)	(9.0)
5	**Addition to Variance Account** (line 3 + line 4) / (1-25%)		-	-	-	(2.5)	(9.8)	(12.2)
	Entry (ii): Increase of SR&ED ITCs Recognition Percentage from 75% to 100% in 2018 for 2014 and ITC rate reduction in 2014	2						
6	**Forecast SR&ED ITCs, net of Tax on ITCs, at 75%**		0.1	(6.1)	(5.9)	-	-	-
7	**Forecast SR&ED ITCs, net of Tax on ITCs, at 100%** (line 6 x 4/3)		0.2	(8.1)	(7.9)	-	-	-
8	**Addition to Variance Account** (line 7 - line 6)		0.0	(2.0)	(2.0)	-	-	-
	Entry (iii): Increase of SR&ED ITCs Recognition Percentage from 75% to 100% in 2019 for 2015	3						
9	**Forecast SR&ED ITCs, net of Tax on ITCs, at 75%**		-	-	-	(0.8)	(7.1)	(7.8)
10	**Forecast SR&ED ITCs, net of Tax on ITCs, at 100%** (line 9 x 4/3)		-	-	-	(1.0)	(9.4)	(10.4)
11	**Addition to Variance Account** (line 10 - line 9)		-	-	-	(0.3)	(2.4)	(2.6)
	Entry (iv): Ontario Research and Development Tax Credit (ORDTC) Reduction from 4.5% to 3.5% Effective June 1, 2016							
12	**Addition to Variance Account - Reduction in ORDTC Rate**		0.0	-	0.0	0.0	-	0.0
13	**Total Addition to Variance Account** (line 5 + line 8 + line 11 + line 12)		0.1	(2.0)	(1.9)	(2.7)	(12.1)	(14.8)

Notes:

1 In 2019, a credit entry was made to this account related to a Capital Cost Allowance (CCA) rule change, which provides for a first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018. This change was introduced by Bill C-97, the Budget Implementation Act, 2019, No. 1, which was given Royal Assent on June 21, 2019. On July 25, 2019, the OEB provided accounting direction regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance. The OEB expects OPG to record the impacts of CCA rule changes in the appropriate account for the period November 21, 2018 until the effective date of OPG's next cost-based rate order. Refer to Ex. H1-1-1, Section 5.5 Income and Other Taxes Variance Account. The impact of the new rules on assets other than the assets subject to the Capacity Refurbishment Variance Account for the nuclear and hydroelectric businesses have been recorded in this account.

2 Recorded in 2018 following the resolution, during 2018, of the 2014 taxation year audit. Amount at line 10 represents SR&ED ITCs, net of tax on ITCs, for 2014 previously credited to ratepayers at 75% through the EB-2010-0008 and EB-2013-0321 payment amounts and the December 31, 2014 balance of the Income and Other Taxes Variance Account approved in EB-2014-0370.

3 Recorded in 2019 following the resolution, during 2019, of the 2015 taxation year audit. Amount at line 14 represents SR&ED ITCs, net of tax on ITCs, for 2015 previously credited to ratepayers at 75% through the EB-2013-0321 payment amounts.

Numbers may not add due to rounding.

Table 7

Pension & OPEB Cash Payment Variance Account and Pension & OPEB Cash Versus Accrual Differential Deferral Account

Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018 Regulated Hydroelectric	Actual 2018 Nuclear	Actual 2018 (a)+(b) Total	Actual 2019 Regulated Hydroelectric	Actual 2019 Nuclear	Actual 2019 (d)+(e) Total
			(a)	(b)	(c)	(d)	(e)	(f)
1	**Forecast Pension Contributions**	1	45.1	202.9	248.0	45.1	243.5	288.6
2	**Forecast OPEB Payments**	1	12.8	95.7	108.6	12.8	99.9	112.7
3	**Total Forecast Pension and OPEB Cash Amounts** (line 1 + line 2)		58.0	298.7	356.6	58.0	343.3	401.3
4	**Actual Pension Contributions**	2	25.3	155.3	180.5	24.1	141.2	165.3
5	**Actual OPEB Payments**	2	14.4	88.5	102.9	15.4	90.4	105.8
6	**Total Actual Pension and OPEB Cash Amounts** (line 4 + line 5)		39.7	243.7	283.4	39.5	231.6	271.1
7	**Total Addition to Pension & OPEB Cash Payment Variance Account** (line 6 - line 3)		(18.3)	(54.9)	(73.2)	(18.5)	(111.7)	(130.2)
8	**Actual Pension - Registered Pension Plan (RPP) Accrual**	3	34.6	218.3	252.9	33.1	198.9	232.1
9	**Actual OPEB - Non-RPP Accrual**	3	27.8	172.1	199.9	27.8	164.2	192.0
10	**Total Actual Pension and OPEB Accrual** (line 8 + line 9)		62.4	390.4	452.8	60.9	363.2	424.1
11	**Addition to Pension and OPEB Cash Versus Accrual Differential Deferral Account - Registered Pension Plan (RPP)** (line 8 - line 4)		9.4	63.0	72.4	9.1	57.7	66.8
12	**Addition to Pension and OPEB Cash Versus Accrual Differential Deferral Account - Non-RPP** (line 9 - line 5)		13.4	83.6	97.0	12.4	73.8	86.1
13	**Total Addition to Pension & OPEB Cash Versus Accrual Differential Deferral Account** (line 11 + line 12)		22.7	146.7	169.4	21.4	131.5	152.9

