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5 April 2010

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

Background

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

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

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

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

Methodology

A specified procedures engagement is not an audit but an engagement in which Ernst & Young applies independent procedures to financial data as set out in section 9100 of the Canadian Institute of Chartered Accounts Handbook.

To conduct the specified procedures, OPG and Ernst & Young first agree upon the procedures to be performed. These procedures are a very detailed description of the exact steps the public accounting firm will use to create the report. The procedures are detailed enough to allow any other party to obtain the same results as Ernst & Young given the same source documents.

For each of 2005, 2006 and 2007 the procedures are applied and a separate report is produced. For each value in Ex. F4-T2-S1 Tables 10, 11 and 12 there is a specific procedure that ties the value in the table to the underlying source document. For ease of reference, Ernst & Young has reproduced Ex. F4-T2-S1 Tables 10, 11 and 12 in its reports and labeled each value on the table with the number of the procedure from the report that has been applied to tie the table value to the underlying source documentation.

The report does not result in an audit opinion or negative assurance regarding the data in Ex. F4-T2-S1 Tables 10, 11 and 12. Instead the report provides a detailed account of the exact procedures Ernst & Young performed and the specific results of those procedures.

Each of the reports for 2005, 2006 and 2007 include the following:

- The report itself which is a short, standard-form document which sets out any exceptions found as a result of applying the specified procedures. In this engagement, Ernst & Young found no exceptions.
- Schedule A to the report which is the relevant Ex. F4-T2-S1 evidence table with each value numbered with the corresponding specified procedure.
- Schedule B to the report which provides the full set of specified procedures for all of the values in the evidence table and the results of applying the procedure.

Results

By applying the specified procedures, Ernst and Young found no exceptions. As a result, Ernst & Young have confirmed that the values in Ex. F4-T2-S1 Tables 10, 11 and 12 have been agreed to source documents including tax returns filed by OPG, audited financial statements and supporting general ledger accounts, or other reports and schedules by applying the procedures as set out in the specified procedures report.

Sincerely,

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

To: Ontario Power Generation Inc.

As specifically agreed, we have performed the accompanying procedures in connection with **Ontario Power Generation Inc.'s** ("OPG Inc." or the "Company") report on the Reconciliation of Tax Return to Regulatory Tax Expense (Schedule A) for the year ended December 31, 2005 as outlined in the attached list of procedures (Schedule B).

As a result of applying the accompanying procedures in Schedule B, we found no exceptions.

However, these procedures do not constitute an audit of the Company's Reconciliation of Tax Return to Regulatory Tax Expense, and therefore we express no opinion on the financial information.

This report is for use solely in connection with OPG Inc.'s filing with the Ontario Energy Board.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
April 7, 2010.

Schedule A

Reconciliation of Tax Return to Regulatory Tax Expense
Year Ending December 31, 2005

			2005 Tax Return										Adjustments				
			1		2		3		4		5		6		7		8
Line No.	Particulars		OPG Parent		Subs		Total		UnReg		Regulated		Bruce		Other Adj		Revised Regulatory
	Determination of Taxable Income																
1	Earnings Before Tax	1	703.1	2	(144.8)	3	558.3	4	(279.4)	5	278.9	6	(109.1)	7	(172.9)	8	(3.1)
	Adj negative earnings to $0													9	3.1	10	3.1
			703.1		(144.8)		558.3		(279.4)		278.9		(109.1)		(169.8)		0.0
	Additions for Tax Purposes:																
2	Depreciation	11	447.3	12	286.2	13	733.5	14	(312.4)	15	421.1	16	(99.8)	17	(0.1)	18	321.2
3	Nuclear Waste Management Expenses	19	500.6			20	500.6			21	500.6	22	(14.0)	23	(466.6)	24	20.0
4	Receipts from Nuclear Segregated Funds	25	22.6			26	22.6			27	22.6	28	(11.0)	29	0.4	30	12.0
5	Pension and OPEB/SPP Accrual	31	296.7			32	296.7	33	(62.9)	34	233.8			35	0.2	36	234.0
6	One-Time Adjustment: P2P3 Inventory Write-offs				-		-				-			37	49.0	38	49.0
7	One-Time Adjustment: P2P3 CIP Write-offs										-			39	38.0	40	38.0
8	Regulatory Asset Amortization - PARTS Deferred Costs										-			41	4.0	42	4.0
9	Regulatory Asset Amortization - Nucl Development Deferral & Capacity Refurbishment Variance										-				-		-
10	Regulatory Asset Amortization - Nucl Liability Deferral										-				-		-
11	First Nations Past Grievances Provision										-				-		-
12	Adjustment Related to Duplicate Interest Deduction										-	43	(13.4)	44	45.0	45	31.6
13	Lennox impairment	46	202.0			47	202.0	48	(202.0)		-				-		-
14	Other	49	157.9	50	29.2	51	187.1	52	(134.7)	53	52.4	54	(2.0)	55	(4.4)	56	46.0
15	Total Additions		1,627.1		315.4		1,942.5		(712.0)		1,230.5		(140.2)		(334.5)		755.8
	Deductions for Tax Purposes:																
16	CCA	57	408.4	58	148.3	59	556.7	60	(209.1)	61	347.6	62	(46.4)	63	3.3	64	304.5
17	Cash Expenditures for Nuclear Waste & Decommissioning	65	84.1			66	84.1		-	67	84.1	68	(31.0)	69	(0.1)	70	53.0
18	Contributions to Nuclear Segregated Funds and Earnings	71	835.0			72	835.0			73	835.0	74	(212.0)	75	(381.0)	76	242.0
19	Pension Plan Contributions	77	254.0			78	254.0	79	(56.0)	80	198.0		-	81	(0.1)	82	197.9
20	OPEB/SPP Payments	83	50.4			84	50.4	85	(12.6)	86	37.8		-	87	0.2	88	38.0
21	Regulatory Asset Deduction - PARTS Deferred Costs	89	254.0			90	254.0			91	254.0			92	(250.0)	93	4.0
22	Regulatory Asset Deduction - Nucl Development Deferral & Capacity Refurbishment Variance		-				-				-		-		-		-
23	Regulatory Asset Deduction - Nucl Liability Deferral		-				-				-		-		-		-
24	Construction In Progress Interest Capitalized	94	12.8	95	21.1	96	33.9	97	(4.3)	98	29.6		-	99	(29.6)		-
25	Other	100	121.7	101	2.3	102	124.0	103	(103.9)	104	20.1	105	(13.7)	106	(2.6)	107	3.8
26	Total Deductions		2,020.4		171.7		2,192.1		(385.9)		1,806.2		(303.1)		(659.9)		843.2
27	Net Income/(Loss) for income tax purposes		309.8		(1.1)		308.7		(605.5)		(296.8)		53.8		155.6		(87.4)
	Deduct:																
28	Charitable Donations		19.6		-		19.6		(19.6)		-		-		-		
29	Non-capital losses of previous tax years		289.7		-		289.7		(289.7)		-		-		-		
30	Taxable Income		0.5		(1.1)		(0.6)		(297.7)		(296.8)		53.8		155.6		(87.4)
	Tax Loss Carryforward Balances																
31	Opening Balance																-
32	Income/(loss) for the Year																(87.4)
33	Closing Balance																(87.4)
34	Allocation to Q1 2005																21.9
35	Adjusted Closing Balance																**(65.5)**

SCHEDULE B

For purposes of this report, we have performed the following procedures, which were applied to the items on the Year 2005 Reconciliation of Tax Return to Regulatory Tax Expense schedule (Schedule A). The procedures and findings described below apply to such items on the Year 2005 Reconciliation of Tax Return to Regulatory Tax Expense schedule as indicated by the bolded number assigned to each item. In all cases where we noted agreement of amounts to financial statements, such agreement is after rounding and/or truncating as deemed appropriate by the Company. In those instances where our procedures consisted of comparing an amount to a management prepared schedule, we have not further compared the amounts on the schedule to the Company's books of account unless otherwise noted.

