



**EB-2013-0321**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O.1998, c.15, (Schedule B);

**AND IN THE MATTER OF** an application by Ontario Power Generation Inc. pursuant to section 78.1 of the *Ontario Energy Board Act, 1998* for an Order or Orders determining payment amounts for the output of certain of its generating facilities.

**BEFORE:** Marika Hare  
Presiding Member

Christine Long  
Member

Allison Duff  
Member

**PAYMENT AMOUNTS ORDER**  
December 18, 2014

Ontario Power Generation Inc. (OPG) filed an application with the Ontario Energy Board (the Board) on September 27, 2013. The application was filed under section 78.1 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B) (the Act), seeking approval for payment amounts for OPG's previously regulated hydroelectric facilities and nuclear facilities for the period January 1, 2014 through December 31, 2015, to be effective January 1, 2014. The application also sought approval for payment amounts for newly regulated hydroelectric facilities for the period July 1, 2014 to December 31, 2015, to be effective July 1, 2014. Section 2 of Ontario Regulation 53/05, *Payments Under Section 78.1 of the Act* (O. Reg. 53/05), sets out the prescribed, or regulated, hydroelectric and nuclear facilities.

At OPG's request, the Board issued an Interim Payment Amounts Order on December 17, 2013, declaring the payment amounts for the previously regulated hydroelectric and nuclear facilities interim as of January 1, 2014, and the newly regulated hydroelectric facilities interim as of July 1, 2014.

The Board issued a Decision with Reasons (Decision) on November 20, 2014. In the Decision, the Board directed OPG to file "...a draft payment amounts order which will include the final revenue requirement and payment amounts for the regulated hydroelectric and nuclear facilities, and reflect the findings made by the Board in this Decision. OPG should also include supporting schedules and a clear explanation of all calculations and assumptions used in deriving the payment amounts and the payment riders." OPG was directed to provide a full description of each deferral and variance account as part of the draft Payment Amounts Order.

The Board also directed that the new payment amounts for all of OPG's regulated facilities be made effective November 1, 2014. The Board noted its understanding that the Independent Electricity System Operator (IESO) could implement this effective date through its billing processes without the need for a shortfall payment amounts rider to cover the period between November 1, 2014 and the date of the final Payment Amounts Order.

On December 1, 2014, OPG filed a draft Payment Amounts Order. OPG confirmed that the IESO will implement payment amounts for nuclear facilities no later than five business days after receipt of the final Board order and payment amounts for hydroelectric facilities on the next available month-end preliminary settlement statement after receipt of the final Board order. The IESO will ensure recovery for the period November 1 up to the implementation date without the need for a payment amount rider. With respect to payment amounts for hydroelectric facilities and in order to address any unintended benefit of the hydroelectric incentive mechanism, the IESO shall rely on OPG to provide the appropriate dollar adjustments within 5 business days following each calendar month-end.

Submissions were filed on or before December 8, 2014 by Board staff, School Energy Coalition (SEC), London Property Management Association (LPMA), IESO, Canadian Manufacturers & Exporters (CME), Association of Major Power Consumers in Ontario

(AMPCO) and Energy Probe Research Foundation. OPG's reply submission was filed on December 12, 2014.

SEC, LPMA, CME, AMPCO and Energy Probe supported the Board staff submission. LPMA observed that cash working capital was unchanged despite Decision adjustments to items that flow through cash working capital. LPMA, supported by Energy Probe, submitted that OPG should provide cash working capital calculations in the reply submission. CME, supported by AMPCO, submitted that OPG should provide annualized impact analysis for general service and large volume consumers in the reply submission.

The IESO submitted that the final Payment Amounts Order should include specific language relating to implementation of payment amounts.

## **Board Findings**

### Revenue Requirement and Payment Amounts

Board staff agreed with OPG and submitted that OPG's forecast of total hydroelectric incentive mechanism net of adjustment due to surplus baseload generation should be \$51M in 2014 and \$58M in 2015. The Board finds that this is appropriate.

In response to the Board staff submission on the draft Payment Amounts Order, OPG provided further detail on calculations with respect to hydroelectric rate base adjustments to reflect the Decision. The Board is satisfied with the level of detail provided in the reply submission on this matter.

Board staff also sought further clarification on two aspects of OPG's proposed treatment of regulatory income taxes. OPG replied that the 2013 tax loss of \$211.6M was directly assigned to reduce taxable income of \$284M from OPG's nuclear operations in 2014 consistent with the Board's Decision. Secondly, as OPG forecast a regulatory tax loss with respect to its nuclear operations in 2015, OPG carried back \$72.4M in tax loss from 2015 to 2014 in order to reduce the 2014 taxable income to \$0. In reply submission, OPG indicated that tax losses can be carried forward and carried back. OPG submitted that its approach would enable ratepayers to receive the benefit in the current two-year test period, given a single payment amount is set for the two years. In addition, OPG

indicated that the adjustments were proposed to ensure a complete presentation of regulatory income taxes.

OPG noted that its approach is different from a “strict adherence to direct assignment of costs to business segments”.

The Board finds OPG’s explanation regarding its proposal to carry back forecast tax losses from 2015 to 2014 lacking clarity. The Board is concerned that OPG’s proposal was raised in the draft payment order process. Board staff and parties indicated their concerns with the reasons for this adjustment in comments submitted to the Board. In response to these comments, OPG indicated there was no impact on the revenue requirement or payment amounts as a result of its proposed transfer of net income before tax of \$129M from 2015 to 2014. The Board is not making a determination on the appropriateness of this adjustment but approves the payment amounts set out in the draft Payment Amounts Order. The Board notes that in prior applications similar transfers were made by OPG, but for non-material amounts. As a result of the non-material amounts, parties did not make submissions and the Board did not make a specific finding.

In response to LPMA’s submission, OPG noted that cash working capital calculations were based on 2012 actual information, and therefore adjustments to reflect the Decision were not required. The Board notes that OPG’s approach is not consistent with a forward test period, yet the calculations are consistent with the evidence and the Decision.

The Board acknowledges that OPG was responsive in the reply submission to the requests for additional filings: Bill impacts for general service and large use customers and a Revenue Requirement Work Form reflecting the final Decision.

With respect to the IESO submission, this final Payment Amounts Order notes the payment amounts implementation process that OPG has confirmed with the IESO.

#### Deferral and Variance Accounts and Riders

In reply submission, OPG agreed with Board staff regarding revisions to the nomenclature of the payment amounts riders and the description of the Gross Revenue Charge Variance Account.

Board staff submitted that the description of the Ancillary Services Net Revenue Variance Account – Hydroelectric proposed in the draft Payment Amounts Order should be revised such that OPG's intent not to recover or refund ancillary services costs itemized in Chart 1 of Exhibit N1 is limited to the newly regulated hydroelectric sub-account. OPG replied that the definition is correct since "Chart 1 only applies to the newly regulated hydroelectric facilities", and submitted that no clarification to the description is required. The Board finds that clarification would assist future review of the variance account. The subject paragraph has been amended to commence with, "For the newly regulated hydroelectric facilities sub-account ..."

Board staff also submitted that, on the basis of Exhibit G2, the monthly reference amount should be \$3.8M for the Ancillary Services Net Revenue Variance Account – Nuclear. OPG replied that the \$3.4M reference amount noted in the draft Payment Amounts Order is correct and is based on 2013 actuals and is consistent with the Decision which states, "... the Board finds the 2013 actual Nuclear Other Revenues of \$37.6M to be appropriate for 2014 and 2015." The Board agrees that the reference amount proposed by OPG is consistent with the evidence and the Decision, as described by OPG in the reply submission.

Board staff submitted that interest should not apply to the Bruce Lease Net Revenues Variance Account until the balance is proposed for disposition. In reply, OPG noted that the Decision approved OPG's application with respect to the continuation of deferral and variance accounts as filed with two exceptions. The exceptions were the continuation of the Hydroelectric Incentive Mechanism and interest on the Pension and OPEB Variance Account. In the absence of a specific finding on the Bruce Lease Net Revenues Variance Account, OPG submitted that no change is required to its proposal to resume interest on January 1, 2015. The Board agrees that OPG's draft Payment Amounts Order is consistent with the evidence and the Decision.

Board staff submitted that as the Pension & OPEB Cash Versus Accrual Differential Deferral Account will record non-cash amounts that are not current, tax impacts should not be recorded in the account. OPG replied that the Board has consistently included tax impacts in pension and OPEB related accounts for OPG in previous proceedings and that Board staff's submission should be rejected.

The Board agrees that previous proceedings have approved the inclusion of tax impacts in pension and OPEB related accounts, specifically, Pension and OPEB Cost Variance Account and USGAAP Deferral Account. The balances in these accounts are related directly to revenue requirement underpinning payment amounts. This is not the same situation for the new Pension & OPEB Cash Versus Accrual Differential Deferral Account which is not a continuation of an existing account. In addition, the Board indicated at page 105 of the Decision that, “Deferred taxes are not ordinarily included in the revenue requirement...” The Decision’s description of the Pension & OPEB Cash Versus Accrual Differential Deferral Account did not include taxes and the Board finds that this account will not record taxes. When a determination is made regarding the account balance, any tax matters can be addressed at that time.

#### **THE BOARD ORDERS THAT:**

1. The test period revenue requirement is \$1,652.8M for the previously regulated hydroelectric facilities, \$751.9M for the newly regulated hydroelectric facilities (18 month revenue requirement), and \$5,668.0M for the regulated nuclear facilities, as set out in Appendix A. The deferral and variance account balances approved for disposition in the period January 1, 2015 to December 31, 2015, are a debit of \$127.0M for the previously regulated hydroelectric facilities and a debit of \$62.2M for the regulated nuclear facilities, as set out in Appendix A. These revenue requirements and account balances shall form the basis of the payment amounts and the authorized payment riders.
2. Effective November 1, 2014, and subject to sections 3 and 4 of this Order, for the previously regulated hydroelectric facilities, the payment amount is \$40.20/MWh, as set out in Appendix B.
3. Effective November 1, 2014, the previously regulated hydroelectric payment amount, including the authorized previously regulated hydroelectric payment rider, applies to the average hourly net energy production in megawatt hours from the previously regulated hydroelectric facilities in any given month (the “average hourly volume”) for each hour of that month. Where the actual net energy production from the previously regulated hydroelectric facilities that is supplied into the IESO-administered energy market in a given hour is greater than the average hourly volume, the incremental net energy production supplied

into the IESO-administered energy market will receive the market price, calculated on a five minute basis. Where the actual net energy production from the previously regulated hydroelectric facilities that is supplied into the IESO-administered energy market in a given hour is less than the average hourly volume, OPG's revenues will be adjusted by the difference between the average hourly volume and the actual net energy production that is supplied into the IESO-administered energy market, multiplied by the market price, calculated on a five minute basis.

4. Effective January 1, 2015, for the previously regulated hydroelectric facilities, the previously regulated hydroelectric payment rider for the amortization of the approved deferral and variance account balances (Previously Regulated Hydroelectric Rider 2015) is \$6.04/MWh as set out in Appendix E. This payment rider is effective until December 31, 2015.
5. Effective November 1, 2014 and subject to section 6 of this Order, for the newly regulated hydroelectric facilities, the payment amount is \$41.93/MWh, as set out in Appendix C.
6. For the newly regulated hydroelectric facilities, effective November 1, 2014, the payment amount applies to the average hourly net energy production in megawatt hours from the newly regulated hydroelectric facilities in any given month (the "average hourly volume") for each hour of that month. Where the actual net energy production from the newly regulated hydroelectric facilities that is supplied into the IESO-administered energy market in a given hour is greater than the average hourly volume, the incremental net energy production supplied into the IESO-administered energy market will receive the market price, calculated on a five minute basis. Where the actual net energy production from the newly regulated hydroelectric facilities that is supplied into the IESO-administered energy market in a given hour is less than the average hourly volume, OPG's revenues will be adjusted by the difference between the average hourly volume and the actual net energy production that is supplied into the IESO-administered energy market, multiplied by the market price, calculated on a five minute basis.

In the case of the Chats Falls Generating Station, in recognition of its 50/50 shared ownership between OPG and Hydro Quebec (Ref. EB-2013-0321, Ex. A1-4-2, p. 5), the newly regulated hydroelectric payment amount applies to OPG's 50% share of the output of that station.

7. Effective November 1, 2014, and subject to section 8 of this Order, for the regulated nuclear facilities, the payment amount is \$59.29/MWh, as set out in Appendix D.
8. Effective January 1, 2015, for the regulated nuclear facilities, the nuclear payment rider for the amortization of the approved deferral and variance account balances (Nuclear Rider 2015) is \$1.33/MWh as set out in Appendix F. This payment rider is effective until December 31, 2015.
9. The IESO shall make payments to OPG in accordance with this Order as of November 1, 2014.
10. OPG shall recover the December 31, 2013 approved balances in the following deferral and variance accounts in accordance with Appendix G, effective January 1, 2015:
  - Hydroelectric Incentive Mechanism Variance Account
  - Hydroelectric Surplus Baseload Generation Variance Account
  - Capacity Refurbishment Variance Account – Hydroelectric
  - Nuclear Development Variance Account
  - Capacity Refurbishment Variance Account – Nuclear – Capital Portion
11. OPG shall continue the following deferral and variance accounts in accordance with Appendix G, effective November 1, 2014, and shall extend the applicable accounts to the newly regulated hydroelectric facilities in accordance with Appendix G, effective November 1, 2014:
  - Hydroelectric Water Conditions Variance Account
  - Ancillary Services Net Revenue Variance Account – Hydroelectric
  - Income and Other Taxes Variance Account
  - Hydroelectric Surplus Baseload Generation Variance Account



- Hydroelectric Incentive Mechanism Variance Account
  - Hydroelectric Deferral and Variance Over/Under Recovery Variance Account
  - Nuclear Liability Deferral Account
  - Nuclear Development Variance Account
  - Ancillary Services Net Revenue Variance Account – Nuclear
  - Capacity Refurbishment Variance Account
  - Bruce Lease Net Revenues Account
  - Nuclear Deferral and Variance Over/Under Recovery Variance Account
12. OPG shall continue the following deferral and variance accounts only for entries of amortization and interest in accordance with Appendix G, effective November 1, 2014:
- Tax Loss Variance Account (Terminates on December 31, 2014)
  - Impact for USGAAP Deferral Account (Terminates on December 31, 2014)
  - Pension and OPEB Cost Variance Account
  - Pickering Life Extension Depreciation Variance Account
13. OPG shall establish the following new deferral and variance accounts in accordance with Appendix G, effective November 1, 2014:
- Gross Revenue Charge Variance Account
  - Pension & OPEB Cash Payment Variance Account
  - Pension & OPEB Cash Versus Accrual Differential Deferral Account
14. OPG shall file an accounting order application with the Board and provide notice to intervenors of record in EB-2013-0321 if OPG proposes to effect a change in the station lives of its prescribed nuclear generating facilities, for depreciation and amortization purposes, that results in a revenue requirement impact for the prescribed facilities, as a result of impacts on the non-asset retirement cost component of nuclear fixed assets reflected in rate base, that is neither reflected in the current or proposed payment amounts nor recorded in an authorized deferral or variance account. OPG shall not be required to apply for such an

accounting order if the impact on the annualized revenue requirement for the prescribed facilities is less than \$10M.

