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Filed: 2010-05-26  
EB-2010-0008  
Exhibit F4-2-1  
Attachment 1



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5 April 2010

Ontario Power Generation ("OPG") retained Ernst & Young to perform and report on specified procedures relating to schedules prepared for the years 2005, 2006 and 2007 to reconcile tax return information to the regulatory tax expense for OPG's prescribed facilities. The reports on specified procedures for 2005, 2006, and 2007 are provided in Attachments A, B, and C, respectively.

#### Background

This engagement arose from the findings of the Ontario Energy Board ("OEB") in EB-2007-0905 (*Decision with Reasons*, 3 November 2008, "Decision") regarding OPG's "regulatory tax losses". In that decision, the OEB stated "The Board also expects OPG to file an analysis of its prior period tax returns that identifies all items (income inclusions, deductions, losses) in those returns that should be taken into account in the tax provision for the prescribed facilities" (Page 171).

In response to this direction of the OEB, OPG prepared evidence schedules Ex. F4-T2-S1 Tables 10, 11 and 12 as part of the pre-filed evidence for its application for 2011-2012 payment amounts, EB-2010-0008. These tables begin with amounts in the Ontario Power Generation Inc. legal entity tax returns for the applicable year and present a series of adjustments to determine the regulatory tax expense for that year.

OPG is including its tax returns for 2005, 2006 and 2007 in its pre-filed evidence as Ex. F4-T2-S1 Attachment 3.

The evidence tables and tax returns are the primary source documents for the specified procedures performed by Ernst & Young. Other source documents include OPG's audited consolidated financial statements, OPG's general ledger accounts (referred to as "SAP Accounts" in the specified procedures reports) and certain internal reports and management prepared schedules and work sheets.