Determination of Taxable Income

Earnings Before Tax

1. Recalculated the amount of $703.1 million as the total of items a through d below and found it to be arithmetically correct:
   a. $279.8 million which was compared to the item described as 'Net income after taxes and extraordinary items per financial statements' as per Schedule 1 of the 2005 OPG Inc. income tax return ("tax return") and found to be in agreement;
   b. $75.0 million which was compared to Schedule 1, line 101 of the 2005 OPG Inc. tax return and found to be in agreement;
   c. $53.0 million which was compared to Schedule 1, line 102 of the 2005 OPG Inc. tax return and found to be in agreement;
   d. $295.3 million which was compared to the item described as "Extraordinary Item – FITA/FITL reversal' as per the 'Miscellaneous Additions' schedule supporting Schedule 1, line 292 of the 2005 OPG Inc. tax return and found to be in agreement.

2. Recalculated the amount of $144.8 million as the difference between the balance of procedures #3 and #1 and found it to be arithmetically correct.

3. Compared the amount of $558.3 million to the balance of the 'Income (loss) before income taxes and extraordinary item' line of the consolidated statement of income of the 2005 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

4. Recalculated the amount of $279.4 million as the difference between the balance of procedures #3 and #5 and found it to be arithmetically correct.

5. Recalculated the amount of $278.9 million as the total of items a through f below and found it to be arithmetically correct:
   a. $15.8 million which was compared to the 2005 disclosure in note 3 of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement.
   b. ($10.0) million which was compared to the ' Regulated Nuclear (Loss) income before interest, income taxes and extraordinary item' as per note 19 of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement;

c. $375.0 million which was compared to the 'Regulated Hydroelectric (Loss) income before interest, income taxes and extraordinary item' as per note 19 of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement; less
d. $14.8 million which was compared to the item described as 'Nuclear DNG&PNG Total Interest Expense' as per the management prepared schedule entitled 'Allocation of Financing Charges for the twelve months ended December 31, 2005'and found to be in agreement; less
e. $13.6 million which was compared to the item described as 'Bruce Total Interest Expense' as per the management prepared schedule entitled 'Allocation of Financing Charges for the twelve months ended December 31, 2005' and found to be in agreement; less
f. $73.5 million which was compared to the item described as 'Hyel Regulated Total Interest Expense' as per the management prepared schedule entitled 'Allocation of Financing Charges for the twelve months ended December 31, 2005' and found to be in agreement.

6. Recalculated the amount of $109.1 as the total of items a and b below and found it to be arithmetically correct:
a. $124.7 million which was compared to the item described as 'Bruce Regulated EBT' as per the management prepared schedule entitled 'Schedule Allocating Regulatory EBT to Prescribed Facilities Excluding Bruce' and found to be in agreement; less
b. $15.6 million which was compared to the 2005 disclosure in note 3 of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement.

7. Compared the amount of $172.9 million to the item described as 'Other' as per the management prepared schedule entitled 'Schedule Allocating Regulatory EBT to Prescribed Facilities Excluding Bruce' and found it to be in agreement.

8. Recalculated the amount of $3.1 million as the sum of the balance of procedures #5, #6 and #7, as represented in Schedule A, and found the sum to be arithmetically correct.

9. Compared the amount of $3.1 million to the item described as 'Regulatory Losses' as per the management prepared schedule entitled 'Regulatory Losses borne by OPG Shareholder' and found it to be in agreement.

10. Compared the amount of $3.1 million to the balance of procedure #9 and found it to be in agreement.

11. Recalculated the amount of $447.3 million as the total of items a through f below and found it to be arithmetically correct:
a. $752.6 million which was compared to the balance of the 'Depreciation and Amortization' line of the 2005 consolidated statement of income of OPG Inc. audited consolidated financial statements and found to be in agreement; less
b. $286.2 million which was compared to the balance of procedure #12 and found to be in agreement; less
c. $3.3 million which was compared to the balance of SAP Account #74153 and found to be in agreement; less

d. $5.4 million which was compared to the balance of SAP Account #64003 and #64004 and found to be in agreement; less
e. $10.0 million which was compared to 50% of the be balance of the item described as 'Depreciation – Plant' as per the 2005 unaudited financial statements of Brighton Beach Power and found to be in agreement; less
f. $0.4 million which was compared to 50% of the balance of the item described as 'Depreciation' as per the 2005 unaudited financial statements of Huron Wind and found to be in agreement.

12. Recalculated the amount of $286.2 million as the sum of items a through e below and found it to be arithmetically correct:
a. $9.6 million which was compared to Schedule 1, line 104 of the 2005 OPG Inc. tax return and found the amount to be in agreement;
b. $75.5 million which was compared to the item described as 'Depreciation and Amortization' as per the 2005 unaudited financial statements of Huron B and found to be in agreement;
c. $6.2 million which was compared to the item described as 'Depreciation and Amortization' as per the 2005 unaudited financial statements of Huron Common Facilities Inc. and found to be in agreement;
d. $109.1 million which was compared to the item described as 'Depreciation and Amortization' as per the 2005 unaudited financial statements of Pickering Inc. and found to be in agreement;
e. $85.8 million which was compared to the item described as 'Depreciation and Amortization' as per the 2005 unaudited financial statements of Darlington Inc. and found to be in agreement.

13. Recalculated the amount of $733.5 million as the sum of the balance of procedures #11 and #12 and found the sum to be arithmetically correct.

14. Recalculated the amount of $312.4 million as the total of items a through d below and found it to be arithmetically correct:
a. $326.1 million which was compared to the balance described as 'Total Unregulated Depreciation/amortization ' as per the management prepared schedule entitled '2005 Tax Return Details' and found to be in agreement; less
b. $3.3 million which was compared to the balance of procedure #11 c and found to be in agreement; less
c. $10.0 million which was compared to the balance of procedure #11 e and found to be in agreement; less
d. $0.4 million which was compared to the balance of procedure #11 f and found to be in agreement.

15. Recalculated the amount of $421.1 million as the difference between the balance of procedures #13 and #14 and found it to be arithmetically correct.

16. Compared the amount of $99.8 million to the item described as '2005 Depreciation' as per the management prepared schedule entitled 'Bruce Lease Segment Income for the year ending December 31 (Unaudited)' and found it to be in agreement.