**DATED** at Toronto, December 18, 2014

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

**EB-2013-0321 PAYMENT AMOUNTS ORDER - APPENDICES**

**TABLE OF CONTENTS**

**APPENDIX A: REVENUE REQUIREMENT**

Table 1	Summary of Previously Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts
Table 1a	Notes to Table 1 Summary of Previously Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts
Table 1b	Notes to Table 1 - Continued Summary of Previously Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts
Table 2	Summary of Newly Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts
Table 2a	Notes to Table 2 Summary of Newly Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts
Table 3	Summary of Nuclear Revenue Requirement and Variance and Deferral Account Amortization Amounts
Table 3a	Notes to Table 3 Summary of Nuclear Revenue Requirement and Variance and Deferral Account Amortization Amounts
Table 4	Summary of Approved Revenue Requirement Deficiency by Technology
Table 5a	Summary of Proposed Capitalization and Cost of Capital: January 1, 2014 to December 31, 2014
Table 5b	Summary of Board Approved Capitalization and Cost of Capital: January 1, 2014 to December 31, 2014
Table 6a	Summary of Proposed Capitalization and Cost of Capital: January 1, 2015 to December 31, 2015
Table 6b	Summary of Board Approved Capitalization and Cost of Capital: January 1, 2015 to December 31, 2015
Table 7	Summary of Changes in Regulatory Income Taxes for Prescribed Facilities - Year Ending December 31, 2014
Table 7a	Notes to Table 7 Summary of Changes in Regulatory Income Taxes for Prescribed Facilities - Year Ending December 31, 2014
Table 8	Summary of Changes in Regulatory Income Taxes for Prescribed Facilities - Year Ending December 31, 2015
Table 8a	Notes to Table 8 Summary of Changes in Regulatory Income Taxes for Prescribed Facilities - Year Ending December 31, 2015
Table 9	Annualized Residential Consumer Impact
Table 9a	Computation of Percent Change in Payment Amounts

**APPENDIX B: PREVIOUSLY REGULATED HYDROELECTRIC PAYMENT AMOUNT**

Table 1	Previously Regulated Hydroelectric Payment Amount
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**APPENDIX C: NEWLY REGULATED HYDROELECTRIC PAYMENT AMOUNT**

Table 1	Newly Regulated Hydroelectric Payment Amount
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**APPENDIX D: NUCLEAR PAYMENT AMOUNT**

Table 1	Nuclear Payment Amount
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**APPENDIX E: PREVIOUSLY REGULATED HYDROELECTRIC PAYMENT RIDER**

Table 1	Calculation of Regulated Hydroelectric Payment Rider
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**APPENDIX F: NUCLEAR PAYMENT RIDER**

Table 1	Calculation of Nuclear Payment Rider
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**APPENDIX G: VARIANCE AND DEFERRAL ACCOUNTS**

Table 1  
Summary of Previously Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts (\$M)

Line No.	Description	Note	2014			2015			Total		
			OPG Proposed	Board Adjustment	Board Approved	OPG Proposed	Board Adjustment	Board Approved	OPG Proposed	Board Adjustment	Board Approved
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
			Note 1			Note 1			Note 1		
	<b>Rate Base</b>										
1	Net Fixed Assets	2	5,105.6	(111.3)	4,994.3	5,062.2	(113.6)	4,948.6	N/A	N/A	N/A
2	Working Capital		0.7	0.0	0.7	0.7	0.0	0.7	N/A	N/A	N/A
3	Cash Working Capital		21.7	0.0	21.7	21.7	0.0	21.7	N/A	N/A	N/A
4	<b>Total Rate Base</b>		5,128.0	(111.3)	5,016.7	5,084.6	(113.6)	4,971.0	N/A	N/A	N/A
	<b>Capitalization</b>										
5	Short-term Debt	3	99.0	(1.0)	98.0	98.1	(1.0)	97.1	N/A	N/A	N/A
6	Long-Term Debt	3	2,618.8	42.4	2,661.2	2,596.7	40.2	2,637.0	N/A	N/A	N/A
7	Common Equity	3	2,410.1	(152.6)	2,257.5	2,389.8	(152.8)	2,237.0	N/A	N/A	N/A
8	Adjustment for Lesser of UNL or ARC	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	<b>Total Capital</b>		5,128.0	(111.3)	5,016.7	5,084.6	(113.6)	4,971.0	N/A	N/A	N/A
	<b>Cost of Capital</b>										
10	Short-term Debt	4	3.6	(0.0)	3.6	4.6	(0.0)	4.5	8.2	(0.1)	8.1
11	Long-Term Debt	4	127.0	2.1	129.1	126.2	2.0	128.2	253.2	4.0	257.2
12	Return on Equity	4	225.6	(14.3)	211.3	227.7	(19.7)	208.0	453.3	(34.0)	419.3
13	Adjustment for Lesser of UNL or ARC		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	<b>Total Cost of Capital</b>		356.2	(12.3)	343.9	358.5	(17.8)	340.7	714.7	(30.1)	684.7
	<b>Expenses:</b>										
15	OM&A	5	145.1	(17.0)	128.2	140.0	(14.0)	126.0	285.2	(31.0)	254.1
16	Fuel and GRC		267.2	0.0	267.2	280.8	0.0	280.8	548.0	0.0	548.0
17	Depreciation & Amortization	2	82.1	(1.2)	80.8	81.9	(1.3)	80.6	164.0	(2.5)	161.5
18	Property Tax		0.3	0.0	0.3	0.3	0.0	0.3	0.6	0.0	0.6
19	<b>Total Expenses</b>		494.7	(18.2)	476.5	503.0	(15.3)	487.7	997.8	(33.5)	964.2
	<b>Less:</b>										
	<b>Other Revenues</b>										
20	Bruce Lease Revenues Net of Direct Costs		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	Ancillary and Other Revenue	6	34.0	7.3	41.3	34.6	7.8	42.4	68.6	15.1	83.6
22	<b>Total Other Revenues</b>		34.0	7.3	41.3	34.6	7.8	42.4	68.6	15.1	83.6
23	<b>Income Tax</b>	7	49.7	(2.3)	47.4	64.2	(24.1)	40.1	113.9	(26.4)	87.5
24	<b>Revenue Requirement</b> (line 14 + line 19 - line 22 + line 23)		866.6	(40.0)	826.6	891.2	(65.0)	826.2	1,757.8	(105.1)	1,652.8
25	<b>Amortization of Variance &amp; Deferral Account Amounts</b>	8	0.0	0.0	0.0	70.6	56.4	127.0	70.6	56.4	127.0
26	<b>Revenue Requirement Plus Variance &amp; Deferral Account Amounts</b> (line 24 + line 25)		866.6	(40.0)	826.6	961.8	(8.6)	953.2	1,828.4	(48.7)	1,779.8

For notes see Tables 1a and 1b.

Table 1a  
Notes to Table 1

Summary of Previously Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts

Notes:

- 1 Agrees to Ex. N2-1-1 Table 1 - Summary of Revenue Requirement for 2014 and 2015 as filed in EB-2013-0321.
- 2 Rate base in cols. (c) and (f), and resulting changes to depreciation & amortization on line 17 reflect changes made per EB-2013-0321 Decision with Reasons, pp. 21 and 30, regarding Hydroelectric in-service additions excluding the Niagara Tunnel and Niagara Tunnel in-service additions, respectively. The Board-approved Niagara Tunnel in-service amounts closing to rate base in the test period of \$1,364.6M are reflected as of March 2013. The resulting depreciation expense for the Niagara Tunnel is \$14.7M in each of 2014 and 2015.
- 3 Capitalization for OPG's combined regulated operations for January 1 to December 31, 2014 is provided in Payment Amounts Order, Appendix A, Table 5a (OPG Proposed) and Table 5b (Board Approved), and for January 1 to December 31, 2015 is provided in Payment Amounts Order, Appendix A, Table 6a (OPG Proposed) and Table 6b (Board Approved). Capital structure amounts are allocated to previously regulated hydroelectric, newly regulated hydroelectric and nuclear based on their relative rate base amounts as presented below. Capitalization reflects change in capital structure to 45% Equity / 55% Debt per EB-2013-0321 Decision with Reasons, p. 115.

Line No.	Item	Reference	2014 (a)	2015 (b)
1a	Approved prev. reg. hydroelectric rate base (\$M)	Payment Amounts Order, Appendix A, Table 1, cols. (c) and (f), line 4	5,016.7	4,971.0
2a	Approved newly reg. hydroelectric rate base (\$M)	Payment Amounts Order, Appendix A, Table 2, cols. (c) and (f), line 4	2,509.0	2,518.6
3a	Approved nuclear rate base (\$M)	Payment Amounts Order, Appendix A, Table 3, cols. (c) and (f), line 4	3,706.7	3,659.0
4a	Financing directly assigned to nuclear rate base (\$M)	Payment Amounts Order, Appendix A, Table 3, cols. (c) and (f), line 8	1,389.5	1,308.8
5a	Nuclear rate base financed by capital structure (\$M)	line 3a - line 4a	2,317.2	2,350.2
6a	Prev. Reg. hydroelectric allocation	line 1 a / (line 1a + line 2a + line 5a)	50.97%	50.52%
7a	Newly Reg. hydroelectric allocation	line 2a / (line 1a + line 2a + line 5a)	25.49%	25.60%
8a	Nuclear allocation	line 5a / (line 1a + line 2a + line 5a)	23.54%	23.88%

- 4 Cost of capital for OPG's combined regulated operations is provided in Payment Amounts Order, Appendix A, Tables 5a (2014 OPG Proposed), 5b (2014 Board Approved), 6a (2015 OPG Proposed) and 6b (2015 Board Approved). The cost of capital is allocated among previously regulated hydroelectric, newly regulated hydroelectric and nuclear operations consistent with the capital structure allocation described in Note 3 above. Capitalization reflects change in capital structure to 45% Equity / 55% Debt per EB-2013-0321 Decision with Reasons, p. 115, and application of Board's published ROE of 9.30% for 2015, per EB-2013-0321 Decision with Reasons, p. 117.
- 5 Combined impact of Board adjustments on previously regulated hydroelectric OM&A is as follows:

Line No.	Item	Reference	Board Adjustments (\$M)		
			2014 (a)	2015 (b)	Total (c)
1b	Decrease in Pension & OPEB Costs allocated to previously regulated hydroelectric	EB-2013-0321 Decision p. 87	(12.5)	(9.6)	(22.1)
2b	Reduce OM&A costs for nuclear and hydroelectric by \$100M in each of 2014 and 2015 - allocation to previously regulated hydroelectric *	EB-2013-0321 Decision p. 68	(4.5)	(4.5)	(9.0)
3b	Total	line 1b + line 2b	(17.0)	(14.0)	(31.0)

\* \$100M OM&A reduction is allocated to to previously regulated hydroelectric, newly regulated hydroelectric and nuclear based on total compensation cost as provided in Ex. J9.7, Att. 1. The previously regulated hydroelectric proportion is calculated as Ex. J9.7, Att. 1 line 18 divided by Ex. J9.7, Att. 1 line 34, for the corresponding years.

Notes to Table 1 continue on Table 1b.