Notes:
1 2018 and 2019 Cols. (a, b, d and e) per EB-2016-0152 Payment Amounts Order, App. G, pp. 12-13.
2 Total Regulated amounts in col. (c) and (f) as shown (rounded) in Note 12 to the 2018 and 2019 audited financial statements for OPG's Prescribed Facilities (Ex. A2-1-1, Att. 5). Nuclear amounts also found at Ex. F4-3-2, Chart 2.
3 Nuclear amounts found at Ex. F4-3-2, Chart 1.

Numbers may not add due to rounding.

Table 7a

Pension & OPEB Forecast Accrual Versus Actual Cash Payment Differential Carrying Charges, Primary and Contra Accounts [1]

Summary of Account Transactions - 2019 ($M)

Line No.	Particulars	Note	Actual 2019 Regulated Hydroelectric	Actual 2019 Nuclear	Actual 2019 (a)+(b) Total
			(a)	(b)	(c)
1	**Amortization of Pension & OPEB Cash Versus Accrual Differential Deferral - Registered Pension Plan (RPP) - EB-2018-0243 Approved**	2	0.0	0.0	0.0
2	**Amortization of Pension & OPEB Cash Versus Accrual Differential Deferral - Non-RPP - EB-2018-0243 Approved**	2	7.0	44.1	51.1
3	**Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Primary Account** (line 1 + line 2)	3	7.0	44.1	51.1
4	**Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Variance - Contra Account** (line 3 x -1)		(7.0)	(44.1)	(51.1)
5	**Net Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Variance Primary and Contra Accounts**		0.0	0.0	0.0
6	**Addition to Pension and OPEB Cash Versus Accrual Differential Carrying Charges Account**	4	(0.1)	(0.6)	(0.7)

Note:

1 Accounts are established as per OEB Report EB-2015-0040 on Regulatory Treatment of Pension and OPEBs costs effective January 1, 2018.

2 Hydroelectric balance per EB-2018-0243 Settlement Proposal, Attachment A, Table 1, line 11, col. (i) for Non-RPP and line 12, col. (i) for RPP. Nuclear balance per EB-2018-0243 Settlement Proposal, Attachment A, Table 2, line 13, col. (i) for Non-RPP and line 12, col. (i) for RPP.

3 Per direction in the OEB's Report, *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs,* p. 22: "As these utilities are collecting amounts from monthly rate riders relating to the previously approved account(s), they will also be required to record a corresponding monthly entry to the new Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential variance account"

4 Per direction in the OEB's Report, *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs,* p. 12: "Carrying charges on the new tracking account will be assessed on the monthly opening account balance at the OEB's prescribed Construction Work In Progress (CWIP) rate." Carrying charges calculated on the monthly cumulative recovery of the Non-RPP using the OEB's CWIP Account prescribed rate effective in 2019 of 3.82% for Q1, 3.39% for Q2 and 2.88% for Q3 and Q4.

Numbers may not add due to rounding.

Table 8
Hydroelectric Deferral and Variance Over/Under Recovery Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
1	**Regulated Hydroelectric Rider ($/MWh)-EB-2016-0152**	1	0.52	1.44
2	**Regulated Hydroelectric Rider ($/MWh)-EB-2018-0243**	2		1.16
3	**Regulated Hydroelectric Production Forecast Used to Set Rider (TWh) EB-2016-0152**	3	25.2	30.2
4	**Regulated Hydroelectric Production Forecast Used to Set Rider (TWh) EB-2018-0243**	4		33.0
5	**Regulated Hydroelectric Actual Production (TWh)**	5	24.5	30.6
6	**Actual Production Variance for Regulated Hydroelectric Rider (TWh) EB-2016-0152** (line 3 - line 5)		0.6	(0.4)
7	**Actual Production Variance for Regulated Hydroelectric Rider (TWh) EB-2018-0243** (line 4 - line 5)			2.4
8	**Addition to Variance Account ($M) Rider-EB-2016-0152** (line 6 x line 1)		0.3	(0.6)
9	**Addition to Variance Account ($M) Rider-EB-2018-0243** (line 7 x line 2)			2.7
10	**Total Additions to Variance Account ($M)** (line 8 + line 9)		0.3	2.2