17. Recalculated the amount of $0.1 million as the the amount required to adjust the balance in procedure #18 to the amount of $321.2 million and found the calculation to be arithmetically correct.

18. Recalculated the amount of $321.2 million as the sum of the balance in procedures #15, #16 and #17, as represented in Schedule A, and found it to be arithmetically correct.

19. Recalculated the amount of $500.6 million as the sum of items a and b below and found the amount to be arithmetically correct:

   a. $33.6 million which was compared to the balance of SAP Accounts #64001-#64004 and found the amount to be in agreement
   b. $467.0 million which was compared to the balance of SAP Accounts #64102-#64106, and found to be in agreement

20. Compared the amount of $500.6 million to the balance of procedure #19 and found it to be in agreement.

21. Compared the amount of $500.6 million to the balance in procedure #19 and found it to be in agreement.

22. Compared the amount of $14.0 million to the item described as '2005 Operations, Management and Administration' as per the management prepared schedule entitled 'Bruce Lease Segment Income for the year ending December 31 (Unaudited)' and found it to be in agreement.

23. Compared the amount of $466.6 million to the sum of items a and b below and found it to be arithmetically correct:

   a. $467.0 million which was compared to the balance of procedure #19 b and found it to be in agreement;
   b. ($0.4) million was calculated as the the amount required to adjust the balance in procedure #24 to a whole number and found it to be arithmetically correct.

24. Recalculated the amount of $20.0 million as the sum of the balance in procedures #21, #22 and #23, as represented in Schedule A, and found it to be arithmetically correct.

25. Compared the amount of $22.6 million to the balance of 'Reimbursement of expenditures on nuclear fixed asset removal and nuclear waste management' line of the consolidated statement of cash flows of the 2005 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

26. Compared the amount of $22.6 million to the balance of procedure #25 and found the amount to be in agreement.

27. Compared the amount of $22.6 million to the balance of procedure #25 and found the amount to be in agreement.

28. Compared the amount of $11.0 million to the item described as '2005 Bruce Nuclear Generator ONFA Funded' as per the management prepared schedule entitled 'Internal & External Funding for Nuclear ARO' and found it to be in agreement.

29. Recalculated the amount of $0.4 million as the amount required to adjust the balance in procedure #30 to a whole number and found the calculation to be arithmetically correct.

30. Recalculated the amount of $12.0 million as the sum of the balance in procedures #27, #28 and #29, as represented in Schedule A, and found the sum to be arithmetically correct.

31. Recalculated the amount of $296.7 million as the sum of items a and b below and found it to be arithmetically correct:

a. $115.5 million which was compared to the balance of the 'Pension Accrual' line of the consolidated statement of cash flows of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement;

b. $181.2 million compared to the balance of the 'Other post employment benefits and supplementary pension plans' line of the consolidated statement of cash flows of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement.

32. Compared the amount of $296.7 million to the balance of procedure #31 and found the amount to be in agreement.

33. Recalculated the amount of $62.9 million as the sum of items a through c below and found it to be arithmetically correct:

a. $23.0 million which was compared to the item described as 'OPG Parent Unregulated Pension expense accrual' as per the management prepared schedule entitled '2005 Tax Provision Worksheet Final' and found to be in agreement;

b. $38.9 million which was compared to the item described as 'Costs Incurred (accrual)' as per the management prepared schedule entitled 'Other Post Employment Benefits (OPEB)' schedule prepared by management and found to be in agreement;

c. $1.0 million which was compared to the item described as 'Rounding' as per the management prepared schedule entitled 'Other Post Employment Benefits (OPEB)' schedule prepared by management and found to be in agreement.

34. Recalculated the amount of $233.8 as the difference between the balance of procedures #32 and #33 and found the amount to be arithmetically correct.

35. Recalculated the amount of $0.2 million as the amount required to adjust the balance in procedure #36 to a whole number and found the calculation to be arithmetically correct.

36. Recalculated the amount of $234.0 million as the sum of the balance of procedures #34 and #35, as represented in Schedule A, and found it to be arithmetically correct.

37. Compared the amount of $49.0 million to the item described as 'P2/P3 Inventory Adjustment' as per the management prepared schedule entitled 'One Time Adjustments – P2/P3 Inventory Write-Offs' and found it to be in agreement.

38. Compared the amount of $49.0 million to the balance in procedure #37 and found the amount to be in agreement.

39. Compared the amount of $38.0 million to the item described as 'P2/P3 CIP Write-offs' as per the management prepared schedule entitled 'One Time Adjustments – P2/P3 CIP Write Offs' and found it to be in agreement.

40. Compared the amount of $38.0 million to the balance in procedure #39 and found the amount to be in agreement.

41. Compared the amount of $4.0 million to the dollar value of SAP Account #62060 and found it to be in agreement.

42. Compared the amount of $4.0 million to the balance in procedure #41 and found it to be in agreement.

43. Compared the amount of $13.4 million to the management prepared schedule entitled 'Calculation of Deemed Interest Adjustment Bruce Only' and found it to be in agreement.

44. Recalculated the amount of $45.0 million was also recalculated as the product of items a through c added to item d below and found it to be arithmetically correct:

a. $1,422.0 million which was compared to the item described as '2005 Average Asset Retirement Obligation Net Book Value' as per the management prepared schedule entitled 'Calculation of Deemed Interest Adjustment (incl Bruce)' and found to be in agreement; multiplied by

b. 55% which was compared to the item described as 'Component % of Total Debt' as per Exhibit C1, Tab 2, Schedule 1 Table 6 of the Ontario Energy Board ("OEB") Decision updated March 14, 2008 and found to be in agreement; multiplied by

c. 5.71% which was compared to the item described as 'Cost Rate % of Total Debt' as per Exhibit C1, Tab 2, Schedule 1 Table 6 of the OEB Decision updated March 14, 2008 and found to be in agreement; add

d. $0.4 million which was compared to the item described as 'Rounding' as per the management prepared schedule entitled 'Calculation of Deemed Interest Adjustment (incl Bruce)' and found to be in agreement.

45. Recalculated the amount of $31.6 million as the sum of the balance of procedures #43 and #44, as represented in Schedule A, and found it to be arithmetically correct.