Table 1b  
Notes to Table 1 - Continued  
Summary of Previously Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts

## Notes:

- 6 Combined impact of Board adjustments on previously regulated hydroelectric Ancillary Services and Other Revenues is as follows:

Table 1 to Note 6 - Previously Regulated Hydroelectric Ancillary Services and Other Revenues Adjustments					
Line No.	Item	Reference	Board Adjustments (\$M)		
			2014	2015	Total
			(a)	(b)	(c)
1c	Segregated Mode of Operation Net Revenues - increase to \$1.7M in 2014 and 2015	EB-2013-0321 Decision p. 36	1.7	1.7	3.4
2c	Water Transactions - reduce to \$1.3M in 2014 and 2015	EB-2013-0321 Decision p. 36	(0.4)	(0.4)	(0.8)
3c	Hydroelectric Incentive Mechanism (see Note 6, Table 2, line 6d)	EB-2013-0321 Decision p. 13	6.0	6.5	12.5
4c	Total	line 1c + line 2c + line 3c	7.3	7.8	15.1

Hydroelectric Incentive Mechanism (HIM) revenues have been adjusted per EB-2013-0321 Decision with Reasons, p. 13. The HIM revenue adjustments are net of Surplus Baseload Generation amounts. The adjusted amounts for HIM included in line 21 of Payment Amounts Order, App. A, Tables 1 and 2 are computed as follows:

Table 2 to Note 6 - Previously Regulated Hydroelectric Ancillary and Other Revenues Adjustments for HIM					
Line No.	Item	Reference	Adjustments (\$M)		
			2014	2015	Total
			(a)	(b)	(c)
1d	Forecast of total incentive payment **	EB-2013-0321, Ex. L 5.4-17 SEC-073	78.0	96.0	174.0
2d	Forecast of total incentive payment adjustment due to SBG	EB-2013-0321, Ex. L 5.4-17 SEC-073	(27.0)	(38.0)	(65.0)
3d	Forecast of total incentive payment net of adjustment due to SBG	line 1d + line 2d	51.0	58.0	109.0
4d	Forecast of incentive payment net of adjustment due to SBG - previously regulated hydroelectric portion		12.0	13.0	25.0
5d	Forecast of incentive payment net of adjustment due to SBG - newly regulated hydroelectric portion		39.0	45.0	84.0
6d	Forecast of incentive payment net of adjustment due to SBG - previously regulated hydroelectric - 50% portion	line 4(d) * 50%	6.0	6.5	12.5
7d	Forecast of incentive payment net of adjustment due to SBG - newly regulated hydroelectric - 50% portion	line 5(d) * 50%	19.5	22.5	42.0

\*\* The revenue requirement adjustments of \$39M in 2014 and \$48M in 2015 provided in the EB-2013-0321 Decision with Reasons, p. 13 are 50% of these amounts.

- 7 Board Approved regulatory income tax expense for combined regulated operations is provided in Payment Amounts Order, Appendix A, Table 7 (for 2014) and Table 8 (for 2015), at line 27. The expense is allocated among the previously regulated hydroelectric, newly regulated hydroelectric and nuclear businesses on the basis of each business' taxable income, with any tax losses in one regulated business over the test period reducing the tax expense for the regulated businesses in a taxable position.
- 8 Amortization of Variance & Deferral Account Amount increased due to change in amortization period for Capacity Refurbishment Variance Account - Hydroelectric, per EB-2013-0321 Decision with Reasons, p. 119, as shown in Payment Amounts Order, App. E, Table 1.

Table 2  
Summary of Newly Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts (\$M)

Line No.	Description	Note	2014 <sup>1</sup>			2015			Total		
			OPG Proposed	Board Adjustment	Board Approved	OPG Proposed	Board Adjustment	Board Approved	OPG Proposed	Board Adjustment	Board Approved
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
			Note 2			Note 2			Note 2		
	<b>Rate Base</b>										
1	Net Fixed Assets	3	2,502.5	(2.4)	2,500.1	2,519.2	(9.6)	2,509.6	N/A	N/A	N/A
2	Working Capital		0.7	0.0	0.7	0.7	0.0	0.7	N/A	N/A	N/A
3	Cash Working Capital		8.3	0.0	8.3	8.3	0.0	8.3	N/A	N/A	N/A
4	<b>Total Rate Base</b>		2,511.5	(2.4)	2,509.0	2,528.2	(9.6)	2,518.6	N/A	N/A	N/A
	<b>Capitalization</b>										
5	Short-term Debt	4	48.5	0.5	49.0	48.8	0.4	49.2	N/A	N/A	N/A
6	Long-Term Debt	4	1,282.6	48.4	1,331.0	1,291.1	44.9	1,336.0	N/A	N/A	N/A
7	Common Equity	4	1,180.4	(51.3)	1,129.1	1,188.2	(54.9)	1,133.4	N/A	N/A	N/A
8	Adjustment for Lesser of UNL or ARC	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	<b>Total Capital</b>		2,511.5	(2.4)	2,509.0	2,528.2	(9.6)	2,518.6	N/A	N/A	N/A
	<b>Cost of Capital</b>										
10	Short-term Debt	5	1.8	0.0	1.8	2.3	0.0	2.3	4.0	0.0	4.1
11	Long-Term Debt	5	62.2	2.3	64.6	62.7	2.2	64.9	125.0	4.5	129.5
12	Return on Equity	5	110.5	(4.8)	105.7	113.2	(7.8)	105.4	223.7	(12.6)	211.1
13	Adjustment for Lesser of UNL or ARC	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	<b>Total Cost of Capital</b>		174.5	(2.4)	172.0	178.3	(5.6)	172.6	352.7	(8.1)	344.6
	<b>Expenses:</b>										
15	OM&A	6	234.9	(31.4)	203.6	237.3	(25.1)	212.2	472.3	(56.5)	415.8
16	Fuel and GRC		75.6	0.0	75.6	77.5	0.0	77.5	153.1	0.0	153.1
17	Depreciation & Amortization	3	62.2	(0.1)	62.2	63.1	(0.2)	62.9	125.3	(0.3)	125.1
18	Property Tax		0.1	0.0	0.1	0.1	0.0	0.1	0.2	0.0	0.2
19	<b>Total Expenses</b>		372.9	(31.4)	341.4	378.0	(25.3)	352.7	750.9	(56.8)	694.1
	<b>Less:</b>										
	<b>Other Revenues</b>										
20	Bruce Lease Revenues Net of Direct Costs		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	Ancillary and Other Revenue	7	22.7	19.5	42.2	23.1	22.5	45.6	45.8	42.0	87.8
22	<b>Total Other Revenues</b>		22.7	19.5	42.2	23.1	22.5	45.6	45.8	42.0	87.8
23	Income Tax	8	29.9	(8.5)	21.4	42.7	(16.9)	25.8	72.6	(25.4)	47.2
24	<b>Revenue Requirement</b> (line 14 + line 19 - line 22 + line 23)		554.6	(61.9)	492.7	575.9	(70.3)	505.5	1,130.5	(132.2)	998.3
25	<b>Amortization of Variance &amp; Deferral Account Amounts</b>		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	<b>Revenue Requirement Plus Variance &amp; Deferral Account Amounts</b> (line 24 + line 25)		554.6	(61.9)	492.7	575.9	(70.3)	505.5	1,130.5	(132.2)	998.3

For notes see Table 2a.

Table 2a  
 Notes to Table 2

Summary of Newly Regulated Hydroelectric Revenue Requirement and Variance and Deferral Account Amortization Amounts

Notes:

- 1 Although the Newly Regulated Hydroelectric facilities are regulated effective July 1, 2014, full year amounts are shown for comparison purposes.
- 2 Agrees to Ex. N2-1-1 Table 1 - Summary of Revenue Requirement for 2014 and 2015 as filed in EB-2013-0321.
- 3 Rate base in cols. (c) and (f), and resulting changes to depreciation & amortization on line 17 reflect changes made per EB-2013-0321 Decision with Reasons, .pp. 21 regarding Hydroelectric in-service additions.
- 4 Capitalization for OPG's combined regulated operations for January 1 to December 31, 2014 is provided in Payment Amounts Order, Appendix A, Table 5a (OPG Proposed) and Table 5b (Board Approved), and for January 1 to December 31, 2015 is provided in Payment Amounts Order, Appendix A, Table 6a (OPG Proposed) and Table 6b (Board Approved). Capitalization reflects change in capital structure to 45% Equity / 55% Debt per EB-2013-0321 Decision with Reasons, p. 115.

Capital structure amounts are allocated among previously regulated hydroelectric, newly regulated hydroelectric and nuclear consistent with the capital structure allocation described and shown in Payment Amounts Order, Appendix A, Table 1a, Note 3.

The resulting allocation ratios are:

Newly Regulated Hydroelectric allocation for 2014: 25.49%  
 Newly Regulated Hydroelectric allocation for 2015: 25.60%

- 5 Cost of capital for OPG's combined regulated operations is provided in Payment Amounts Order, Appendix A, Tables 5a (2014 OPG Proposed), 5b (2014 Board Approved), 6a (2015 OPG Proposed) and 6b (2015 Board Approved). The cost of capital is allocated among previously regulated hydroelectric, newly regulated hydroelectric and nuclear operations consistent with the capital structure allocation described in Payment Amounts Order, Appendix A, Table 1a, Note 3. Capitalization reflects change in capital structure to 45% Equity / 55% Debt per EB-2013-0321 Decision with Reasons, p. 115, and application of Board's published ROE of 9.30% for 2015, per EB-2013-0321 Decision with Reasons, p. 117.

- 6 Combined impact of Board adjustments on newly regulated hydroelectric OM&A is as follows:

Table to Note 6 - Newly Regulated Hydroelectric OM&A Adjustments					
Line No.	Item	Reference	Board Adjustments (\$M)		
			2014	2015	Total
			(a)	(b)	(c)
1a	Decrease in Pension & OPEB Costs allocated to newly regulated hydroelectric	EB-2013-0321 Decision p. 87	(23.5)	(17.4)	(41.0)
2a	Reduce OM&A costs for nuclear and hydroelectric by \$100M in each of 2014 and 2015 - allocation to newly regulated hydroelectric *	EB-2013-0321 Decision p. 68	(7.8)	(7.7)	(15.5)
3a	Total	line 1a + line 2a	(31.4)	(25.1)	(56.5)

\* \$100M OM&A reduction is allocated to to previously regulated hydroelectric, newly regulated hydroelectric and nuclear based on total compensation cost as provided in Ex. J9.7, Att. 1. The newly regulated hydroelectric proportion is calculated as Ex. J9.7, Att. 1 line 28 divided by Ex. J9.7, Att. 1 line 34, for the corresponding years.

- 7 Hydroelectric Incentive Mechanism (HIM) revenues have been adjusted per EB-2013-0321 Decision with Reasons, p. 13. The HIM revenue adjustments are net of Surplus Baseload Generation amounts. The adjusted amounts for HIM included in line 21 of Payment Amounts Order, App. A, Table 2 are as computed in Payment Amounts Order, App. A, Table 1b, note 6, Table 2 to Note 6, line 7d.
- 8 See Payment Amounts Order, App. A, Table 1b, Note 7.



Table 3  
Summary of Nuclear Revenue Requirement and Variance and Deferral Account Amortization Amounts (\$M)

Line No.	Description	Note	2014			2015			Total		
			OPG Proposed	Board Adjustment	Board Approved	OPG Proposed	Board Adjustment	Board Approved	OPG Proposed	Board Adjustment	Board Approved
			(a) Note 1	(b)	(c)	(d) Note 1	(e)	(f)	(g) Note 1	(h)	(i)
	<b>Rate Base</b>										
1	Net Fixed Assets		2,963.8	0.0	2,963.8	2,930.6	0.0	2,930.6	N/A	N/A	N/A
2	Working Capital		710.8	0.0	710.8	696.4	0.0	696.4	N/A	N/A	N/A
3	Cash Working Capital		32.0	0.0	32.0	32.0	0.0	32.0	N/A	N/A	N/A
4	<b>Total Rate Base</b>		3,706.7	0.0	3,706.7	3,659.0	0.0	3,659.0	N/A	N/A	N/A
	<b>Capitalization</b>										
5	Short-term Debt	2	44.7	0.5	45.3	45.3	0.6	45.9	N/A	N/A	N/A
6	Long-Term Debt	2	1,183.4	45.8	1,229.2	1,200.3	46.4	1,246.7	N/A	N/A	N/A
7	Common Equity	2	1,089.1	(46.3)	1,042.7	1,104.6	(47.0)	1,057.6	N/A	N/A	N/A
8	Adjustment for Lesser of UNL or ARC	2	1,389.5	0.0	1,389.5	1,308.8	0.0	1,308.8	N/A	N/A	N/A
9	<b>Total Capital</b>		3,706.7	(0.0)	3,706.7	3,659.0	0.0	3,659.0	N/A	N/A	N/A
	<b>Cost of Capital</b>										
10	Short-term Debt	3	1.6	0.0	1.6	2.1	0.0	2.1	3.7	0.0	3.8
11	Long-Term Debt	3	57.4	2.2	59.6	58.3	2.3	60.6	115.7	4.5	120.2
12	Return on Equity	3	101.9	(4.3)	97.6	105.3	(6.9)	98.4	207.2	(11.2)	196.0
13	Adjustment for Lesser of UNL or ARC	3	74.6	0.0	74.6	70.3	0.0	70.3	144.9	0.0	144.9
14	<b>Total Cost of Capital</b>		235.6	(2.1)	233.5	236.0	(4.6)	231.4	471.6	(6.7)	464.8
	<b>Expenses:</b>										
15	OM&A	4	2,401.4	(316.0)	2,085.4	2,419.8	(253.5)	2,166.3	4,821.1	(569.4)	4,251.7
16	Fuel and GRC	5	266.5	2.1	268.6	260.5	2.2	262.6	526.9	4.3	531.2
17	Depreciation & Amortization		273.7	0.0	273.7	288.5	0.0	288.5	562.3	0.0	562.3
18	Property Tax		15.9	0.0	15.9	16.4	0.0	16.4	32.4	0.0	32.4
19	<b>Total Expenses</b>		2,957.5	(313.8)	2,643.6	2,985.2	(251.3)	2,733.9	5,942.7	(565.1)	5,377.5
	<b>Less:</b>										
	<b>Other Revenues</b>										
20	Bruce Lease Revenues Net of Direct Costs		39.7	0.0	39.7	40.6	0.0	40.6	80.3	0.0	80.3
21	Ancillary and Other Revenue	6	33.2	4.4	37.6	30.5	7.1	37.6	63.7	11.5	75.2
22	<b>Total Other Revenues</b>		72.9	4.4	77.3	71.1	7.1	78.2	144.0	11.5	155.5
23	<b>Income Tax</b>	7	108.3	(117.7)	(9.4)	16.8	(26.3)	(9.4)	125.2	(144.0)	(18.8)
24	<b>Revenue Requirement</b> (line 14 + line 19 - line 22 + line 23)		3,228.5	(438.1)	2,790.4	3,166.9	(289.3)	2,877.6	6,395.4	(727.4)	5,668.0
25	<b>Amortization of Variance &amp; Deferral Account Amounts</b>		0.0	0.0	0.0	62.2	0.0	62.2	62.2	0.0	62.2
26	<b>Revenue Requirement Plus Variance &amp; Deferral Account Amounts</b> (line 24 + line 25)		3,228.5	(438.1)	2,790.4	3,229.1	(289.3)	2,939.8	6,457.6	(727.4)	5,730.2

For notes see Table 3a.