Notes:
1 From EB-2016-0152 Payment Amounts Order, App D, Table 1, line 14 col (e) and (f).
2 From EB-2018-0243 Decision and Payment Amounts Order, p. 5
3 From EB-2016-0152 Payment Amounts Order, App D, Table 1, line 13 cols. (e) and (f).
4 From EB-2018-0243 Ex. M1 Settlement Proposal, Attachment A, Table 1 line 18 col (i), which forms the basis of the payment amounts approved in the Decision and Payment Amounts Order dated February 21, 2019.
5 2018 actual production reflects 10 months from March 1, 2018, the effective date of rate rider recovery as per EB-2016-0152 PAO.

Numbers may not add due to rounding.

Table 9
Niagara Tunnel Project Pre-December 2008 Disallowance [1]
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
	Capital Addition to Variance Account:			
1	**Actual Net Plant Rate Base Amount**	2	20.5	20.2
2	**Weighted Average Cost of Capital**	3	6.85%	6.85%
3	**Actual Cost of Capital Amount** (line 1 x line 2)		1.4	1.4
4	**Cost of Capital Variance**	1	1.4	1.4
5	**Forecast Depreciation**		0.0	0.0
6	**Actual Depreciation**		0.2	0.2
7	**Depreciation Variance** (line 6 - line 5)		0.2	0.2
	Income Tax Impact:			
8	**Forecast Capital Cost Allowance Deduction**		0.0	0.0
9	**Actual Capital Cost Allowance Deduction**		0.7	0.7
10	**Difference** (line 8 - line 9)		(0.7)	(0.7)
11	**Net Increase (Decrease) in Regulatory Taxable Income**	4	0.4	0.4
12	**Income Tax Rate**	5	25.00%	25.00%
13	**Income Tax Impact** (line 11 x line 12 / (1 - line 12))		0.1	0.1
14	**Capital Addition to Variance Account** (line 4 + line 7 + line 13)		1.8	1.7

Notes:

1 Account established as per OEB Decision and Order EB-2014-0369, effective November 1, 2014.

2 The continuity of the variation between the original Niagara Tunnel Project rate base disallowance of $28M

Line No.	Table to Note 2 - Niagara Tunnel Project Disallowance Continuity ($M)	2018	2019
		(a)	(b)
1a	Opening Balance	20.6	20.3
2a	In-Service	0.0	0.0
3a	Depreciation Expense	(0.2)	(0.2)
4a	Closing Balance	20.3	20.1
5a	Actual Net Plant Rate Base Amount (1a+ 4a)/ 2	20.5	20.2

3 Values in Cols. (a) and (b) per EB-2013-0321 Payment Amounts Order, App. A, Table 6b.

4 The increase in regulatory taxable income in col. (a) and (b) is calculated as the sum of lines 6 and 9, plus the ROE component of the cost of capital variance at line 4. The ROE component of the variance is equal to line 1 multiplied by the EB-2013-0152 OEB-approved equity portion (45%) of the capital structure, multiplied by the OEB-approved ROE rate of 9.30%.

5 From EB-2013-0321 Payment Amounts Order, App. A, Table 8, line 31.

Table 10
Nuclear Development Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
1	**Forecast Costs**	1	1.4	1.7
2	**Actual Costs**	2	2.4	5.0
3	**Addition to Variance Account** (line 2 - line 1)		1.0	3.3

Notes:
1 Cols. (a) and (b) as per EB-2016-0152 Payment Amounts Order, App. G, p. 15.
2 Includes $0.7M incurred in 2018 and 2019 in connection with prelminary planning and preparation activities for a small modular reactor generating station at the Darlington site. As noted in Ex. H1-2-1, Table 2, Note 12, OPG proposes to defer the clearance of this amount to a future application.

Table 11
Bruce Lease Net Revenues Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
1	**Actual Total Bruce Lease Net Revenues ($M)**	1	(19.6)	(26.5)
2	**Forecast Bruce Lease Net Revenue**	2	(7.3)	(20.6)
3	**Forecast Nuclear Production (TWh)**	3	38.5	39.0
4	**Rate Credited to (Recovered from) Customers ($/MWh)** (line 2 / line 3)		(0.19)	(0.5)
5	**Actual Nuclear Production (TWh)**	4	40.9	43.5
6	**Amount Credited to (Recovered from) Customers ($M)** (line 4 x line 5)		(7.7)	(23.0)
7	**Total Addition to Variance Account ($M)** (line 6 - line 1)		11.8	3.5

Notes:
1 From Ex. G2-2-1, Table 1, line 3, cols. (c) and (d).
2 Per EB-2016-0152 Payment Amounts Order, App. G, p. 16.
3 For col. (a) and (b), OEB-approved 2018 and 2019 nuclear production from EB-2016-0152 Payment Amounts Order, App. C, Table 1, line 2, cols. (b) and (c).
4 From Ex. E2-1-1, Table 1.