46. Compared the amount of $202.0 million to note 5 of the 2005 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

47. Compared the amount of $202.0 million to the balance of procedure #46 and found the amount to be in agreement.

48. Compared the amount of $202.0 million to the dollar value of procedure #46 and found the amount to be in agreement.

49. Recalculated the amount of $157.9 million to the sum of items a through u below and found it to be arithmetically correct:

a. ($11.9) million which was compared to Schedule 1, line 109 of the 2005 income tax return of OPG Inc. and found to be in agreement;

b. $0.8 million which was compared to Schedule 1, line 108 of the 2005 income tax return of OPG Inc. and found to be in agreement;

c. $13.1 million which was compared to Schedule 1, line 112 of the 2005 income tax return of OPG Inc. and found to be in agreement;

d. $0.9 million which was compared to Schedule 1, line 113 of the 2005 income tax return of OPG Inc. and found to be in agreement;

e. $52.1 million which was compared to Schedule 1, line 118 of the 2005 income tax return of OPG Inc. and found to be in agreement;

f. $2.1 million which was compared to Schedule 1, line 121 of the 2005 income tax return of OPG Inc. and found to be in agreement;

g. $0.4 million which was compared to Schedule 1, line 122 of the 2005 income tax return of OPG Inc. and found to be in agreement;

h. $9.5 million which was compared to Schedule 1, line 206 of the 2005 income tax return of OPG Inc. and found to be in agreement;
i. $4.7 million which was compared to Schedule 1, line 291 of the 2005 income tax return of OPG Inc. and found to be in agreement;
j. $0.4 million which was compared to Schedule 1, line 293 of the 2005 income tax return of OPG Inc. and found to be in agreement;
k. $8.8 million which was compared to the balance of SAP Account #76189 and found to be in agreement;
l. $0.3 million which was compared to the items described as 'Allowance for Doubtful Debts Additions' and 'Allowance for Doubtful Debts Deductions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2-2005 December 31, 2005 Summary of Reserves' and found to be in agreement;
m. $7.0 million which was compared to the item described as 'Provision for Legal Claims Additions' as per the management prepared schedule entitled ' 'Ontario Power Generation Inc. T2-2005 December 31, 2005 Summary of Reserves' and found to be in agreement;
n. $5.5 million which was compared to the items described as 'Restructuring Reserve Additions' and 'Restructuring Reserve Deductions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2-2005 December 31, 2005 Summary of Reserves' and found to be in agreement;
o. $13.1 million which was compared to the item described as 'Write Down of Investment - OPG Ventures' as per the 'Miscellaneous Additions' schedule supporting Schedule 1, line 292 of the 2005 tax return of OPG Inc. and found to be in agreement. The amount was compared also to recalculated as the sum of items i and ii below and found it to be arithmetically correct:
    i. $11.2 million which was compared to note 22 of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement;
    ii. $1.9 million which was compared to the item described as 'Adjustment to 2004 impairment' as per the 'Reversal Of Accounting Writedown of Investment in OPGV' management prepared schedule and found to be in agreement.
p. $11.4 million which was compared to the item described as 'NWMD Fixed Assets Charged to Nuclear Provision' as per the 'Miscellaneous Additions' schedule of the supporting Schedule 1, line 292 of the 2005 tax return of OPG Inc. and found to be in agreement. The amount was compared also to the item described as 'Total 2005 Cost' as per the management prepared schedule entitled 'NWMD Project Actuals for 2005' and found to be in agreement;
q. $19.3 million which was compared to the item described as 'Loss on Market to Market re the New York Power Municipal Agreement' as per the 'Miscellaneous Additions' schedule supporting Schedule 1, line 292 of the 2005 tax return of OPG Inc. and found

to be in agreement. The amount was also compared to the balance of SAP Account #50500000 and found to be in agreement;

r. $0.2 million which was compared to the item described as 'Expense Booked But Not Paid' as per the 'Miscellaneous Additions' schedule supporting Schedule 1, line 292 of the 2005 OPG Inc. tax return and found to be in agreement;

s. $2.0 million which was recalculated as the total of items i and ii below and found to be arithmetically correct:

   i. $11.7 million which was compared to the balance of SAP Account #5520000000 and found to be in agreement; less

   ii. $13.7 million which was compared to the balance of procedure #100 e and found to be in agreement;

t. $10.5 million which was compared to the sum of items i and ii below and found it to be arithmetically correct:

   i. ($1.2) million which was compared to the balance of SAP Accounts #50090, #50091 and #50091 and found to be in agreement;

   ii. $11.7 million which was compared to the item described as 'Energy Metered Injections' as per the management prepared schedule entitled 'Summary of Interim Variance Accounts & Segregated Mode of Transactions for the period ended December 31, 2005' and found to be in agreement

u. $7.7 million which was compared to the sum of items i and v below and found the sum to be arithmetically correct:

   i. $2.2 million which was compared to the item described as 'Other, Pickering 'A' Unit #2 (Heavy Water)' as per the '2005 Fixed Assets Tax Report' prepared by management and found to be in agreement;

   ii. $3.4 million which was compared to the item described as 'Other, Pickering 'A' Unit #3 (Heavy Water)' as per the management prepared schedule entitled '2005 Fixed Assets Tax Report' and found to be in agreement;

   iii. $0.1 million which was compared to the item described as 'Other, Pickering In/Out Transfer System 2&3' as per the management prepared schedule entitled '2005 Fixed Assets Tax Report' and found to be in agreement;

   iv. $0.8 million which was compared to the item described as 'Other, Pickering GS 'A' Unit #2 Fuel' as per the management prepared schedule entitled '2005 Fixed Assets Tax Report' and found to be in agreement;

   v. $1.2 million which was compared to the item described as 'Other, Pickering GS 'A' Unit #3 Fuel' as per the management prepared schedule entitled '2005 Fixed Assets Tax Report' and found to be in agreement.

50. Recalculated the amount of $29.2 million as the sum of items a through d below and found the sum to be arithmetically correct:

a. $3.5 million which was compared to Schedule 1, line 290 of the 2005 Darlington Inc. tax return and found to be in agreement;

b. $3.5 million which was compared to the item described as 'Write off of P2 and P3 CIP Interest Capitalized' as per the 'Miscellaneous Other Additions' schedule supporting

Schedule 1, line 292 of the 2005 Pickering Inc. tax return and found to be in agreement;

c. $1.3 million which was compared to the item described as 'Write off of the Pickering B CIP Interest Capitalized' as per the 'Miscellaneous Other Additions' schedule supporting Schedule 1, line 292 of the 2005 Pickering Inc. tax return and found to be in agreement.

d. $20.9 million which was compared to the item described as 'Tax Adjustment, Pickering Impairment – FA' as per the management prepared schedule entitled 'OPG Parent and SUBS 2005 Year–end Impairment Charges' and was found to be in agreement.

51. Recalculated the amount of $187.1 as the sum of the balance in procedure #49 and the balance in procedure #50 and found it to be arithmetically correct.

52. Recalculated the amount of $134.7 as the sum of items a through q below and found the sum to be arithmetically correct:

a. $(11.9) million which was compared to the balance of procedure #49 a and found to be in agreement;

b. $0.8 million which was compared to the balance of procedure #49 b and found to be in agreement;

c. $13.1 million which was compared to the balance of procedure #49 c and found to be in agreement;

d. $0.9 million which was compared to the balance of procedure #49 d and found to be in agreement;

e. $52.1 million which was compared to the balance of procedure #49 e and found to be in agreement;

f. $6.0 million which was calculated as the total of items i and ii below and found it to be arithmetically correct:

i. $7.6 million which was compared to the item described as 'Unregulated, Per G/L balance' as per the management prepared schedule entitled '2005 Computers Expensed (FAC 62000240/62000242)' and found to be in agreement; less

ii. $1.4 million which was compared to the item described as 'Amount Included on Sch (8) Computer equipment lease costs, Class 45' as per the management prepared schedule entitled 'Capital Items expensed for book - 2005' and found to be in agreement; less