Table 3a  
 Notes to Table 3  
Summary of Nuclear Revenue Requirement and Variance and Deferral Account Amortization Amounts

Notes:

- 1 Agrees to Ex. N2-1-1 Table 1 - Summary of Revenue Requirement for 2014 and 2015 as filed in EB-2013-0321.
- 2 Capitalization for OPG's combined regulated operations for January 1 to December 31, 2014 is provided in Payment Amounts Order, Appendix A, Table 5a (OPG Proposed) and Table 5b (Board Approved), and for January 1 to December 31, 2015 is provided in Payment Amounts Order, Appendix A, Table 6a (OPG Proposed) and Table 6b (Board Approved). Capitalization reflects change in capital structure to 45% Equity / 55% Debt per EB-2013-0321 Decision with Reasons, p. 115.

Capital structure amounts are allocated among previously regulated hydroelectric, newly regulated hydroelectric and nuclear consistent with the capital structure allocation described and shown in Payment Amounts Order, Appendix A, Table 1a, Note 3. The resulting allocation ratios are:

Nuclear allocation for 2014:	23.54%
Nuclear allocation for 2015:	23.88%

- 3 Cost of capital for OPG's combined regulated operations is provided in Payment Amounts Order, Appendix A, Tables 5a (2014 OPG Proposed), 5b (2014 Board Approved), 6a (2015 OPG Proposed) and 6b (2015 Board Approved). The cost of capital is allocated among previously regulated hydroelectric, newly regulated hydroelectric and nuclear operations consistent with the capital structure allocation described in Payment Amounts Order, Appendix A, Table 1a, Note 3. Capitalization reflects change in capital structure to 45% Equity / 55% Debt per EB-2013-0321 Decision with Reasons, p. 115, and application of Board's published ROE of 9.30% for 2015, per EB-2013-0321 Decision with Reasons, p. 117.

- 4 Combined impact of Board adjustments on nuclear OM&A is as follows:

Table to Note 4 - Nuclear OM&A Adjustments					
Line No.	Item	Reference	Board Adjustments (\$M)		
			2014	2015	Total
			(a)	(b)	(c)
1a	Decrease in Pension & OPEB Costs allocated to nuclear	EB-2013-0321 Decision p. 87	(228.3)	(165.6)	(393.9)
2a	Reduce OM&A costs for nuclear and hydroelectric by \$100M in each of 2014 and 2015 - allocation to nuclear *	EB-2013-0321 Decision p. 68	(87.7)	(87.8)	(175.5)
3a	Total	line 1a + line 2a	(316.0)	(253.5)	(569.4)

\* \$100M OM&A reduction is allocated to to previously regulated hydroelectric, newly regulated hydroelectric and nuclear based on total compensation cost as provided in Ex. J9.7, Att. 1. The nuclear proportion is calculated as Ex. J9.7, Att. 1 line 8 divided by Ex. J9.7, Att. 1 line 34, for the corresponding years.

- 5 Nuclear fuel cost increased due to increase in nuclear production forecast per EB-2013-0321 Decision with Reasons, pp. 39 and 49.
- 6 Ancillary and Other Revenue increased by \$4.4M in 2014 and \$7.1M in 2015, to \$37.6M in each year per EB-2013-0321 Decision with Reasons, p. 66.
- 7 See Payment Amounts Order, App. A, Table 1b, Note 7.

Table 4  
 Summary of Approved Revenue Requirement Deficiency by Technology (\$M)  
 Test Period January 1, 2014 to December 31, 2015

Line No.	Description	Prev. Regulated Hydroelectric			Newly Regulated Hydroelectric			Nuclear		
		2014	2015	Total	2014	2015	Total	2014	2015	Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Board Approved Forecast Production <sup>1</sup> (TWh)	20.1	21.0	41.1	5.5	12.5	17.9	49.0	46.6	95.6
2	Prescribed Payment Amount from EB-2010-0008 <sup>2</sup> (\$/MWh)	35.78	35.78	N/A	30.0	30.0	N/A	51.52	51.52	N/A
3	Indicated Production Revenue (\$M) (line 1 x line 2)	718.6	752.4	1,471.1	164.3	373.8	538.0	2,524.5	2,400.8	4,925.3
4	Board Approved Revenue Requirement <sup>3</sup> (\$M)	826.6	826.2	1,652.8	246.4	505.5	751.9	2,790.4	2,877.6	5,668.0
5	Revenue Requirement Deficiency (\$M) (line 4 - line 3)	108.0	73.7	181.7	82.1	131.8	213.9	265.9	476.8	742.7

Notes:

- 1 Prev. Reg. Hydro from EB-2013-0321, Ex. N2-1-1, Table 4, line 1.  
 Newly Reg. Hydro from EB-2013-0321, Ex. N2-1-1, Table 7, line 2.  
 Nuclear Forecast production increased by 0.5 TWh in each of 2014 and 2015 per EB-2013-0321 Decision with Reasons, page 39.

Line No.	Item	2014	2015	Total
		(a)	(b)	(c)
1a	Forecast Production from EB-2013-0321, Ex. N2-1-1, Chart 6	48.5	46.1	94.6
2a	Board Adjustments - EB-2013-0321 Decision, p. 39	0.5	0.5	1.0
3a	Board Approved Test Period Forecast Production	49.0	46.6	95.6

- 2 Prev. Reg. Hydro from EB-2010-0008 Payment Amounts Order, Appendix B, Table 1, line 3.  
 As Newly Regulated Hydroelectric was not prescribed at the time of EB-2010-0008, amounts shown assume a forecast market based price of \$30.00/MWh for 2014 and 2015 (EB-2013-0321, Ex. I1-1-2, page 1, lines 26-27).  
 Nuclear from EB-2010-0008 Payment Amounts Order, Appendix C, Table 1, line 3.
- 3 From Payment Amounts Order, App. A, Table 1 (previously regulated hydroelectric), App. C, Table 1 (newly regulated hydroelectric) and App. A, Table 3 (nuclear).

Numbers may not add due to rounding.

Filed: 2014-12-01  
 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix A  
 Table 5a

Table 5a

Summary of Proposed Capitalization and Cost of Capital: January 1, 2014 to December 31, 2014<sup>1</sup>

Line No.	Capitalization	Principal (\$M)	Component (%)	Cost Rate (%)	Cost of Capital (\$M)
		(a)	(b)	(c)	(d)
	<b>Capitalization and Return on Capital:</b>				
1	<b>Short-term Debt</b>	192.2	1.9%	1.87%	7.0
2	<b>Existing/Planned Long-Term Debt</b>	3,372.7	33.9%	4.85%	163.6
3	<b>Other Long-Term Debt Provision</b>	1,712.1	17.2%	4.85%	83.0
4	<b>Total Debt</b>	5,277.0	53.0%	4.81%	253.6
5	<b>Common Equity</b>	4,679.6	47.0%	9.36%	438.0
6	<b>Rate Base Financed by Capital Structure</b>	9,956.7	87.8%	6.95%	691.6
7	<b>Adjustment for Lesser of UNL or ARC</b>	1,389.5	12.2%	5.37%	74.6
8	<b>Rate Base</b>	11,346.1	100%	6.75%	766.2

Notes:

- 1 Amounts in table as per EB-2013-0321, Ex. C1-1-1, Table 2, updated to reflect increase in cost rate for equity from 8.98% to 9.36% as described in Ex. N2-1-1.

Numbers may not add due to rounding.

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 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix A  
 Table 5b

Table 5b  
Summary of Board Approved Capitalization and Cost of Capital: January 1, 2014 to December 31, 2014

Line No.	Capitalization	Note	Principal (\$M)	Component (%)	Cost Rate (%)	Cost of Capital (\$M)
			(a)	(b)	(c)	(d)
	<b>Capitalization and Return on Capital:</b>					
1	<b>Short-term Debt</b>	1	192.2	2.0%	1.87%	7.0
2	<b>Existing/Planned Long-Term Debt</b>	1	3,372.7	34.3%	4.85%	163.6
3	<b>Other Long-Term Debt Provision</b>	1, 2	1,848.7	18.8%	4.85%	89.7
4	<b>Total Debt</b>		5,413.6	55.0%	4.81%	260.2
5	<b>Common Equity</b>	2	4,429.3	45.0%	9.36%	414.6
6	<b>Rate Base Financed by Capital Structure</b>	3	9,843.0	87.6%	6.86%	674.8
7	<b>Adjustment for Lesser of UNL or ARC</b>	4	1,389.5	12.4%	5.37%	74.6
8	<b>Rate Base</b>	3	11,232.4	100%	6.67%	749.4

Notes:

- 1 Long- and short-term debt cost rates as proposed by OPG were approved by the Board (EB-2013-0321 Decision with Reasons, p. 117).
- 2 The Board approved a Debt / Equity ratio of 55% debt, 45% equity (EB-2013-0321 Decision with Reasons, p. 115) and a 9.36% return on common equity (EB-2013-0321 Decision with Reasons, p. 117).
- 3 Reflects changes made per EB-2013-0321 Decision with Reasons, pp. 21 and 30, regarding hydroelectric in-service additions excluding the Niagara Tunnel and the Niagara Tunnel in-service additions, respectively.
- 4 The Board accepted OPG's proposed Adjustment for Lesser of UNL or ARC , the value for which is shown on Payment Amounts Order, App. A, Table 5a, line 7.

Numbers may not add due to rounding.

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 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix A  
 Table 6a

Table 6a

Summary of Proposed Capitalization and Cost of Capital: January 1, 2015 to December 31, 2015<sup>1</sup>

Line No.	Capitalization	Principal (\$M)	Component (%)	Cost Rate (%)	Cost of Capital (\$M)
		(a)	(b)	(c)	(d)
	<b>Capitalization and Return on Capital:</b>				
1	<b>Short-term Debt</b>	192.2	1.9%	2.89%	9.0
2	<b>Existing/Planned Long-Term Debt</b>	3,481.6	34.9%	4.86%	169.2
3	<b>Other Long-Term Debt Provision</b>	1,606.6	16.1%	4.86%	78.1
4	<b>Total Debt</b>	5,280.4	53.0%	4.85%	256.2
5	<b>Common Equity</b>	4,682.6	47.0%	9.53%	446.3
6	<b>Rate Base Financed by Capital Structure</b>	9,963.0	88.4%	7.05%	702.5
7	<b>Adjustment for Lesser of UNL or ARC</b>	1,308.8	11.6%	5.37%	70.3
8	<b>Rate Base</b>	11,271.8	100%	6.86%	772.8

Notes:

- 1 Amounts in table as per EB-2013-0321, Ex. C1-1-1, Table 1, updated to reflect increase in cost rate for equity from 8.98% to 9.53% as described in Ex. N2-1-1.

Numbers may not add due to rounding.

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 Draft Payment Amounts Order  
 Appendix A  
 Table 6b

Table 6b  
Summary of Board Approved Capitalization and Cost of Capital: January 1, 2015 to December 31, 2015

Line No.	Capitalization	Note	Principal (\$M)	Component (%)	Cost Rate (%)	Cost of Capital (\$M)
			(a)	(b)	(c)	(d)
	<b>Capitalization and Return on Capital:</b>					
1	<b>Short-term Debt</b>	1	192.2	2.0%	2.89%	9.0
2	<b>Existing/Planned Long-Term Debt</b>	1	3,481.6	35.4%	4.86%	169.2
3	<b>Other Long-Term Debt Provision</b>	1, 2	1,738.1	17.7%	4.86%	84.5
4	<b>Total Debt</b>		5,411.9	55.0%	4.85%	262.6
5	<b>Common Equity</b>	2	4,427.9	45.0%	9.30%	411.8
6	<b>Rate Base Financed by Capital Structure</b>	3	9,839.8	88.3%	6.85%	674.4
7	<b>Adjustment for Lesser of UNL or ARC</b>	4	1,308.8	11.7%	5.37%	70.3
8	<b>Rate Base</b>	3	11,148.6	100%	6.68%	744.7

Notes:

- 1 Long- and short-term debt cost rates as proposed by OPG were approved by the Board (EB-2013-0321 Decision with Reasons, p. 117).
- 2 The Board approved a Debt / Equity ratio of 55% debt, 45% equity (EB-2013-0321 Decision with Reasons, p. 115). A 2015 return on common equity of 9.30% is based on the Board's ROE published on November 20, 2014 (per EB-2013-0321 Decision with Reasons, p. 117).
- 3 Reflects changes made per EB-2013-0321 Decision with Reasons, pp. 21 and 30, regarding hydroelectric in-service additions excluding the Niagara Tunnel and the Niagara Tunnel in-service additions, respectively.
- 4 The Board accepted OPG's proposed Adjustment for Lesser of UNL or ARC, the value for which is shown on Payment Amounts Order, App. A, Table 6a, line 7.

Numbers may not add due to rounding.