Table 12
Nuclear Deferral and Variance Over/Under Recovery Variance Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
1	**Nuclear Rider ($/MWh)-EB-2016-0152**	1	1.05	2.8
2	**Nuclear Rider ($/MWh)-EB-2018-0243**	2		2.2
3	**Nuclear Production Forecast Used to Set Nuclear Rider (TWh)-EB-2016-0152**	3	31.3	39.0
4	**Nuclear Production Forecast Used to Set Nuclear Rider (TWh)-EB-2018-0243**	4		39.0
5	**Actual Nuclear Production (TWh)**	5	34.0	43.5
6	**Actual Production Variance for Nuclear Rider (TWh)** (line 3 - line 5)		(2.7)	(4.4)
7	**Actual Production Variance for Nuclear Rider (TWh)** (line 4 - line 5)			(4.4)
8	**Addition To Variance Account Rider-EB-2016-0152** (line 6 x line 1)		(2.9)	(12.4)
9	**Addition To Variance Account Rider-EB-2018-0243** (line 7 x line 2)			(9.7)
10	**Addition To Variance Account** (line 8 + line 9)		(2.9)	(22.1)

Notes:
1 From EB-2016-0152 Payment Amounts Order, App E, Table 1, line 18 col (e) and (f).
2 From EB-2018-0243 Decision and Payment Amounts Order, p. 5
3 From EB-2016-0152 Payment Amounts Order, App E, Table 1, line 17 col (e) and (f).
4 From EB-2018-0243, Ex. M1 Settlement Proposal, Attachment A, Table 2 line 22 col (i), which forms the basis of the payment amounts approved in the Decision and Payment Amounts Order dated February 21, 2019.
5 2018 actual production reflects 10 months from March 1, 2018, the effective date of rate rider recovery as per EB-2016-0152 PAO.

Numbers may not add due to rounding.

Table 13
Impact Resulting from Changes in Pickering End-of-Life Dates (December 31, 2017) Deferral Account
Summary of Account Transactions - 2018 and 2019 ($M)

Line No.	Description	Note	Actual 2018	Actual 2019	Budget 2020	Budget 2021
			(a)	(b)	(c)	(d)
			Note 1	Note 1	Note 1	Note 1
	Return on Rate Base:					
1	**Lesser of ARC and UNL**		6.8	6.4	6.0	3.4
2	**Non-ARC Rate Base**		3.7	11.4	20.2	22.1
3	**Total Return on Rate Base Impact** (line 1 + line 2)		10.5	17.8	26.3	25.4
	Depreciation Expense:					
4	**Asset Retirement Costs**		8.0	8.0	8.0	74.5
5	**Non-Asset Retirement Costs**		(114.9)	(122.1)	(154.3)	95.6
6	**Total Depreciation Expense Impact** (line 4 + line 5)		(106.8)	(114.1)	(146.3)	170.0
	Variable Expenses:					
7	**Used Fuel Storage and Disposal Variable Expenses**		4.2	5.1	3.9	3.9
8	**Low & Intermediate Level Waste Management Variable Expenses**	2	0.2	0.2	0.2	0.2
9	**Total Variable Expenses Impact** (line 7 + line 8)		4.4	5.3	4.1	4.1
	Income Taxes:					
10	**Return on Rate Base - Non-ARC Impact - Equity Portion Only** (line 2/6.5%*45% Equity Ratio*8.7% ROE) x (25%/75%)		0.8	2.3	4.1	4.5
11	**Depreciation Expense on Non-Asset Retirement Costs** (line 5 x (25%/75%))		(38.3)	(40.7)	(51.4)	31.9
12	**Total Non-ARC Income tax Impact**		(37.5)	(38.4)	(47.3)	36.4
13	**Return on Rate Base - Lesser of ARC and UNL** (line 1 x (25%/75%))		2.3	2.1	2.0	1.5
14	**Depreciation Expense on Asset Retirement Costs** (line 4 x (25%/75%))		2.7	2.7	2.7	24.8
15	**Used Fuel Storage and Disposal Variable Expenses** (line 7 x (25%/75%))		1.4	1.7	1.3	1.3
16	**Low & Intermediate Level Waste Management Variable Expenses** (line 8 x (25%/75%))		0.1	0.1	0.1	0.1
17	**Total Non-ARC Income tax Impact** (line 13 + line 14 + line 15 + line 16)		6.4	6.6	6.1	27.7
18	**Total Income Tax Impact** (line 12 + line 17)		(31.1)	(31.8)	(41.2)	64.0
19	**Total Revenue Requirement Impact -** (line 3 + line 6 + line 9 + line 18)		(123.0)	(122.8)	(157.1)	263.6
20	**Revenue Requirement Impact of Non-ARC Depreciation -** (line 2 + line 5 + line 12)		(148.6)	(149.1)	(181.4)	154.0
21	**Revenue Requirement Impact Excluding Non-ARC Depreciation -** (line 19 - line 20)		25.6	26.3	24.2	109.6