iii. $0.2 million which was compared to the item described as 'Rounding' as per the management prepared schedule entitled '2005 Computers Expensed (FAC 62000240/62000242)' and found to be in agreement;

g. $4.7 million which was compared to the balance of procedure #49 i and found to be in agreement;

h. $0.4 million which was compared to the balance of procedure #49 j and found to be in agreement;

i. $8.8 million which was compared to the balance of procedure #49 k and found to be in agreement;
j. $0.3 million which was compared to the balance of procedure #49 l and found to be in agreement;
k. $7.0 million which was compared to the item described as 'OPG Parent Unregulated, Materials and Supplies Inventory Provision for Obsolescence' as per the management prepared schedule entitled '2005 Tax Provision Worksheet Final' and found to be in agreement;
l. $5.5 million which was compared to the balance of procedure #49 n and found to be in agreement;
m. $13.1 million which was compared to the balance of procedure #49 o and found to be in agreement;
n. $11.4 million which was compared to the balance of procedure #49 p and found to be in agreement;
o. $19.3 million which was compared to the balance of procedure #49 q and found to be in agreement;
p. $0.2 million which was compared to the balance of procedure #49 r and found to be in agreement;
q. $3.0 million which was compared to the item described as 'Parent Unregulated, Regulatory Provision Offsetting Revenues from Saunders (IVA/SMO)' as per the management prepared schedule entitled '2005 Tax Return Details' and found to be in agreement.

53. Recalculated the amount of $52.4 million as the difference between the balance of procedures #51 and #52 and found it to be arithmetically correct.

54. Compared the amount of $2.0 million to the balance of procedure #49 s and found it to be in agreement.

55. Recalculated the amount of $4.4 million as the sum of items a through c below and found it to be arithmetically correct:
a. $3.5 million which was compared to the balance of procedure #50 a and found to be in agreement;
b. $1.3 million which was compared to the balance of procedure #50 c and found to be in agreement; less
c. ($0.4) million which was recalculated as the amount required to adjust the balance in procedure #56 to a whole number and found to be arithmetically correct.

56. Recalculated the amount of $46.0 million as the sum of the balance of procedures #53, #54 and #55, as represented in Schedule A, and found it to be arithmetically correct.

57. Compared the amount of $408.4 million to the item described as 'CCA Parent' as per the management prepared schedule entitled '2005 UCC Schedules for Regulated and Unregulated' and found it to be in agreement. The amount was also compared to Schedule 1, line 403 of the 2005 tax return of OPG Inc. and found to be in agreement.

58. Recalculated the amount of $148.3 million as the sum of the items a through f below and found it to be arithmetically correct:

a. $2.5 million which was compared to Schedule 1, line 403 of the 2005 OPG 700 University Inc. tax return and found to be in agreement;
b. $2.4 million which was compared to Schedule 1, line 403 of the 2005 Huron A Inc. tax return and found to be in agreement;
c. $32.9 million which was compared to Schedule 1, line 403 of the 2005 Huron B Inc. tax return and found to be in agreement;
d. $3.1 million which was compared to Schedule 1, line 403 of the 2005 Huron Common Facilities Inc. tax return and found to be in agreement;
e. $15.3 million which was compared to Schedule 1, line 403 of the 2005 Darlington Inc. tax return and found to be in agreement;
f. $92.1 million which was compared to Schedule 1, line 403 of the 2005 Pickering Inc. tax return and found to be in agreement.

59. Recalculated the amount of $556.7 million as the sum of the balance of procedures #57 and #58 and found it to be arithmetically correct.

60. Compared the amount of $209.1 million to item described as 'CCA Unregulated' as per the management schedule entitled 'Unregulated Business' and found it to be in agreement.

61. Recalculated the amount of $347.6 million as the difference between the balance of procedures #59 and #60 and found the amount to be arithmetically correct.

62. Compared the amount of $46.4 million to the item described as 'CCA' as per the management prepared schedule entitled 'Regulated Bruce – Bruce A/Bruce B/Bruce Common' and found it to be in agreement.

63. Compared the amount of $3.3 million to the item described as 'Audit Adjustment excluding Bruce' as per the management prepared schedule entitled 'Capital Cost Allowance Schedule – 2005 Actual' and found it to be in agreement.

64. Recalculated the amount of $304.5 million as the sum of the balance in procedures #61, #62 and #63, as represented in Schedule A, and found it to be arithmetically correct.

65. Compared the amount of $84.1 million to the item described as 'Decommissioning Reserves – Nuclear, deductions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2 – 2005 December 31, 2005 Summary of Reserves' and found the amount to be in agreement .

66. Compared the amount of $84.1 million to the balance of procedure #65 and found the amount to be in agreement.

67. Compared the amount of $84.1 million to the balance of procedure #65 and found the amount to be in agreement.

68. Compared the amount of $31.0 million to the item described as "Bruce Nuclear Generator 2005 Total Costs Incurred" as per the management prepared schedule entitled " Internal & External Funding for Nuclear ARO" found it to be in agreement.

69. Recalculated the amount of $0.1 million as the amount required to adjust the balance in procedure #70 to a whole number and found the calculation to be arithmetically correct.

70. Recalculated the amount of $53.0 million as the sum of the balance in procedures #67, #68 and #69, as represented in Schedule A, and found it to be arithmetically correct.

71. Recalculated the amount of $835.0 million as the sum of items a and b below and found it to be arithmetically correct:

a. $381 million which was compared to the balance of the 'Earnings on nuclear fixed asset removal and nuclear waste management liabilities' line of the consolidated statement of cash flows of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement;

b. $454 million which was compared to the balance of the 'Contributions to nuclear fixed asset removal and nuclear waste management funds' line of consolidated statement of cash flows of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement.

72. Compared the amount of $835.0 million to the balance of procedure #71 and found it to be in agreement.

73. Compared the amount of $835.0 million to the balance of procedure #71 and found it to be in agreement.

74. Recalculated the amount of $212.0 million to the sum of items a through c below, multiplied by four and found the total to be arithmetically correct:

a. $26.1 million which was compared to the item described as '2005 Quarterly Payments Bruce A Station' as per the 'Used Fuel Segregated Fund Original Payment Schedule 3.3' of the Ontario Nuclear Funds Agreement as at April 1, 1999 (amended October 28, 2004), and found to be in agreement;

b. $26.8 million which was compared to the item described as '2005 Quarterly Payments Bruce B Station' as per the 'Used Fuel Segregated Fund Original Payment Schedule 3.3' of the Ontario Nuclear Funds Agreement as at April 1, 1999 (amended October 28, 2004), and found to be in agreement;

c. $0.1 million which was recalculated as the amount required to adjust the balance to $212.0 million and found the calculation to be arithmetically correct.

75. Compared the amount of $381.0 million to the balance of procedure #71 a and found it to be in agreement.

76. Recalculated the amount of $242.0 million as the sum of the balance in procedures #73, #74 and #75, as represented in Schedule A, and found it to be arithmetically correct.

77. Recalculated the amount of $254.0 million as the sum of items a and b below and found it to be arithmetically correct:

a. $266 million which was compared to the 'Total regulatory assets' balance of note 6 of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement; less

b. $12 million which was compared to the 'Total regulatory liabilities' balance of note 6 of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement.