Filed: 2014-12-01  
 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix A  
 Table 7

Table 7  
 Summary of Changes in Regulatory Income Taxes for Prescribed Facilities (\$M)  
Year Ending December 31, 2014

Line No.	Particulars	Note	OPG Proposed	Board Adjustment	Board Approved
			(a)	(b)	(c)
			Note 1		
	<b>Determination of Regulatory Taxable Income</b>				
1	Regulatory Earnings Before Tax	2	598.6	(22.8)	575.7
	<b>Additions for Regulatory Tax Purposes:</b>				
2	Depreciation and Amortization	3	418.0	(1.2)	416.7
3	Nuclear Waste Management Expenses		59.3	0.0	59.3
4	Receipts from Nuclear Segregated Funds		62.6	0.0	62.6
5	Pension and OPEB/SPP Accrual	4	675.8	(675.8)	0.0
6	Regulatory Asset Amortization - Bruce Lease Net Revenues Variance Account		41.9	0.0	41.9
7	Regulatory Liability Amortization - Income and Other Taxes Variance Account		(12.4)	0.0	(12.4)
8	Adjustment Related to Financing Cost for Nuclear Liabilities		74.6	0.0	74.6
9	Taxable SR&ED Investment Tax Credits of Prior Periods		14.8	0.0	14.8
10	Other		45.9	0.0	45.9
11	<b>Total Additions</b>		<b>1,380.5</b>	<b>(677.0)</b>	<b>703.4</b>
	<b>Deductions for Regulatory Tax Purposes:</b>				
12	Capital Cost Allowance	3	419.0	(22.3)	396.6
13	Cash Expenditures for Nuclear Waste & Decommissioning		148.8	0.0	148.8
14	Contributions to Nuclear Segregated Funds		170.1	0.0	170.1
15	Pension Plan Contributions	4	357.6	(357.6)	0.0
16	OPEB/SPP Payments	4	89.6	(89.6)	0.0
17	Reversal of Return on Rate Base Recorded in Capacity Refurbishment Variance Account		0.0	0.0	0.0
18	SR&ED Qualifying Capital Expenditures		0.0	0.0	0.0
19	Other		0.5	0.0	0.5
20	<b>Total Deductions</b>		<b>1,185.6</b>	<b>(469.5)</b>	<b>716.1</b>
21	Regulatory Taxable Income Before Tax Loss Carry-Over (line 1 + line 11 - line 20)		793.5	(230.4)	563.1
22	Tax Loss Carry-Over	5	0.0	(284.0)	(284.0)
23	Regulatory Taxable Income After Tax Loss Carry-Over (line 21 + line 22)		793.5	(514.4)	279.1
24	Regulatory Income Taxes - Federal (line 23 x line 28)		119.0	(77.1)	41.9
25	Regulatory Income Taxes - Provincial (line 23 x (line 29 + line 30))		79.3	(51.4)	27.9
26	Regulatory Income Taxes - SR&ED Investment Tax Credits		(10.4)	0.0	(10.4)
27	<b>Total Regulatory Income Taxes (line 24 + line 25 + line 26)</b>		<b>188.0</b>	<b>(128.5)</b>	<b>59.4</b>
	<b>Income Tax Rate:</b>				
28	Federal Tax		15.00%	0.0	15.00%
29	Provincial Tax		11.00%	0.0	11.00%
30	Provincial Manufacturing & Processing Profits Deduction		-1.00%	0.0	-1.00%
31	<b>Total Income Tax Rate</b>		<b>25.00%</b>	<b>0.0</b>	<b>25.00%</b>

For notes see Table 7a.



Numbers may not add due to rounding.

Filed: 2014-12-01  
 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix A  
 Table 7a

Table 7a  
 Notes to Table 7  
 Summary of Changes in Regulatory Income Taxes for Prescribed Facilities (\$M)  
Year Ending December 31, 2014

Notes:

1 Amounts are those presented in J11.12, Att. 1

2 Regulatory Earnings Before Tax are calculated as follows:

Line No.	Item	Reference for Col. (c)	OPG Proposed (a)	Board Adjustment (b)	Board Approved (c)
			Note 1		
1a	After Tax Return on Equity	Payment Amounts Order, App. A, Table 5b, line 5, col. (d)	438.0	(23.4)	414.6
2a	Less: Bruce Lease Net Revenues	Payment Amounts Order, App. A, Table 3, line 20, col. (c)	39.7	0.0	39.7
3a	Single Payment Amounts Adjustment		12.3	129.1	141.4
4a		line 1a - line 2a + line 3a	410.6	105.7	516.3
5a	Additions for Regulatory Tax Purposes	line 11	1,380.5	(677.0)	703.4
6a	Deductions for Regulatory Tax Purposes	line 20	1,185.6	(469.5)	716.1
7a		line 4a + line 5a - line 6a	605.5	(101.8)	503.7
8a	Regulatory Income Taxes Before Tax Loss Carry-Over - Federal	(lines 7a + 14a + 26) x line 28 / (1 - line 31)	119.0	(34.6)	84.5
9a	Regulatory Income Taxes Before Tax Loss Carry-Over - Provincial	(lines 7a + 14a + 26) x (lines 29 + 30) / (1 - line 31)	79.3	(23.0)	56.3
10a	Regulatory Income Taxes - SR&ED Investment Tax Credits	line 26	(10.4)	0.0	(10.4)
11a	Total Regulatory Income Taxes Before Loss Carry-Over	line 8a + line 9a + line 10a	188.0	(57.6)	130.4
12a	Decrease in Regulatory Income Taxes Due to Tax Loss Carry-Over - Federal	line 22 x line 28	0.0	(42.6)	(42.6)
13a	Decrease in Regulatory Income Taxes Due to Tax Loss Carry-Over - Provincial	line 22 x (line 29 + line 30)	0.0	(28.4)	(28.4)
14a	Reduction in Total Regulatory Income Taxes Due to Tax Loss Carry-Over	line 12a + line 13a	0.0	(71.0)	(71.0)
15a	Regulatory Income Taxes After Tax Loss Carry-Over - Federal	line 8a + line 12a	119.0	(77.1)	41.9
16a	Regulatory Income Taxes After Tax Loss Carry-Over - Provincial	line 9a + line 13a	79.3	(51.4)	27.9
17a	Regulatory Income Taxes - SR&ED Investment Tax Credits	line 26	(10.4)	0.0	(10.4)
18a	Total Regulatory Income Taxes After Tax Loss Carry-Over	line 15a + line 16a + line 17a	188.0	(128.6)	59.4
19a	After Tax Return on Equity	line 1a	438.0	(23.4)	414.6
20a	Less: Bruce Lease Net Revenues	line 2a	39.7	0.0	39.7
21a	Add: Total Regulatory Income Taxes After Tax Loss Carry-Over	line 18a	188.0	(128.6)	59.4
22a	Single Payment Amounts Adjustment		12.3	129.1	141.4
23a	Regulatory Earnings Before Tax	lines 19a - 20a + 21a + 22a	598.6	(22.9)	575.7

3 Board-approved amounts for depreciation and amortization expense and Capital Cost Allowance reflect adjustments resulting from Board-adjusted hydroelectric in-service amounts, including the Niagara Tunnel, as described in Payment Amounts Order, Table 1a, note 2 and Table 2a, note 3. The CCA adjustment in 2014 includes corresponding reductions to early CCA claimed by OPG in prior years for capital expenditures on the Niagara Tunnel prior to its coming in service.

4 As a result of the Board's direction to set approved pension and OPEB costs equal to corresponding cash amounts (EB-2013-0321 Decision with Reasons, p. 87), in calculating Board-approved regulatory income taxes, no addition to regulatory earnings before tax is required for accrual pension and OPEB costs and no corresponding deduction is required for pension and OPEB cash amounts. Regulatory taxable income at line 21, col. (c) reflects the deduction for the cash pension and OPEB amounts, as these amounts are deducted as part of OM&A expenses in calculating regulatory earnings before tax at line 1, col. (c).

5 Tax loss carry-over in col. (c) consists of the application of the 2013 nuclear regulatory tax loss of \$211.6M as directed by the Board (Decision with Reasons, p. 101) to the nuclear portion of the 2014 regulatory taxable income, followed by the carry-back of a \$72.4M portion of the 2015 forecast stand-alone nuclear regulatory tax loss (Payment Amounts Order, App. A, Table 8, line 22, col. (c)), up to the amount of the remaining nuclear regulatory taxable income in 2014.

Numbers may not add due to rounding.

Filed: 2014-12-01  
 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix A  
 Table 8

Table 8  
 Summary of Changes in Regulatory Income Taxes for Prescribed Facilities (\$M)  
 Year Ending December 31, 2015

Line No.	Particulars	Note	OPG Proposed (a)	Board Adjustment (b)	Board Approved (c)
			Note 1		
	<b>Determination of Regulatory Taxable Income</b>				
1	Regulatory Earnings Before Tax	2	517.1	(230.8)	286.3
	<b>Additions for Regulatory Tax Purposes:</b>				
2	Depreciation and Amortization	3	433.6	(1.5)	432.1
3	Nuclear Waste Management Expenses		62.2	0.0	62.2
4	Receipts from Nuclear Segregated Funds		116.5	0.0	116.5
5	Pension and OPEB/SPP Accrual	4	618.1	(618.1)	0.0
6	Regulatory Asset Amortization - Bruce Lease Net Revenues Variance Account		0.0	0.0	0.0
7	Regulatory Liability Amortization - Income and Other Taxes Variance Account		0.0	0.0	0.0
8	Adjustment Related to Financing Cost for Nuclear Liabilities		70.3	0.0	70.3
9	Taxable SR&ED Investment Tax Credits of Prior Periods		10.4	0.0	10.4
10	Other		49.7	0.0	49.7
11	<b>Total Additions</b>		<b>1,360.8</b>	<b>(619.6)</b>	<b>741.3</b>
	<b>Deductions for Regulatory Tax Purposes:</b>				
12	Capital Cost Allowance	3	467.0	(5.7)	461.3
13	Cash Expenditures for Nuclear Waste & Decommissioning		197.5	0.1	197.6
14	Contributions to Nuclear Segregated Funds		172.8	0.0	172.8
15	Pension Plan Contributions	4	407.6	(407.6)	0.0
16	OPEB/SPP Payments	4	95.8	(95.8)	0.0
17	Reversal of Return on Rate Base Recorded in Capacity Refurbishment Variance Account		0.0	0.0	0.0
18	SR&ED Qualifying Capital Expenditures		0.0	0.0	0.0
19	Other		0.5	0.0	0.5
20	<b>Total Deductions</b>		<b>1,341.2</b>	<b>(509.0)</b>	<b>832.2</b>
21	Regulatory Taxable Income Before Tax Loss Carry-Over (line 1 + line 11 - line 20)		536.6	(341.3)	195.3
22	Tax Loss Carry-Over	5	0.0	72.4	72.4
23	Regulatory Taxable Income After Tax Loss Carry-Over (line 21 + line 22)		536.6	(268.9)	267.7
24	Regulatory Income Taxes - Federal (line 23 x line 28)		80.5	(40.3)	40.2
25	Regulatory Income Taxes - Provincial (line 23 x (line 29 + line 30))		53.7	(26.9)	26.8
26	Regulatory Income Taxes - SR&ED Investment Tax Credits		(10.4)	0.0	(10.4)
27	<b>Total Regulatory Income Taxes (line 24 + line 25 + line 26)</b>		<b>123.8</b>	<b>(67.2)</b>	<b>56.5</b>
	<b>Income Tax Rate:</b>				
28	Federal Tax		15.00%	0.0	15.00%
29	Provincial Tax		11.00%	0.0	11.00%
30	Provincial Manufacturing & Processing Profits Deduction		-1.00%	0.0	-1.00%
31	<b>Total Income Tax Rate</b>		<b>25.00%</b>	<b>0.0</b>	<b>25.00%</b>

For notes see Table 8a.

Numbers may not add due to rounding.

Filed: 2014-12-01  
EB-2013-0321  
Draft Payment Amounts Order  
Appendix A  
Table 8a

Table 8a  
Notes to Table 8  
Summary of Changes in Regulatory Income Taxes for Prescribed Facilities (\$M)  
Year Ending December 31, 2015

Notes:

1 Amounts are those presented in J11.12, Att. 1

2 Regulatory Earnings Before Tax are calculated as follows:

Line No.	Item	Reference for Col. (c)	OPG Proposed (a)	Board Adjustment (b)	Board Approved (c)
			Note 1		
1a	After Tax Return on Equity	Payment Amounts Order, App. A, Table 6b, line 5, col. (d)	446.3	(34.5)	411.8
2a	Less: Bruce Lease Net Revenues	Payment Amounts Order, App. A, Table 3, line 20, col. (f)	40.6	0.0	40.6
3a	Single Payment Amounts Adjustment		(12.3)	(129.1)	(141.4)
4a		line 1a - line 2a + line 3a	393.3	(163.5)	229.8
5a	Additions for Regulatory Tax Purposes	line 11	1,360.8	(619.6)	741.3
6a	Deductions for Regulatory Tax Purposes	line 20	1,341.2	(509.0)	832.2
7a		line 4a + line 5a - line 6a	412.9	(274.1)	138.8
8a	Regulatory Income Taxes Before Tax Loss Carry-Over - Federal	(lines 7a + 14a + 26) x line 28 / (1 - line 31)	80.5	(51.2)	29.3
9a	Regulatory Income Taxes Before Tax Loss Carry-Over - Provincial	(lines 7a + 14a + 26) x (lines 29 + 30) / (1 - line 31)	53.7	(34.1)	19.5
10a	Regulatory Income Taxes - SR&ED Investment Tax Credits	line 26	(10.4)	0.0	(10.4)
11a	Total Regulatory Income Taxes Before Loss Carry-Over	line 8a + line 9a + line 10a	123.8	(85.3)	38.4
12a	Increase in Regulatory Income Taxes Due to Tax Loss Carry-Over - Federal	line 22 x line 28	0.0	10.9	10.9
13a	Increase in Regulatory Income Taxes Due to Tax Loss Carry-Over - Provincial	line 22 x (line 29 + line 30)	0.0	7.2	7.2
14a	Reduction in Total Regulatory Income Taxes Due to Tax Loss Carry-Over	line 12a + line 13a	0.0	18.1	18.1
15a	Regulatory Income Taxes After Tax Loss Carry-Over - Federal	line 8a + line 12a	80.5	(40.3)	40.2
16a	Regulatory Income Taxes After Tax Loss Carry-Over - Provincial	line 9a + line 13a	53.7	(26.9)	26.8
17a	Regulatory Income Taxes - SR&ED Investment Tax Credits	line 26	(10.4)	0.0	(10.4)
18a	Total Regulatory Income Taxes After Tax Loss Carry-Over	line 15a + line 16a + line 17a	123.8	(67.3)	56.5
19a	After Tax Return on Equity	line 1a	446.3	(34.5)	411.8
20a	Less: Bruce Lease Net Revenues	line 2a	40.6	0.0	40.6
21a	Add: Total Regulatory Income Taxes After Tax Loss Carry-Over	line 18a	123.8	(67.3)	56.5
22a	Single Payment Amounts Adjustment		(12.3)	(129.1)	(141.4)
23a	Regulatory Earnings Before Tax	lines 19a - 20a + 21a + 22a	517.1	(230.8)	286.3

3 See Payment Amounts Order, App. A, Table 7a, Note 3.

4 See Payment Amounts Order, App. A, Table 7a, Note 4.

5 Tax loss carry-over in col. (c) reflects the carry-back of a \$72.4M portion of the 2015 forecast stand-alone nuclear regulatory tax loss to 2014, up to the amount of the nuclear portion of the 2014 regulatory taxable income, as described in Payment Amounts Order, App. A, Table 7a, Note 5.