Notes:
1 Calculations follow the methodology in EB-2018-0002 Decision and Order, Schedule A. All amounts, with the exception of those discussed in Note 2, are per the response to OEB Staff Interrogatory #1 (EB-2018-0002, Schedule 1-Staff-1).
2 Excludes $0.22M and $0.29M of Low & Intermediate Level Waste Management Variable Expenses related to the Darlington Refurbishment Project as these impacts are captured in the capacity refurbishment variance account. The amount recorded in the Impact Resulting from Changes in Pickering End-of-Life Dates (December 31, 2017) Deferral Account has been calculated to avoid duplication.

Table 14
Scientific Research and Experimental Development ("SR&ED") Investment Tax Credits (ITCs) Variance Account
Summary of Account Transactions - 2018-2019 ($M)

Line No.	Particulars	Note	Actual 2018	Actual 2019
			(a)	(b)
	ADDITIONS BASED ON CURRENT YEAR TAX PROVISION			
1	**Forecast Annual SR&ED ITCs**	1	18.4	18.4
2	**Less Tax on Provincial Portion Taxable in Current Year**		(0.9)	(0.9)
3	**Less Tax on Federal ITC in Prior year**		(2.2)	(3.7)
4	**Forecast Annual SR&ED ITCs, net of Tax**		15.3	13.8
5	**Actual Annual SR&ED ITCs Recorded in the year**		25.4	22.6
6	**Less Tax on Provincial Portion Taxable in Current Year**		(1.2)	(1.1)
7	**Less Tax on Federal ITC in Prior year**		(3.3)	(4.5)
8	**Actual Annual SR&ED ITCs Recorded net of Tax**	2	20.9	16.9
9	**Addition to Variance Account based on CURRENT YEAR TAX PROVISIONS** ((line 4 - line 8) / (1-25%))		(7.4)	(4.2)
	TRUE UP ADJUSTMENTS BASED ON PRIOR YEARS' TAX RETURN PROCESSED			
10	**Actual Annual SR&ED ITCs Recorded net of Tax**	3	21.8	20.9
11	**Prior Year Actual Annual SR&ED ITCs per Tax Return in Current Year**		27.7	22.6
12	**Less Tax on Provincial Portion Taxable in Current Year**		(1.4)	(1.1)
13	**Less Tax on Federal ITC in Prior year**			(3.3)
14	**Prior Year Actual Annual 2017/18 SR&ED ITCs Recorded in Current Year, net of Tax**		26.4	18.2
15	**Final Actual Annual SR&ED ITCs for Prior Year, net of tax** (line 10 - line 14)	4	(2.7)	2.7
16	**True-Up SR&ED ITCs Adjustment to Variance Account for Prior Year in Current Year** (line 15 / (1-25%))		(3.6)	3.5
17	**Total Addition to Variance Account** (line 9 + line 16)		(11.0)	(0.7)

Notes:

1 Per EB-2016-0152 PAO, App. A, Table 2, line 23, col. (c) for 2018 and Table 3, line 23, col. (c) for 2019.

2 Represents the estimated values reflected in OPG's 2018 and 2019 audited consolidated financial statements. For 2018, the final value is determine in 2019 as part of the 2018 tax return, to be trued up through 2019 entries in the variance account. For 2019, the final value is determined in 2020 as part of the 2019 tax return, to be trued up through 2020 entries in the variance account.

3 2017 forecast annual SR&ED ITCs, net of tax of $21.8M as disclosed in EB-2018-0243, Ex. H1-1-1, Table 15, line 6.

4 Represents the final value determined in 2018 and 2019 as part of the filing of the 2017 and 2018 tax returns and trued up as part of the 2018 and 2019 entries in the variance account, respectively. 2018 is calculated as 7/12 representing Jun to Dec 2017.