78. Compared the amount of $254.0 million to the balance in procedure #77 and found it to be in agreement.

79. Recalculated the amount of $56.0 million as the difference in the balance of procedure #78 and the balance of procedure #80 and found the amount to be arithmetically correct.

80. Compared the amount of $198.0 to the amount described as 'Regulated Pension Plan Contributions' as per the management prepared schedule entitled '2005 Tax Return Details' and found it to be in agreement.

81. Recalculated the amount of $0.1 million as the as the amount required to adjust the balance in procedure #82 to $197.9 and found the calculation to be arithmetically correct.

82. Recalculated the amount of $197.9 million as the sum of balance in procedures #80 and #81, as represented in Schedule A, and found the amount to be arithmetically correct.

83. Recalculated the amount of $50.4 million as the sum of items a through c below and found the sum to be arithmetically correct:

a. $64.8 million which was compared to the item described as 'OPG Parent Increase in OPEB liability for the period – Cash payments' as per the management prepared schedule entitled '2005 Tax Return Details' and found to be in agreement;

b. $1.9 million which was compared to Schedule 1, line 392 of the 2005 income tax return of OPG Inc. and found to be in agreement; Less

c. $16.3 million which was compared to Schedule 1, line 290 of the 2005 income tax return of OPG Inc. and found to be in agreement.

84. Compared the amount of $50.4 million to the balance of procedure #83 and found it to be in agreement.

85. Recalculated the amount of $12.6 million as the sum of items a through d below and found it to be arithmetically correct:

a. $14.7 million which was compared to the item described as 'Unregulated Quarter 4 Year-to-Date, Benefit Payments (Cash)' as per the management prepared schedule entitled 'Other Post Employment Benefits (OPEB)' and found to be in agreement;

b. ($3.7) million which was compared to the item described as 'Benefit Payments Deducted on 2004 Return' as per the management prepared schedule entitled 'Other Post Employment Benefits (OPEB)' and found to be in agreement;

c. $1.9 million which was compared to the balance of procedure #83 c and found to be in agreement;

d. (0.3) million which was compared to the sum of the items described as 'Unregulated Cash Payments Rounding' and 'Benefit Payments Deducted Rounding' as per the management prepared schedule entitled 'Other Post Employment Benefits (OPEB)' and found to be in agreement.

86. Recalculated the amount of $37.8 million as the difference between the balance of procedures #84 and #85 and found it to be arithmetically correct.

87. Recalculated the amount of $0.2 million as the amount required to adjust the balance in procedure #88 to a whole number and found the calculation to be arithmetically correct.

88. Recalculated the amount of $38.0 million as the sum of the balance in procedures #86 and #87, as represented in Schedule A, and found it to be arithmetically correct.

89. Recalculated the amount of $254.0 million as the total of items a and b below and found it to be arithmetically correct:

a. $266.0 which was compared to the 'Total regulatory assets' as per note 6 of the 2005 OPG Inc. audited consolidated financial statements and found to be in agreement; less
b. $12.0 million which was compared to the 'Total regulatory liabilities' as per note 6 of the 2005 audited consolidated financial statements of OPG Inc. and found to be in agreement.

90. Compared the amount of $254.0 million to the balance of procedure #89 and found the amount to be in agreement.

91. Compared the amount of $254.0 million to the balance of procedure #89 and found the amount to be in agreement.

92. Compared the amount of $250.0 million to the item described as 'Regulatory Asset Deduction – Pickering A Return to Service ("PARTS") Deferred Costs' as per the management prepared schedule entitled 'Regulatory Asset Deduction – PARTS Deferred Costs' and found it to be in agreement.

93. Recalculated the amount of $4.0 million as the sum of the balance of procedures #91 and the #92, as represented in Schedule A, and found it to be arithmetically correct.

94. Compared the amount of $12.8 million to Schedule 1, line 390 of the 2005 income tax return of OPG Inc. and found it to be in agreement.

95. Compared the amount of $21.1 million to the item described as 'Subs – Regulated, Acquisitions' as per the management prepared schedule entitled '2005 UCC Reduction for CIP interest Capitalized (Reg & Unreg)' and found it to be in agreement. The amount of $21.1 million was also recalculated as the sum of items a through c below and found the sum to be arithmetically correct:

a. $14.4 million which was compared to SAP Account #76141 for business unit Pickering NGS and found to be in agreement;
b. $0.2 million which was compared to SAP Account #76141 for business unit Darlington NGS and found to be in agreement;
c. $6.5 million which was compared to SAP Account #76141 for business unit Corporate Adjustments and found to be in agreement.

96. Recalculated the amount of $33.9 million as the sum of the balance of procedures #94 and #95 and found it to be arithmetically correct.

97. Compared the amount of $4.3 million to the item described as 'OPG Parent Unregulated' as per the management prepared schedule entitled '2005 UCC Reduction for CIP interest Capitalized (Reg & Unreg)' and found it to be in agreement. The amount of $4.3 million was also recalculated as the sum of items a through f below and found to be arithmetically correct:

a. $0.4 million which was compared to SAP Account #76141 for business unit Information Systems Group, and found to be in agreement;
b. $0.1 million which was compared to SAP Account #76141 for business unit Evergreen Energy and found to be in agreement;
c. $2.5 million which was compared to SAP Account #76141 for business unit Hydro and found to be in agreement;

d. $0.2 million which was compared to SAP Account #76141 for business unit Lambton GS and found to be in agreement;
e. $1.0 million which was compared to SAP Account #76141 for business unit Nanticoke GS and found to be in agreement;
f. $0.1 million which was compared to SAP Account #76141 for business unit Thunder Bay GS and found to be in agreement.

98. Recalculated the balance of $29.6 million as the difference between the balance of procedures #96 and #97 and found it to be arithmetically correct.

99. Compared the balance of $29.6 million to the dollar value of procedure #98 and found it to be in agreement.

100. Recalculated the balance of $121.7 million as the sum of items a through h below and found the sum to be arithmetically correct:

a. $56.5 million which was compared to Schedule 1, line 411 of the 2005 income tax return of OPG Inc. and found to be in agreement;
b. $0.4 million which was compared to the item described as 'Unpaid Bonuses Deductions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2 – 2005 December 31, 2005 Summary of Reserves' and found it to be in agreement;
c. $7.7 million which was compared to the items described as 'Obsolete material write off Additions' and 'Obsolete material write off Deductions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2 – 2005 December 31, 2005 Summary of Reserves' and found it to be in agreement.
d. $35.9 million which was recalculated as the sum of items i and ii below and found to be arithmetically correct:
    i. $12.6 million which was compared to the difference between the opening and closing balance of SAP Account #45110 and found to be in agreement;
    ii. $23.3 million which was compared to the difference between the opening and closing balance of SAP Account #41395 and found to be in agreement.
e. $13.7 million which was compared to the item described as '2005 Amortization Lease Payment Gain, Tax Permanent Difference' as per the management prepared schedule entitled 'Amortization of Deferred Revenue - Bruce reconciliation of SAP Account #55200' and found to be in agreement;
f. $2.9 million which was calculated as the sum of items i and ii below and found to be arithmetically correct:
    i. $0.3 million which was compared to the balance of SAP Account #55050 and found to be in agreement;
    ii. $2.6 million which was compared to the balance of SAP Account #55000 and found to be in agreement.
g. $1.6 million which was compared to the item described as 'Expenses Included in Prior Year's Tax Return' as per the management prepared schedule entitled 'Miscellaneous Deductions' to support Schedule 1, line 395 of the 2005 OPG Inc. tax return and found to be in agreement;

h. $3.0 million which was compared to the item described as 'Commissions paid re ING Lease" Return' as per the management prepared schedule entitled 'Miscellaneous Deductions' to support Schedule 1, line 395 of the 2005 tax return of OPG Inc. and found to be in agreement.