Numbers may not add due to rounding.

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 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix A  
 Table 9

Table 9  
 Annualized Residential Consumer Impact  
 Board Approved Revenue Requirement  
Test Period January 1, 2014 to December 31, 2015

Line No.	Description	Amount
		(a)
1	<b>Typical Consumption<sup>1</sup> (kWh/Month)</b>	842
2	<b>Typical Usage of OPG Generation (kWh/Month)</b> (line 1 x line 11)	461
3	<b>Typical Bill<sup>2</sup> (\$/Month)</b>	118.69
4	<b>Typical Bill Impact (\$/Month)</b> (line 2 x line 8 / 1000)	<b>2.53</b>
5	<b>Typical Bill Impact (%)</b> (line 4 / line 3)	<b>2.1%</b>
6	Current OPG weighted average Rate <sup>3</sup> (\$/MWh)	49.52
7	Payment Amounts Order OPG test period weighted average Rate <sup>3</sup> (\$/MWh)	55.01
8	Change in OPG weighted average Rate (\$/MWh) (line 7 - line 6)	5.49
9	Payment Amounts Order Forecast 2014-15 OPG Regulated Production <sup>4</sup> (TWh)	154.6
10	Forecast of Provincial Demand <sup>5</sup> (TWh)	282.4
11	OPG Proportion of Consumer Usage (line 9 / line 10)	54.8%

Notes:

- 1 From EB-2013-0321, Ex. I1-1-2, Table 1, line 1.
- 2 From EB-2013-0321, Ex. I1-1-2, Table 1, line 3.
- 3 From Payment Amounts Order, Appendix A, Table 9a, line 11.
- 4 From Payment Amounts Order, Appendix A, Table 9a, line 7.
- 5 From EB-2013-0321, Ex. I1-1-2, Table 1, line 10.

Numbers may not add due to rounding.

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 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix A  
 Table 9a

Table 9a  
 Computation of Percent Change in Payment Amounts  
EB-2010-0008/EB-2012-0002 to EB-2013-0321

Line No.	Description	Note	EB-2010-0008/ EB-2012-0002 Board Approved Payment Amounts	EB-2013-0321 Payment Amounts Order	Percent Change In Payment Amounts
			(a)	(b)	(c)
1	Previously Regulated Hydroelectric Rate Including Rider (\$/MWh)	1	38.82	44.28	14%
2	Newly Regulated Hydroelectric Rate (\$/MWh)	2	30.00	41.93	40%
3	Nuclear Rate Including Rider (\$/MWh)	3	57.79	62.08	7%
4	Forecast 2014-15 Previously Regulated Hydroelectric Production (TWh)	4	41.1	41.1	
5	Forecast 2014-15 Newly Regulated Hydroelectric Production (TWh)	4	17.9	17.9	
6	Forecast 2014-15 Nuclear Production (TWh)	4	95.6	95.6	
7	Total 2014-15 Production (TWh) (line 4 + line 5 + line 6)		154.6	154.6	
8	Previously Regulated Hydroelectric Portion of Production-Weighted Average Rate (\$/MWh) (line 1 x line 4 / line 7)		10.32	11.77	
9	Newly Regulated Hydroelectric Portion of Production-Weighted Average Rate (\$/MWh) (line 2 x line 5 / line 7)		3.48	4.86	
10	Nuclear Portion of Production-Weighted Average Rate (\$/MWh) (line 3 x line 6 / line 7)		35.72	38.38	
11	Total Production-Weighted Average Rate (\$/MWh) (line 8 + line 9 + line 10)		49.52	55.01	
12	OVERALL CHANGE IN PAYMENT AMOUNTS FROM EB-2010-0008/EB-2012-0002 TO EB-2013-0321  ((line 11 col. (b) / line 11 col. (a)) -1)				11.1%

Notes:

- Col. (a) is payment amount from EB-2010-0008 Payment Amounts Order, Appendix B, Table 1, line 3 (\$35.78/MWh) plus Hydroelectric Rider 2013-A from EB-2012-0002 Payment Amounts Order, pg. 4, para. 3 (\$3.04/MWh).  
Col. (b) amount is payment amount from EB-2013-0321 Payment Amounts Order, App. B, Table 1, line 3, plus EB-2012-0002 Approved Hydroelectric Rider 2014-A (\$2.02/MWh) multiplied by 2014 previously regulated hydroelectric production from EB-2013-0321 Payment Amounts Order, App. A, Table 4, line 1, col. (a) divided by 2014-15 Test Period previously regulated hydroelectric production from EB-2013-0321 Payment Amounts Order, App. B, Table 1, line 2, plus Test Period Deferral & Variance Account amortization for previously regulated hydroelectric from EB-2013-0321 Payment Amounts Order, App. A, Table 1, line 25, col. (f), divided by 2014-15 Test Period previously regulated hydroelectric production from EB-2013-0321 Payment Amounts Order, App. B, Table 1, line 2.
- As Newly Regulated Hydroelectric was not prescribed at the time of EB-2010-0008, amount shown in col. (a) assumes a forecast market based price of \$30.00/MWh for 2014 and 2015 (EB-2013-0321, Ex. I1-1-2, page 1, lines 26-27).  
Col. (b) amount is payment amount from EB-2013-0321 Payment Amounts Order, App. C, Table 1.
- Col. (a) is payment amount from EB-2010-0008 Payment Amounts Order, Appendix C, Table 1, line 3 (\$51.52/MWh) plus Nuclear Rider 2013-A from EB-2012-0002 Payment Amounts Order, pg. 5, para. 6 (\$6.27/MWh).  
Col. (b) amount is payment amount from EB-2013-0321 Payment Amounts Order, App. D, Table 1, line 3, plus EB-2012-0002 Approved Nuclear Rider 2014-A (\$4.18/MWh) multiplied by 2014 nuclear production from EB-2013-0321 Payment Amounts Order, App. A, Table 4, line 1, col. (g) divided by 2014-15 Test Period nuclear production from EB-2013-0321 Payment Amounts Order, App. D, Table 1, line 2, plus Test Period Deferral & Variance Account amortization for nuclear from EB-2013-0321 Payment Amounts Order, App. A, Table 1, line 25, col. (i), divided by 2014-15 Test Period nuclear production from EB-2013-0321 Payment Amounts Order, App. D, Table 1, line 2.
- Prev. Reg. Hydro from EB-2013-0321 Payment Amounts Order, App. B, Table 1, line 2.  
Newly Reg. Hydro from EB-2013-0321 Payment Amounts Order, App. C, Table 1, line 2, col. (c).  
Nuclear from EB-2013-0321 Payment Amounts Order, App. D, Table 1, line 2.  
Forecast production is held constant in cols. (a) and (b) at values approved in the EB-2013-0321 Payment Amounts Order in order to isolate the effect of the overall change in payment amounts.

Numbers may not add due to rounding.

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EB-2013-0321  
Draft Payment Amounts Order  
Appendix B  
Table 1

Table 1  
Payment Amount and Rider - Previously Regulated Hydroelectric  
Test Period January 1, 2014 to December 31, 2015

Line No.	Description	2014-2015 Test Period
		(a)
	<b><u>PAYMENT AMOUNT:</u></b>	
1	Revenue Requirement <sup>1</sup> (\$M)	1,652.8
2	Forecast Production <sup>2</sup> (TWh)	41.1
3	Payment Amount <sup>3</sup> (\$/MWh) (line 1 / line 2)	40.20
	<b><u>DEFERRAL AND VARIANCE ACCOUNT PAYMENT RIDER:</u></b>	
4	2015 Payment Rider <sup>4</sup> (\$/MWh)	6.04

Notes:

- 1 From Payment Amounts Order, Appendix A, Table 1, line 24.
- 2 From Payment Amounts Order, Appendix A, Table 4, line 1.
- 3 Payment amount shown becomes effective November 1, 2014.
- 4 From Payment Amounts Order Appendix E, Table 1, line 15.

Numbers may not add due to rounding.

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EB-2013-0321  
Draft Payment Amounts Order  
Appendix C  
Table 1

Table 1  
Payment Amount - Newly Regulated Hydroelectric  
July 1, 2014 to December 31, 2015

Line No.	Description	July 1 - December 31 2014	2015	July 1, 2014 - December 31, 2015 Total
		(a)	(b)	(c)
	<b><u>PAYMENT AMOUNT:</u></b>			
1	Revenue Requirement <sup>1</sup> (\$M)	246.4	505.5	751.9
2	Forecast Production <sup>2</sup> (TWh)	5.5	12.5	17.9
3	Payment Amount <sup>3</sup> (\$/MWh) (line 1 / line 2)			41.93

Notes:

- 1 Col. (a) is 2014 Newly Regulated Hydroelectric Revenue Requirement (from Payment Amounts Order, App. A, Table 2, col. (c), line 24) times 0.5. Col. (b) from Payment Amounts Order, Appendix A, Table 2, col. (f), line 24.
- 2 From Ex. N2-1-1 Table 7, line 2.
- 3 Payment amount shown becomes effective November 1, 2014.

Numbers may not add due to rounding.

Filed: 2014-12-01  
EB-2013-0321  
Draft Payment Amounts Order  
Appendix D  
Table 1

Table 1  
Payment Amount and Rider - Nuclear  
Test Period January 1, 2014 to December 31, 2015

Line No.	Description	2014-2015 Test Period
		(a)
	<b><u>PAYMENT AMOUNT:</u></b>	
1	Revenue Requirement <sup>1</sup> (\$M)	5,668.0
2	Forecast Production <sup>2</sup> (TWh)	95.6
3	Payment Amount <sup>3</sup> (\$/MWh) (line 1 / line 2)	59.29
	<b><u>DEFERRAL AND VARIANCE ACCOUNT PAYMENT RIDER:</u></b>	
4	2015 Payment Rider <sup>4</sup> (\$/MWh)	1.33

Notes:

- 1 From Payment Amounts Order, Appendix A, Table 3, line 24.
- 2 From Payment Amounts Order, Appendix A, Table 4, line 1.
- 3 Payment amount shown becomes effective November 1, 2014.
- 4 From Payment Amounts Order Appendix F Table 1, line 18.



Numbers may not add due to rounding.

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 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix E  
 Table 1

Table 1  
Calculation of Deferral and Variance Account Recovery Payment Rider - Previously Regulated Hydroelectric (\$M)

Line No.	Account	Actual Balance at December 31, 2013 <sup>1</sup>	EB-2012-0002 Board Approved Amortization 2014 <sup>2</sup>	(a)-(b) Actual 2013 Balance Less 2014 Approved Amortization	Board Approved Recovery Period (Months)	Board Approved Amortization 2015 <sup>3</sup>
		(a)	(b)	(c)	(d)	(e)
1	Hydroelectric Water Conditions Variance	22.4	6.8	15.6	N/A	N/A
2	Ancillary Services Net Revenue Variance - Hydroelectric	15.8	13.6	2.2	N/A	N/A
3	Hydroelectric Incentive Mechanism Variance	(5.0)	N/A	(5.0)	12	(5.0)
4	Hydroelectric Surplus Baseload Generation Variance	19.2	N/A	19.2	12	19.2
5	Income and Other Taxes Variance - Hydroelectric	(1.1)	(1.0)	(0.1)	N/A	N/A
6	Tax Loss Variance - Hydroelectric	19.7	19.3	0.5	N/A	N/A
7	Capacity Refurbishment Variance - Hydroelectric <sup>4</sup>	112.7	N/A	112.7	12	112.7
8	Pension and OPEB Cost Variance - Nuclear - Historic	1.0	1.0	0.0	N/A	N/A
9	Pension and OPEB Cost Variance - Nuclear - Future	11.3	0.8	10.5	N/A	N/A
10	Pension and OPEB Cost Variance - Nuclear - 2013 Additions	18.6	N/A	18.6	N/A	N/A
11	Impact for USGAAP Deferral - Hydroelectric	1.2	1.1	0.0	N/A	N/A
12	Hydroelectric Deferral and Variance Over/Under Recovery Variance	1.3	(1.5)	2.9	N/A	N/A
13	<b>Total</b> (lines 1 through 12)	217.3	40.2	177.2		127.0
14	<b>Forecast 2015 Production<sup>5</sup> (TWh)</b>					21.0
15	<b>Previously Regulated Hydroelectric Payment Rider (\$/MWh)</b> (line 13 / line 14)					6.04

Notes:

- 1 From Ex. N2-1-1, Table 9, col. (a).
- 2 From EB-2012-0002 Payment Amounts Order Appendix B, Table B-1, with the exception of lines 3, 4, 7 and 10. As proposed by OPG, no additional amortization for 2014 is approved in this Payment Amounts Order.
- 3 For lines 3, 4 and 7, amount is col. (c) amount x 12 months / recovery period in col. (d).
- 4 Amortization period for Capacity Refurbishment Variance Account - Hydroelectric changed from OPG-proposed 24 months to Board-approved 12 months, per EB-2013-0321 Decision with Reasons, p. 119.
- 5 From Payment Amounts Order, Appendix A, Table 4, col. (b), line 1.