Table 15
Capacity Refurbishment Variance Account - Nuclear - Non-Capital Portion
Summary of Account Transactions - 2016, 2017, 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2016	Actual Jan - May 2017	Actual Jun - Dec 2017	(b) + (c) Actual 2017	Actual 2018	Actual 2019
	Non-Capital Portion - Non-DRP							
	Forecast Non-Capital Costs:							
1	**Fuel Channel Life Cycle Management Project**	1	3.7	1.5	0.0	1.5	0.0	0.0
2	**Pickering Continued Operations**	1	18.6	7.8	0.0	7.8	0.0	0.0
3	**Pickering Extended Operations**	1	0.0	0.0	14.9	14.9	55.3	107.1
4	**Fuel Channel Life Extension Project**	1	0.0	0.0	7.9	7.9	14.4	9.3
5	**FCLE Related Ongoing Costs**	1	0.0	0.0	4.7	4.7	31.6	33.6
6	**Darlington U3 Fuel Channel Component Retrieval Project**		0.0	0.0	0.0	0.0	0.0	0.0
7	**Darlington Spacer Retrieval Tooling Project**	1	0.0	0.0	3.2	3.2	1.4	0.0
8	**Darlington Spacer Life Management**		0.0	0.0	0.0	0.0	0.0	0.0
9	**Total** (lines 1 through 8)		22.3	9.3	30.7	40.1	102.7	150.0
	Actual Non-Capital Costs:	8						
10	**Fuel Channel Life Cycle Management Project**		0.3	0.0	0.0	0.0	0.0	0.0
11	**Pickering Continued Operations**	2	0.0	0.0	0.0	0.0	0.0	0.0
12	**Pickering Extended Operations**	2, 7	12.0	9.8	8.5	18.4	25.6	62.2
13	**Fuel Channel Life Extension Project**		14.9	4.5	6.5	11.0	8.1	3.9
14	**FCLE Related Ongoing Costs**		0.0	0.0	7.4	7.4	13.4	24.0
15	**Darlington U3 Fuel Channel Component Retrieval Project**		0.0	0.0	0.0	0.0	0.4	1.2
16	**Darlington Spacer Retrieval Tooling Project**	6	4.8	0.1	1.0	1.1	0.7	0.0
17	**Darlington Spacer Life Management**		0.0	0.0	0.0	0.0	6.9	3.7
18	**Total** (lines 10 through 17)		32.0	14.4	23.5	38.0	55.1	94.9
	Non-Capital Addition to Variance Account:							
19	**Fuel Channel Life Cycle Management Project** (line 10 - line 1)		(3.4)	(1.5)	0.0	(1.5)	0.0	0.0
20	**Pickering Continued Operations** (line 11 - line 2)		(18.6)	(7.8)	0.0	(7.8)	0.0	0.0
21	**Pickering Extended Operations** (line 12 - line 3)		12.0	9.8	(6.4)	3.4	(29.7)	(44.9)
22	**Fuel Channel Life Extension Project** (line 13 - line 4)		14.9	4.5	(1.4)	3.1	(6.3)	(5.4)
23	**FCLE Related Ongoing Costs** (line 14 - line 5)		0.0	0.0	2.7	2.7	(18.2)	(9.6)
24	**Darlington U3 Fuel Channel Component Retrieval Project** (line 15 - line 6)		0.0	0.0	0.0	0.0	0.4	1.2
25	**Darlington Spacer Retrieval Tooling Project** (line 16 - line 7)		4.8	0.1	(2.1)	(2.0)	(0.7)	0.0
26	**Darlington Spacer Life Management** (line 17 - line 8)		0.0	0.0	0.0	0.0	6.9	3.7
27	**Non-Capital Addition to Variance Account Before Adjustment** (lines 19 through 26)		9.8	5.2	(7.2)	(2.1)	(47.5)	(55.0)
28	**Less: EB-2013-0321 Impact Statement (Ex. N1) Adjustment - Non-DRP**	3	16.7	5.3	0.0	5.3	0.0	0.0
29	**Less: Fuel Channel Life Extension Project Reference Plan Error Correction Adjustment**	4	0.0	0.0	0.0	0.0	0.0	(23.7)
30	**Total Addition to Capacity Refurbishment Variance Account - Non-Capital Portion - Non-DRP** (line 27 - line 28 - line 29)		(7.0)	(0.1)	(7.2)	(7.3)	(47.5)	(31.3)
31	**Total Addition to Capacity Refurbishment Variance Account - Capital Portion - Non-DRP**	5	0.0	0.0	0.4	0.4	0.5	0.5
32	**Total Addition to Capacity Refurbishment Variance Account - Nuclear - Non-DRP** (line 30 + line 31)		(7.0)	(0.1)	(6.8)	(6.9)	(47.0)	(30.8)

Notes:

1 Forecast amounts determined per the notes tables below.
Cols. (a) though (d) are determined pursuant to the table below. Prior to the EB-2016-0152 effective date of June 1, 2017, the forecast amounts are maintained at the EB-2013-0321 annual average, determined at line 2a. The 2016 amounts in col. (a) include the full amount in line 2a, below. The January to May 2017 amounts in col. (b) are equal to the full-year amounts in line 2a, below, prorated for five months. The June to December 2017 amounts in col. (c) are equal to full-year 2017 amounts approved in EB-2016-0152, prorated for seven months (line 7a).