101. Recalculated the amount of $2.3 million as the sum of items a through f below and found it to be arithmetically correct:

a. $0.3 million which was compared to Schedule 1, line 390 of the 2005 700 University Inc. tax return of OPG Inc. and found to be in agreement;
b. $0.3 million which was compared to Schedule 1, line 391 of the 2005 700 University Inc. tax return of OPG Inc. and found to be in agreement;
c. $0.4 million which was compared to Schedule 1, line 390 of the 2005 tax return of Huron A Inc. and found to be in agreement;
d. $0.4 million which was compared to Schedule 1, line 390 of the 2005 tax return of Huron B Inc. and found to be in agreement;
e. $0.2 million which was compared to Schedule 1, line 390 of the 2005 tax return of Huron Common Facilities Inc. and found to be in agreement;
f. $0.7 million which was compared to Schedule 1, line 390 of the 2005 tax return of Pickering Inc. and found to be in agreement.

102. Recalculated the amount of $124.0 million as the sum of the balance of procedures #100 and #101 and found it to be arithmetically correct.

103. Recalculated the amount of $103.9 million as the sum of items a through i below and found it to be arithmetically correct:

a. $56.5 million which was compared to the balance of procedure #100 a and found to be in agreement;
b. $0.4 million which was compared to the balance of procedure #100 b and found to be in agreement;
c. $3.0 million which was compared to the item described as 'Parent Unregulated, Obsolete material write off' as per the management prepared schedule entitled '2005 Tax Return Details' and found to be in agreement;
d. $35.9 million which was compared to the balance of procedure #100 d and found to be in agreement;
e. $0.3 million which was compared to the item described as 'Subs Unregulated, Income booked in the current year but included in prior year' as per the management prepared schedule entitled '2005 Tax Return Details' and found to be in agreement;
f. $0.3 million which was compared to the item described as 'Subs Unregulated, Income booked but not earned' as per the management prepared schedule entitled '2005 Tax Return Details' and found to be in agreement;
g. $2.9 million which was compared to the balance of procedure #100 f and found to be in agreement;
h. $1.6 million which was compared to the balance of procedure #100 g and found to be in agreement;

i. $3.0 million which was compared to the balance of procedure #100 h and found to be in agreement.

104. Recalculated the amount of $20.1 million as the difference between the balance of procedures #102 and #103 and found it to be in agreement.

105. Compared the amount of $13.7 million to the balance of procedure #100 e and found it to be in agreement.

106. Compared the amount of $2.6 million to the sum of items a and b below and found it to be arithmetically correct:

a. $1.7 million which was compared to the balance described as 'Intercompany income earned in the current year' as per the management prepared schedule entitled 'Intercompany Income Earned in current year but included in prior year' and found to be in agreement;

b. $0.9 million which was compared to the balance described as 'Rounding' as per the management prepared schedule entitled 'Intercompany Income Earned in current year but included in prior year' and found to be in agreement.

107. Recalculated the amount of $3.8 million as the sum of the balance of procedures #104, #105 and #106, as represented in Schedule A, and found it to be arithmetically correct.

To: Ontario Power Generation Inc.

As specifically agreed, we have performed the accompanying procedures in connection with **Ontario Power Generation Inc.'s** ("OPG Inc." or the "Company") report on the Reconciliation of Tax Return to Regulatory Tax Expense (Schedule A) for the year ended December 31, 2006 as outlined in the attached list of procedures (Schedule B).

As a result of applying the accompanying procedures in Schedule B, we found no exceptions.

However, these procedures do not constitute an audit of the Company's Reconciliation of Tax Return to Regulatory Tax Expense, and therefore we express no opinion on the financial information.

This report is for use solely in connection with OPG Inc.'s filing with the Ontario Energy Board.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
April 7, 2010.

Schedule A

Reconciliation of Tax Return to Regulatory Tax Expense

Year Ending December 31, 2006

			2006 Tax Return										Adjustments				
			1		2		3		4		5		6		7		8
Line No.	Particulars		OPG Parent		Subs		Total		UnReg		Regulated		Bruce		Other Adj		Revised Regulatory
	Determination of Taxable Income																
1	Earnings Before Tax	1	678.7	2	(103.1)	3	575.6	4	(345.9)	5	229.7	6	(115.8)	7	(35.9)	8	78.0
	Adj negative earnings to $0																-
			678.7		(103.1)		575.6		(345.9)		229.7		(115.8)		(35.9)		78.0
	Additions for Tax Purposes:																
2	Depreciation	9	380.7	10	263.0	11	643.7	12	(239.2)	13	404.5	14	(100.4)	15	(0.5)	16	303.6
3	Nuclear Waste Management Expenses	17	528.6			18	528.6			19	528.6	20	(16.1)	21	(490.6)	22	21.9
4	Receipts from Nuclear Segregated Funds	23	18.8			24	18.8			25	18.8	26	(9.0)	27	0.2	28	10.0
5	Pension and OPEB/SPP Accrual*	29	471.4			30	471.4	31	(97.0)	32	374.4			33	(0.4)	34	374.0
6	One-Time Adjustment: P2P3 Inventory Write-offs						-				-				-		-
7	One-Time Adjustment: P2P3 CIP Write-offs						-				-				-		-
8	Regulatory Asset Amortization - PARTS Deferred Costs	35	25.1			36	25.1			37	25.1			38	(0.1)	39	25.0
9	Regulatory Asset Amortization - Nucl Development Deferral & Capacity Refurbishment Variance						-				-				-		-
10	Regulatory Asset Amortization - Nucl Liability Deferral						-				-				-		-
11	First Nations Past Grievances Provision						-				-				-		-
12	Adjustment Related to Duplicate Interest Deduction						-				-	40	(10.5)	41	38.0	42	27.5
13	Lennox impairment						-				-				-		-
14	Other	43	149.5	44	6.6	45	156.1	46	(120.6)	47	35.5	48	(2.0)	49	(15.5)	50	18.0
15	Total Additions		1,574.1		269.6		1,843.7		(456.8)		1,386.9		(138.0)		(468.9)		780.0
	Deductions for Tax Purposes:																
16	CCA	51	394.7	52	155.8	53	550.5	54	(196.6)	55	353.9	56	(43.2)	57	(4.3)	58	306.4
17	Cash Expenditures for Nuclear Waste & Decommissioning	59	153.4			60	153.4			61	153.4	62	(45.0)	63	(0.4)	64	108.0
18	Contributions to Nuclear Segregated Funds and Earnings	65	824.5			66	824.5			67	824.5	68	(212.0)	69	(370.5)	70	242.0
19	Pension Plan Contributions	71	261.0			72	261.0	73	(54.0)	74	207.0		-		-	75	207.0
20	OPEB/SPP Payments	76	68.3			77	68.3	78	(13.9)	79	54.4		-	80	0.6	81	55.0
21	Regulatory Asset Deduction - PARTS Deferred Costs	82	12.6			83	12.6			84	12.6			85	12.4	86	25.0
22	Regulatory Asset Deduction - Nucl Development Deferral & Capacity Refurbishment Variance		-				-				-		-		-		-
23	Regulatory Asset Deduction - Nucl Liability Deferral		-				-				-		-		-		-
24	Construction In Progress Interest Capitalized	87	14.5	88	6.8	89	21.3	90	(6.4)	91	14.9		-	92	(14.9)		-
25	Other	93	144.2		-	94	144.2	95	(123.9)	96	20.3	97	(13.7)	98	(7.3)	99	(0.7)
26	Total Deductions		1,873.2		162.6		2,035.8		(394.8)		1,641.0		(313.9)		(384.4)		942.7
27	Net Income/(Loss) for income tax purposes		379.6		3.9		383.5		(407.9)		(24.4)		60.1		(120.4)		(84.7)
	Deduct:																
28	Charitable Donations		3.2		-		3.2		(3.2)		-		-		-		
29	Non-capital losses of previous tax years		258.7		-		258.7		(258.7)		-		-		-		
30	Taxable Income		117.7		3.9		121.6		(146.0)		(24.4)		60.1		(120.4)		(84.7)
	Tax Loss Carryforward Balances																
31	Opening Balance																(65.5)
32	Income/(loss) for the Year																(84.7)
33	Closing Balance																**(150.2)**