Numbers may not add due to rounding.

Filed: 2014-12-01  
 EB-2013-0321  
 Draft Payment Amounts Order  
 Appendix F  
 Table 1

Table 1  
Calculation of Deferral and Variance Account Recovery Payment Rider - Nuclear (\$M)

Line No.	Account	Actual Balance at December 31, 2013 <sup>1</sup>	EB-2012-0002 Board Approved Amortization 2014 <sup>2</sup>	(a)-(b) Actual 2013 Balance Less 2014 Approved Amortization	Board Approved Recovery Period (Months)	Board Approved Amortization 2015 <sup>3</sup>
		(a)	(b)	(c)	(d)	(e)
1	<b>Nuclear Liability Deferral</b>	254.0	49.9	204.1	N/A	N/A
2	<b>Nuclear Development Variance</b>	56.5	N/A	56.5	12	56.5
3	<b>Ancillary Services Net Revenue Variance - Nuclear</b>	1.9	0.7	1.3	N/A	N/A
4	<b>Capacity Refurbishment Variance - Nuclear - Capital Portion</b>	5.7	N/A	5.7	12	5.7
5	<b>Capacity Refurbishment Variance - Nuclear - Non-Capital Portion</b>	8.9	4.7	4.1	N/A	N/A
6	<b>Bruce Lease Net Revenues Variance - Derivative Sub-Account</b>	214.4	27.0	187.4	N/A	N/A
7	<b>Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account</b>	138.2	15.0	123.3	N/A	N/A
8	<b>Income and Other Taxes Variance - Nuclear</b>	(17.9)	(13.0)	(4.9)	N/A	N/A
9	<b>Tax Loss Variance - Nuclear</b>	103.8	101.3	2.5	N/A	N/A
10	<b>Pension and OPEB Cost Variance - Nuclear - Historic</b>	20.7	20.9	(0.2)	N/A	N/A
11	<b>Pension and OPEB Cost Variance - Nuclear - Future</b>	231.8	17.2	214.7	N/A	N/A
12	<b>Pension and OPEB Cost Variance - Nuclear - 2013 Additions</b>	383.7	N/A	383.7	N/A	N/A
13	<b>Impact for USGAAP Deferral - Nuclear</b>	24.7	24.1	0.6	N/A	N/A
14	<b>Pickering Life Extension Depreciation Variance</b>	9.5	(37.5)	47.0	N/A	N/A
15	<b>Nuclear Deferral and Variance Over/Under Recovery Variance</b>	42.6	2.8	39.8	N/A	N/A
16	<b>Total (lines 1 through 15)</b>	1,478.5	213.0	1,265.5		62.2
17	<b>Forecast 2015 Production<sup>4</sup> (TWh)</b>					46.6
18	<b>Nuclear Payment Rider (\$/MWh) (line 16 / line 17)</b>					1.33

Notes:

- 1 From Ex. N2-1-1, Table 10, col. (a).
- 2 From EB-2012-0002 Payment Amounts Order Appendix B, Table B-1, with the exception of lines 2, 4 and 12. As proposed by OPG, no additional amortization for 2014 is approved in this Payment Amounts Order.
- 3 For lines 2 and 4, amount is col. (c) amount x 12 months / recovery period in col. (d).
- 4 From Payment Amounts Order, Appendix A, Table 4, col. (h), line 1.

## Appendix G: Deferral and Variance Accounts

### CLEARANCE OF EXISTING DEFERRAL AND VARIANCE ACCOUNTS

With respect to the deferral and variance accounts established by O. Reg. 53/05 and the Board's decisions and orders in EB-2007-0905, EB-2009-0038, EB-2009-0174, EB-2010-0008, EB-2011-0090, EB-2011-0432 and EB-2012-0002, the Board approves the recovery of the December 31, 2013 balances in the accounts or portions of accounts, as provided the following table, over the twelve month period, January 1, 2015 through December 31, 2015.

**Chart G-1**

<b>Account</b>	<b>Approved December 31, 2013 Balances (\$M)</b>
Hydroelectric Incentive Mechanism Variance	(5.0)
Hydroelectric Surplus Baseload Generation Variance	19.2
Capacity Refurbishment Variance – Hydroelectric	112.7
Nuclear Development Variance	56.5
Capacity Refurbishment Variance – Nuclear - Capital Portion	5.7

The Board approves OPG's recovery of the above approved balances in the previously regulated hydroelectric deferral and variance accounts using a payment amount rider. A payment rider of \$6.04/MWh, as determined in Appendix E, Table 1, shall apply to OPG's previously regulated hydroelectric production for the period from January 1, 2015 to December 31, 2015.

The Board approves OPG's recovery of the above approved balances in the nuclear deferral and variance accounts using a payment amount rider. A payment rider of \$1.33/MWh, as determined in Appendix F, Table 1, shall apply to OPG's nuclear production for the period from January 1, 2015 to December 31, 2015.

For the period January 1, 2014 to October 31, 2014, OPG shall continue to record entries into the deferral and variance accounts established by O. Reg. 53/05 and the applicable previous decisions and orders of the Board pursuant to the methodologies established by O. Reg. 53/05 and such decisions and orders.

## **CONTINUING DEFERRAL AND VARIANCE ACCOUNTS**

Unless otherwise stated in this Order, effective November 1, 2014, OPG shall continue to record entries into the deferral and variance accounts authorized by O. Reg. 53/05 and the applicable decisions and orders of the Board pursuant to the methodologies established by O. Reg. 53/05 and such decisions and orders, as outlined in OPG's Application at Ex. H1-3-1 and as summarized below. Unless otherwise stated in this Order, for the period from November 1, 2014 to December 31, 2014, OPG shall continue to record amortization entries into the applicable deferral and variance accounts pursuant to the EB-2012-0002 Payment Amounts Order.

Effective November 1, 2014, OPG shall record entries into deferral and variance accounts listed below as follows:

### Hydroelectric Water Conditions Variance Account

The Hydroelectric Water Conditions Variance Account was originally approved in EB-2007-0905 for the previously regulated hydroelectric facilities. OPG shall continue this account and maintain separate sub-accounts for the previously and newly regulated hydroelectric prescribed assets. The account shall apply to the previously regulated hydroelectric facilities and to 21 of the newly regulated hydroelectric facilities. These 21 newly regulated hydroelectric facilities are listed in EB-2013-0321, Ex. E1-1-1 Appendix 1.

For the previously regulated hydroelectric facilities, OPG will continue to determine 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 Board-approved production forecast, holding all other variables constant. Deviations from forecast will be determined as the difference between the calculated production resulting from entering actual flows for the month into the forecast model and the energy production forecast approved by the Board. The revenue impact of the production variance recorded in the account for the previously regulated hydroelectric facilities will continue to be determined by multiplying the deviation from forecast, as described above, by the approved payment amount for these facilities. For production from the previously regulated hydroelectric facilities, OPG shall determine the revenue impact of the production variance by multiplying the deviation from forecast, as described above, by the approved payment amount of \$40.20/MWh.

Energy production forecasts for 21 of the newly regulated hydroelectric plants, listed in EB-2013-0321, Ex. E1-1-1 Appendix 1, are produced using similar computer models to those used to forecast production for the previously regulated hydroelectric facilities. The models convert forecast water availability to forecast energy production using historical median monthly flows as the basis for determining the monthly energy production forecasts. Similar to the previously regulated hydroelectric facilities, for these 21 facilities, OPG shall compute deviations of actual monthly flows from these historical median monthly flows in order to determine the production variance for purposes of the Hydroelectric Water Conditions Variance Account. OPG shall determine the revenue impact of the production variance by multiplying the deviation from forecast, as described above, by the approved payment amount of \$41.93/MWh.

In respect of production from the previously and the applicable 21 newly regulated hydroelectric facilities, OPG shall also record in this account changes in the gross revenue charge costs reflected in the revenue requirement approved by the Board, as a result of differences between imputed production from actual flows and forecast energy production described above. OPG shall determine amounts to be recorded in this account by multiplying the production deviation as described above by the applicable gross revenue charge rates.

In respect of production from the previously regulated hydroelectric facilities, OPG shall also record in this account any variations from the amounts payable to the St. Lawrence Seaway Management Corporation for the conveyance of water in the Welland Ship Canal reflected in the revenue requirement approved by the Board.

In respect of production from the applicable 21 newly regulated hydroelectric facilities, OPG shall also record in the account any variances from the amounts payable to the Government of Quebec for water rentals reflected in the revenue requirement approved by the Board.

#### Ancillary Services Net Revenue Variance Account – Hydroelectric

The Ancillary Services Net Revenue Variance Account – Hydroelectric was originally approved in EB-2007-0905 for the previously regulated hydroelectric facilities. The account shall apply to the previously and newly regulated hydroelectric facilities. OPG shall maintain separate sub-accounts for the previously and newly regulated hydroelectric prescribed assets.

OPG shall compare actual hydroelectric ancillary services net revenue to the forecast amount reflected in the revenue requirement approved by the Board (the “reference amount”). The monthly reference amount shall be 1/24 of the total forecast amount of \$110.9M (\$65.1M for the previously regulated hydroelectric facilities and \$45.8M for the newly regulated hydroelectric facilities) for 2014 and 2015 underpinning the two-year revenue requirement approved by the Board. The resulting monthly reference amount shall be \$4.62M (\$2.71M for the previously regulated hydroelectric facilities and \$1.91M for the newly regulated hydroelectric facilities). The difference shall be recorded in this variance account. The ancillary services for the regulated hydroelectric operations include black start capability, operating reserve, regulation service (formerly referred to as automatic generation control), and reactive support/voltage control service.

For the newly regulated hydroelectric facilities sub-account, OPG shall ensure 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 pre-filed evidence dated September 27, 2013 and the information based on OPG’s 2014-2016 Business Plan. These amounts are outlined in OPG’s Impact Statement dated December 6, 2013, as found at EB-2013-0321, Ex. N1-1-1 Chart 1.

#### Income and Other Taxes Variance Account

The Income and Other Taxes Variance Account was originally approved in EB-2007-0905. This account shall continue, and OPG shall attribute amounts recorded in the account to each of the previously regulated hydroelectric, newly regulated hydroelectric and nuclear prescribed assets.

This account shall continue to record the financial impact on the revenue requirement approved by the Board (the “reference amount”) of:

- 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.
- 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 court decisions on other taxpayers).

The income tax provision reflected in the revenue requirement approved by the Board shall be used to calculate any variances in income taxes recorded in the Income and Other Taxes Variance Account. The income tax provision reflected in the revenue requirement approved by the Board is calculated in Appendix A, Tables 7 and 8. The monthly reference amount shall be 1/24 of the total forecast amount of \$115.9M for 2014 and 2015 underpinning the two-year revenue requirement approved by the Board. The monthly reference amount shall be \$4.83M.

#### Tax Loss Variance Account

The Tax Loss Variance Account was originally approved in EB-2009-0038. OPG shall continue to record only interest and amortization in the Tax Loss Variance Account during the period from November 1, 2014 to December 31, 2014. The previously regulated hydroelectric and nuclear balances remaining in this account at December 31, 2014 shall be transferred to the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account and the Nuclear Deferral and Variance Over/Under Recovery Variance Account, respectively. Following this transfer, the Tax Loss Variance Account shall be terminated on December 31, 2014.

#### Impact for USGAAP Deferral Account

The Impact for USGAAP Deferral Account was originally approved in EB-2011-0432. OPG shall continue to record only interest and amortization in the Impact for USGAAP Deferral Account during the period from November 1, 2014 to December 31, 2014. The previously regulated

hydroelectric and nuclear balances remaining in this account at December 31, 2014 shall be transferred to the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account and the Nuclear Deferral and Variance Over/Under Recovery Variance Account, respectively. Following this transfer, the Impact for USGAAP Deferral Account shall be terminated on December 31, 2014.

#### Pension and OPEB Cost Variance Account

The Pension and OPEB Cost Variance Account was originally approved in EB-2011-0090. This account recorded the difference between (i) the pension and OPEB costs, plus related income tax PILs, reflected in the current revenue requirement approved by the Board (the “reference amount”), and (ii) OPG’s actual pension and OPEB costs, and associated income tax impacts, for the previously regulated hydroelectric and nuclear prescribed generation facilities. Actual pension and OPEB costs used in the calculation of the difference were to be calculated using the same accounting standards as those used to derive the reference amount.

In EB-2012-0002, the approved December 31, 2012 balance in the Pension and OPEB Cost Variance Account was split into the Historic Recovery and Future Recovery components. In EB-2013-0321, OPG identified a third component, which comprised additions recorded in the account subsequent to December 31, 2012. OPG shall continue to track these components separately, with any remaining balance of the Historic Recovery component at December 31, 2014 transferred to the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account and Nuclear Deferral and Variance Over/Under Recovery Variance Account, as applicable.

Effective November 1, 2014, OPG will record only amortization in this account. OPG shall not record any interest on the balance of this account.

#### Hydroelectric Incentive Mechanism Variance Account

The Hydroelectric Incentive Mechanism Variance Account was originally approved in EB-2010-0008 for the previously regulated hydroelectric facilities. Going forward, the account shall apply to the previously and newly regulated hydroelectric facilities. OPG shall maintain separate sub-accounts for the previously and newly regulated hydroelectric prescribed assets.