Business Plan Forecast Costs ($M)

Line No.		Fuel Channel Life Cycle Mgmt Project	Pickering Continued Operations	Pickering Extended Operations	Fuel Channel Life Extension Project	FCLE Related Ongoing Costs	Darlington Spacer Retrieval Tooling Project
		(a)	(b)	(c)	(d)	(e)	(f)
1a	Total Forecast Costs (2014 & 2015) - EB-2013-0321	7.4	37.1		0.0		
2a	Average Annual Forecast from EB-2013-0321 ((line 1 / 24 months) x 12 months)	3.7	18.6		0.0		
3a	Prorated EB-2013-0321 Forecast Non-Capital Costs for Jan - May 2017 (line 2 / 12 months x 5 months)	1.5	7.8		0.0		
4a	2017 Full Year Forecast Non-Capital Costs - EB-2016-0152##			25.6	13.6	8.0	5.4
5a	Prorated EB-2016-0152 Forecast Non-Capital Costs for Jun - Dec 2017 (line 6 / 12 months x 7 months)			14.9	7.9	4.7	3.2
6a	2018 Full Year Forecast Non-Capital Costs - EB-2016-0152###	0.0	0.0	55.3	14.4	31.6	1.4
7a	2019 Full Year Forecast Non-Capital Costs - EB-2016-0152####	0.0	0.0	107.1	9.3	33.6	

As shown in EB-2016-0152, Ex. F2-1-1, Table 1, line 5, col. (e), and Ex. L, Tab 4.1-1, Staff-024.
As shown in EB-2016-0152, Ex. F2-1-1, Table 1, line 5, col. (f), and Ex. L-4.1-1, Staff-024.
As shown in EB-2016-0152, Ex. F2-1-1, Table 1, line 5, col. (g), and Ex. L-4.1-1, Staff-024.

2 Pickering Extended Operations includes Fuel Channel Life Assurance (FCLA) costs. This is consistent with presentation in EB-2016-0152, Ex. L-4.1-1, Staff-024.

3 The adjustments are per the EB-2013-0321 Payment Amounts Order (App. G, p.10), and EB-2014-0370 Payment Amounts Order (App B, p. 12) requirement that amounts recorded in the account do not include those that OPG indicated it is not seeking to recover from, or refund to, ratepayers as part of the differences between the revenue requirement in its EB-2013-0321 pre-filed evidence and the information based on OPG's 2014-2016 Business Plan, which was provided in the EB-2013-0321 Impact Statement at Ex. N1. The Fuel Channel Life Cycle Extension Project was considered in OPG's 2014-2016 Business Plan (see EB-2013-0321 Ex. F2-3-3, Attachment 1, Tab 11) as part of the nuclear portfolio project OM&A. In addition to addressing requirements with respect to the EB-2013-0321 Ex. N1 Impact Statement, the adjustment also limits the amount recoverable from ratepayers for project cost variances to the variance in total nuclear portfolio project OM&A from OPG's 2014-2016 Business Plan.

4 This adjustment corrects for the EB-2016-0152 FCLE reference amount error. As discussed in Ex. H1-1-1, Section 5.6, the EB-2016-0152 payment amounts order established reference amounts per EB-2016-0152, Ex. L-4.1-1 Staff-024 that included an updated FCLE Project cost forecast relative to OPG's pre-filed evidence. However, the nuclear revenue requirement approved by the OEB in EB-2016-0152 did not reflect the updated FCLE forecast.

Line No.	Fuel Channel Life Extension Project	2017 June - Dec +	2018	2019
1d	EB-2016-0152, Ex. L-4.1-1, Staff-024	7.9	14.4	9.3
2d	Ex. F2-3-2, Table 1a: line 11, col. (e); line 11, col. (i); line 28, col. (c).	7.2	0.7	0
3d	Difference (line 1d less line 2d)	0.7	13.7	9.3

+ Full-year amount of $13.6M prorated over 7 months equals $7.9M at line 1d. Full-year amount of $12.3M prorated over 7 months equals $7.2M at line 2d

5 Additions to the Capacity Refurbishment Variance Account - Capital Portion - Non-DRP represent capital costs associated with the Darlington Spacer Retrieval and Pickering Extended Operations projects.
6 2016 includes a catch up of $3.1M relating to 2015 spending on Darlington Spacer Retrieval Tooling Project that was not previously recorded in non capital CRVA
7 Includes $1.2M related to a non-CRVA eligible project that was inadvertently booked to the account in 2016. This amount will be corrected in 2020, inclusive of all interest as of the original date of booking.
8 Details for actual non-capital costs can be found at Ex. F2-2-1, Table 1, Ex. F2-3-1, Table 1, and Ex. F2-4-1, Table 1.

Table 16
Capacity Refurbishment Variance Account - Nuclear - D2O Storage and Drum Handling Facility Project
Summary of Account Transactions - 2016, 2017, 2018 and 2019 ($M)

Line No.	Particulars	Note	Actual 2016	Actual Jan - May 2017	Actual Jun - Dec 2017	(b) + (c) Actual 2017	Actual 2018	Actual 2019
			(a)	(b)	(c)	(d)	(e)	(f)
	Capital Addition to Variance Account:							
1	**Forecast Cost of Capital Amount**	1	0.7	0.3	0.5		0.9	0.8
2	**Actual Net Plant Rate Base Amount**	2	13.9	171.3	171.3		166.5	188.0
3	**Weighted Average Cost of Capital**		6.85%	6.85%	6.65%		6.50%	6.46%
4	**Actual Cost of Capital Amount**		1.0	4.9	6.6	11.5	10.8	12.1
5	**Cost of Capital Variance** (line 4 - line 1)		0.3	4.6	6.1	10.7	10.0	11.3
6	**Forecast Depreciation**	1	0.6	0.2	0.2	0.4	0.4	0.4
7	**Actual Depreciation**	2	0.4	2.0	2.8	4.8	4.8	5.6
8	**Depreciation Variance** (line 7 - line 6)		(0.2)	1.8	2.6	4.4	4.4	5.2
9	**Net (Decrease) Increase in Regulatory Taxable Income**		(0.0)	4.5	6.2	10.7	10.5	12.2
10	**Income Tax Rate**		25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
11	**Income Tax Impact** (line 13 x line 14 / (1 - line 14))		(0.0)	1.5	2.0	3.5	3.5	4.1
12	**Total Capital Additon to Variance Account - Nuclear** (line 16 - line 17)	3	0.1	7.9	10.7	18.6	17.9	20.6

Notes:

1 For cols. (a) to (f) the forecast amounts are determined as follows:

Table to Note 1 - D2O Storage and Drum Handling Facility Forecast Capital Amounts - EB-2013-0321 and EB-2016-0152 ($M)

Line No.		2014	2015	((a)+(b)) / 2 Reference Amount	2016 (equal to col. (c))	(d)/12*5 Jan-May2017	(g)/12*7 Jun-Dec2017	EB-2016-0152 Full Year 2017	2018	2019
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1a	Forecast Net Plant Rate Base Amount *	0.0	20.3					13.7	13.3	12.9
2a	Weighted Average Cost of Capital **	6.86%	6.85%					6.65%	6.50%	6.46%
3a	Cost of Capital Forecast Amount (line 1a x line 2a)	0.0	1.4	0.7	0.7	0.3	0.5	0.9	0.9	0.8
4a	ROE Component of Cost of Capital Amount	0.0	0.8	0.4	0.4	0.2	0.3	0.5	0.5	0.5
5a	Depreciation	0.0	1.1	0.6	0.6	0.2	0.2	0.4	0.4	0.4

* Col. (b) from EB-2013-0321, Ex. L-4.9-1 Staff-048, p. 2, Chart 1 (as referred to in EB-2016-0152, Ex. L-2.2 Staff-009)
Cols. (g) to (i) as reflected in the EB-2016-0152 Payment Amounts Order.

** Cols. (a) and (b) from EB-2013-0321 Payment Amounts Order, App. A. Table 6b, col. (c), line 6. Cols. (g), (h) and (i) from EB-2016-0152 Payment Amounts Order, App.A, Tables 11-13, cols. (c), line 6.

2 Per EB-2016-0152, Ex. L-2.2 Staff-009, actual 2015 rate base of $14.3M and depreciation of $0.4M results in 2016 rate base of $13.9M. Rate base amount for 2017-19 is the net of B3-3-1 table 1 col (f) line 11,19, 27 and B3-4-1 table 1 col (e) line 11,19 and 27.

3 CCA is included with overall DRP and Capacity Refurbishment Variance - Nuclear - Accelerated Investment Incentive CCA-DRP balance.