In its decision, the Board found that the current hydroelectric incentive mechanism (“HIM”) has encouraged appropriate use of the regulated hydroelectric facilities to supply energy in response to market prices. The Board has maintained the current structure of the incentive mechanism (and the corresponding variance account) but has specified that the unintended interaction of the HIM due to surplus baseload generation (“SBG”) conditions be eliminated. The Board directed OPG to achieve this by changing its monthly average hourly production threshold calculation used by the IESO for purposes of settling HIM revenues.

The Board also found that HIM net revenues are to continue to be shared between ratepayers and OPG using a 50:50 ratio. The resulting annual revenue requirement offset with respect to the HIM net revenues will be \$25.5M for 2014. The annual revenue requirement offset for 2015 will be \$29M. Accordingly, during the period from November 1, 2014 to December 31, 2014, the Hydroelectric Incentive Mechanism Variance Account will record a credit to ratepayers equal to 50 per cent of OPG’s total HIM net revenues from the prescribed hydroelectric facilities above \$8.5M, being 2/12 of the 2014 annual threshold of \$51M. During the period from January 1, 2015 to December 31, 2015, OPG shall record a credit to ratepayers equal to 50 per cent of OPG’s total HIM net revenues above \$58M.

#### Hydroelectric Surplus Baseload Generation Variance Account

The Hydroelectric Surplus Baseload Generation Variance Account was originally approved in EB-2010-0008 for the previously regulated hydroelectric facilities. OPG shall continue this account and shall maintain separate sub-accounts for the previously and newly regulated hydroelectric prescribed assets.

This account shall continue to record the financial impact of foregone production at the prescribed hydroelectric facilities due to SBG conditions. The account shall apply to the previously regulated hydroelectric facilities and to 21 of the newly regulated hydroelectric facilities. These 21 newly regulated hydroelectric facilities are listed in EB-2013-0321, Ex. E1-1-1 Appendix 1.

OPG shall determine the revenue impact of SBG conditions by multiplying the foregone production volume by the approved previously regulated hydroelectric payment amount of \$40.20/MWh or the approved newly regulated hydroelectric payment amount of \$41.93/MWh, as

applicable. The resulting amount shall be recorded in the Hydroelectric Surplus Baseload Generation Variance Account.

In respect of production foregone due to SBG conditions at the previously and the 21 applicable newly regulated hydroelectric facilities, OPG shall also record in this account changes in the gross revenue charge costs reflected in the revenue requirement approved by the Board. OPG shall determine amounts to be recorded in this account by multiplying the production volume foregone at its prescribed hydroelectric facilities due to SBG conditions by the applicable gross revenue charge rates.

In respect of production foregone due to SBG conditions at the previously regulated hydroelectric facilities, OPG shall also record in this account any variations from the amounts payable to the St. Lawrence Seaway Management Corporation for the conveyance of water in the Welland Ship Canal reflected in the revenue requirement approved by the Board. In respect of foregone production at the 21 applicable newly regulated hydroelectric facilities, OPG shall also record in the account any variances from the amounts payable to the Government of Quebec for water rentals reflected in the revenue requirement approved by the Board.

Changing the monthly average hourly production threshold calculation associated with the HIM by removing any contribution from production volume foregone due to SBG conditions eliminates the need for any rebating back to ratepayers of unintended benefits of this interaction through the Hydroelectric Surplus Baseload Generation Variance Account.

#### Hydroelectric Deferral and Variance Over/Under Recovery Variance Account

The Hydroelectric Deferral and Variance Over/Under Recovery Variance Account was originally approved in EB-2009-0174 for the previously regulated hydroelectric facilities. The account shall apply to the previously and newly regulated hydroelectric facilities. OPG shall maintain separate sub-accounts for the previously and newly regulated hydroelectric prescribed assets.

This account shall record the differences between the amounts approved for recovery in the hydroelectric deferral and variance accounts and the actual amounts recovered based on actual regulated hydroelectric production and approved riders. The account shall also include the transfer of the previously regulated hydroelectric balances in the Tax Loss Variance Account and

the Impact for USGAAP Deferral Account upon their expiry on December 31, 2014, the previously regulated hydroelectric balance of the Historic Recovery component of the Pension and OPEB Cost Variance Account at December 31, 2014, and other accounts as they may expire from time to time.

#### Nuclear Liability Deferral Account

The Nuclear Liability Deferral Account was originally approved in EB-2007-0905. This account shall continue to record the revenue requirement impact of any change in OPG's nuclear decommissioning liability arising from an approved reference plan measured against the forecast impact reflected in the revenue requirement approved by the Board. OPG shall not record the revenue requirement impact of a change in its nuclear decommissioning liability associated with its nuclear obligations related to the Bruce facilities in this account. OPG shall record the return on rate base in the account using the weighted average accretion rate on OPG's nuclear liabilities of 5.37%.

The "nuclear decommissioning liability" shall be defined 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" shall be 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."

OPG shall not record any interest on the balance of the Nuclear Liability Deferral Account.

#### Nuclear Development Variance Account

The Nuclear Development Variance Account was originally approved in EB-2007-0905. This account shall continue to record 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 Board (the "reference amount"). The monthly reference amount shall be 1/24 of the total forecast amount of \$0 underpinning the two-year revenue requirement approved by the Board for 2014 and 2015. The monthly reference amount shall be \$0.

Ancillary Services Net Revenue Variance Account – Nuclear

The Ancillary Services Net Revenue Variance Account – Nuclear was originally approved in EB-2007-0905. OPG shall compare actual nuclear ancillary services net revenue to the forecast amount reflected in the revenue requirement approved by the Board (the “reference amount”). The monthly reference amount shall be 1/24 of the total forecast amount \$3.4M for 2014 and 2015 underpinning the two-year revenue requirement of approved by the Board. The monthly reference amount shall be \$0.14M. The difference shall be recorded in this variance account. The ancillary services for nuclear operations include reactive support/voltage control service.

OPG shall ensure 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 pre-filed evidence dated September 27, 2013 and the information based on OPG’s 2014-2016 Business Plan. These amounts are outlined in OPG’s Impact Statement dated December 6, 2013, as found at EB-2013-0321, Ex. N1-1-1 Chart 1.

Capacity Refurbishment Variance Account

The Capacity Refurbishment Variance Account was originally approved in EB-2007-0905. This account shall continue and will record 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 O. Reg. 53/05 section 2 and those forecast costs and firm financial commitments reflected in the revenue requirement approved by the Board for 2014 and 2015. This account shall continue to include assessment costs and pre-engineering costs and commitments.

OPG shall separately track amounts recorded in this variance account for each of the previously regulated hydroelectric, newly regulated hydroelectric and nuclear prescribed assets.

OPG shall ensure 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 pre-filed evidence dated September 27, 2013 and the information based on OPG’s 2014-2016 Business Plan. These amounts are outlined in OPG’s Impact Statement dated December 6, 2013, as found at EB-2013-0321, Ex. N1-1-1 Chart 1.

Bruce Lease Net Revenues Variance Account

The Bruce Lease Net Revenues Variance Account was originally approved in EB-2007-0905. This account shall continue to capture differences between (i) the forecast revenues and costs related to the Bruce lease that are factored into the nuclear revenue requirement approved by the Board (the “reference amount”), and (ii) OPG’s actual revenues and costs in respect of the Bruce facilities. The monthly reference amount shall be 1/24 of the total forecast amount of \$80.3M underpinning the two-year revenue requirement approved by the Board for 2014 and 2015. The monthly reference amount shall be \$3.35M.

The variance recorded in this account shall be measured by comparing the Bruce lease revenues net of costs credited to customers monthly through the approved nuclear payment amount of \$59.29/MWh to the actual monthly Bruce lease revenues net of costs realized by OPG. The monthly Bruce lease revenues net of costs credited to customers shall continue to be equal to the rate of recovery reflected in the nuclear revenue requirement approved by the Board multiplied by OPG’s actual nuclear production. The rate of recovery shall be calculated by dividing the 24-month forecast Bruce lease net revenues approved by the Board for 2014 and 2015 by the 24-month forecast nuclear production approved by the Board for 2014 and 2015.

OPG shall ensure 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 pre-filed evidence dated September 27, 2013 and the information based on OPG’s 2014-2016 Business Plan. These amounts are outlined in OPG’s Impact Statement dated December 6, 2013, as found at EB-2013-0321, Ex. N1-1-1 Chart 1.

The account balance shall not attract interest for the period from November 1, 2014 to December 31, 2014.

This account will continue to have two sub-accounts as follows:

Derivative Sub-Account

The sub-account balance relates to the derivative liability for the conditional supplemental rent rebate provision of the Bruce lease (including associated income tax impacts on Bruce lease net

revenues calculated in accordance with generally accepted accounting principles for unregulated entities) and the rent rebates associated with supplemental rent revenue.

The amount to be cleared for this sub-account in respect of each year shall be equal to the amount of the rebate forecast to be payable to Bruce Power for that year by OPG and associated income tax impacts as described above, less the difference between the following amounts to the extent this difference has not yet been credited to, or recovered from, ratepayers:

- (i) Cumulative amount recovered from ratepayers for the derivative portion since April 1, 2008; and
- (ii) Cumulative amount of actual rent rebates and associated income taxes (as described above) incurred by OPG since April 1, 2008.

To the extent that the actual supplemental rent rebate amounts paid to Bruce Power differ from the approved forecast amounts used to establish amounts to be recovered by OPG in respect of this sub-account, such differences shall be reflected in the Derivative Sub-Account in order to be carried forward to adjust amortization amounts the next time the sub-account balance is cleared.

#### Non-Derivative Sub-Account

The sub-account balance relates to the non-derivative aspects of the account.

The cost impact of any changes in OPG's liability for decommissioning the Bruce nuclear generating facilities and the management of nuclear waste and nuclear fuel related to the Bruce stations shall continue to be recorded in the Non-Derivative Sub-Account of the Bruce Lease Net Revenues Variance Account.

#### Pickering Life Extension Depreciation Variance Account

The Pickering Life Extension Depreciation Variance Account was originally approved in EB-2012-0002 to record a credit amount of \$46.9M over the course of a year at approximately \$3.9M per month, for the period from January 1, 2013 until the effective date of new nuclear payment amounts (excluding riders), reflecting the revised service lives, for depreciation purposes, of the Pickering stations. As the payment amounts authorized in this Order reflect these

revised service lives, effective November 1, 2014, OPG will record only amortization in the account. No interest shall be recorded on the balance in this account.

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. This account shall continue to record the differences between the amounts approved for recovery in the nuclear deferral and variance accounts and the actual amounts recovered based on actual nuclear production and approved riders. The account shall also include the transfer of the nuclear portion of the balances in the Tax Loss Variance Account and the Impact for USGAAP Deferral Account upon their expiry on December 31, 2014, the balance of the nuclear portion of the Historic Recovery component of the Pension and OPEB Cost Variance Account at December 31, 2014, and other accounts as they may expire from time to time.

**NEW DEFERRAL AND VARIANCE ACCOUNTS**

Effective November 1, 2014, OPG shall establish and record entries into deferral and variance accounts listed below as follows:

Gross Revenue Charge Variance Account

The Gross Revenue Charge Variance Account will record 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. The impact shall be determined by applying the approved reduction under Ontario Regulation 124/02 to the forecast gross revenue charge costs included in the revenue requirement approved by the Board for 2014 and 2015, holding all other variables constant. The impact shall be calculated as of the later of November 1, 2014 and the effective date of the approved gross revenue charge reduction.

Pension & OPEB Cash Payment Variance Account

The Pension & OPEB Cash Payment Variance Account will record the difference between OPG's actual registered pension plan contributions and other post employment benefit plan payments (including the long-term disability benefit plan) attributed to the prescribed generating facilities, and such forecast amounts reflected in the revenue requirement approved by the Board (the

“reference amount”). With respect to OPG’s forecast registered pension plan contributions, the monthly reference amount shall be 1/24 of the total forecast contribution of \$651.5M for 2014 and 2015 (\$561.2M for the nuclear facilities, \$31.7M for the previously regulated hydroelectric facilities, and \$58.6M for the newly regulated hydroelectric facilities) underpinning the two-year revenue requirement approved by the Board. With respect to OPG’s forecast other post employment benefit plan payments (including the long-term disability benefit plan), the monthly reference amount shall be 1/24 of the total forecast benefit payments of \$185.4M for 2014 and 2015 (\$159.8M for the nuclear facilities, \$9.0M for previously regulated hydroelectric facilities, and \$16.7M for the newly regulated hydroelectric facilities) underpinning the two-year revenue requirement approved by the Board. The resulting monthly reference amount shall be \$27.15M for OPG’s registered pension plan contributions (\$23.38M for the nuclear facilities, \$1.32M for the previously regulated hydroelectric facilities, and \$2.44M for the newly regulated hydroelectric facilities) and \$7.73M for OPG’s other post employment benefit plan payments (\$6.66M for the nuclear facilities, \$0.38M for the previously regulated hydroelectric facilities, and \$0.69M for the newly regulated hydroelectric facilities).

OPG shall separately track amounts recorded in this variance account for each of the previously regulated hydroelectric, newly regulated hydroelectric, and nuclear prescribed assets.

#### Pension & OPEB Cash Versus Accrual Differential Deferral Account

The Pension & OPEB Cash Versus Accrual Differential Deferral Account will record 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 deferral account shall also record any associated income tax impacts.

OPG shall separately track amounts recorded in this deferral account for each of the previously regulated hydroelectric, newly regulated hydroelectric, and nuclear prescribed assets. No interest shall be recorded on the balance of this account.



**INTEREST**

Except where otherwise stated, effective November 1, 2014, OPG shall record interest on the balances in all deferral and variance accounts using the interest rates set by the Board from time to time pursuant to the Board's interest rate policy. OPG shall apply simple interest to the opening monthly balance of the accounts until the balances are fully recovered or refunded.