SCHEDULE B

For purposes of this report, we have performed the following procedures, which were applied to the items on the Year 2006 Reconciliation of Tax Return to Regulatory Tax Expense schedule (Schedule A). The procedures and findings described below apply to such items on the Year 2006 Reconciliation of Tax Return to Regulatory Tax Expense schedule as indicated by the bolded number assigned to each item. In all cases where we noted agreement of amounts to financial statements, such agreement is after rounding and/or truncating as deemed appropriate by the Company. In those instances where our procedures consisted of comparing an amount to a management prepared schedule, we have not further compared the amounts on the schedule to the Company's books of account unless otherwise noted.

Determination of Taxable Income

Earnings Before Tax

1. Recalculated the amount of $678.7 million as the sum of items a through c below and found it to be arithmetically correct:
   a. $592.7 million which was compared to the item described as 'Net income after taxes and extraordinary items per financial statements' as per Schedule 1 of the 2006 OPG Inc. income tax return ("tax return") and found to be in agreement;
   b. $60.0 million which was compared to the 'Current income tax expense' line on the consolidated statement of income of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement;
   c. $26.0 million which was compared to the 'Future income tax expense' line on the consolidated statement of income of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement.

2. Recalculated the amount of $103.1 million as the difference between the balance of procedures #3 and #1 and found it to be arithmetically correct.

3. Compared the amount of $575.6 million to the balance of the 'Income before income taxes and extraordinary item' line on the consolidated statement of income of the 2006 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

4. Recalculated the amount of $345.9 million as the difference between the balance of procedures #5 and #3 and found it to be arithmetically correct.

5. Recalculated the amount of $229.7 million as the total of items a and b below and found it to be arithmetically correct:
   a. $229.8 million which was compared to the item described as 'Regulated Earnings Before Tax ("EBT") Including Bruce' as per the management prepared schedule entitled 'Schedule allocating Regulatory EBT to Prescribed Facilities Excluding Bruce' and found to be in agreement; less
   b. $0.1 million which was compared to the line described as 'Rounding' as per the management prepared schedule entitled 'Schedule allocating Regulatory EBT to Prescribed Facilities Excluding Bruce' and found to be in agreement.

6. Recalculated the amount of $115.8 million as the total of items a and b below and found it to be arithmetically correct:
    a. $136.6 million which was compared to the item described as 'Bruce Regulated EBT' as per the management prepared schedule entitled 'Schedule allocating Regulatory EBT to Prescribed Facilities Excluding Bruce' and found to be in agreement; less
    b. $20.8 million which was compared to note 3 of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement.
7. Compared the amount of $35.9 million to the total of items a and b below and found it to be arithmetically correct:
    a. $36.0 million which was compared to the item described as 'Other Adjustments' as per the management prepared schedule entitled 'Schedule allocating Regulatory EBT to Prescribed Facilities Excluding Bruce' and found to be in agreement; less
    b. $0.1 million which was compared to the line described as 'Rounding' as per the management prepared schedule entitled 'Schedule allocating Regulatory EBT to Prescribed Facilities Excluding Bruce' and found to be in agreement.
8. Recalculated the amount of $78.0 million as the sum of the balance of procedures #5, #6 and #7, as represented in Schedule A, and found it to be arithmetically correct.

Additions for Tax Purposes:

9. Recalculated the amount of $380.7 million as the total of items a through f below and found it to be arithmetically correct:
    a. $663.6 million which was compared to the balance of the 'Depreciation and amortization' line of the statement of income included in the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement; less
    b. $263.0 million which was compared to the balance of procedure #10 and found to be in agreement; less
    c. $4.4 million which was compared to the balance of SAP Accounts #7451300000 and #7451300001 and found to be in agreement; less
    d. $4.9 million which was compared to the balance of SAP Accounts #64003 and #64004 and found to be in agreement; less
    e. $10.2 million which was compared to the item described as 'depreciation' on the statement of income as per the Brighton Beach Power 2006 unaudited financial statements, multiplied by 50% and found to be in agreement; less
    f. $0.4 million which was compared to the item described as 'depreciation' on the statement of income as per the Huron Wind L.P 2006 unaudited financial statements, multiplied by 50% and found to be in agreement.
10. Recalculated the amount of $263.0 million as the sum of items a through e below and found it to be arithmetically correct:
    a. $6.8 million which was compared to the item described as 'Depreciation and amortization' on the statement of income as per the Huron Common Facilities Inc. 2006 unaudited financial statements and found to be in agreement;

b. $0.0 which was compared to the item described as 'Depreciation and amortization' on the statement of income of the Huron A Inc. 2006 unaudited financial statements and found to be in agreement;
c. $75.4 million which was compared to the item described as 'Depreciation and amortization' on the statement of income of the 2006 Huron B Inc. unaudited financial statements and found to be in agreement;
d. $89.6 million which was compared to the item described as 'Depreciation and amortization' on the statement of income of the Pickering Inc. 2006 unaudited financial statements and found to be in agreement;
e. $91.2 million which was compared to the item described as 'Depreciation and amortization' on the statement of income of the Darlington Inc. 2006 unaudited financial statements and found to be in agreement.

11. Recalculated the amount of $643.7 million as the sum of the balance of procedures #9 and #10 and found it to be arithmetically correct.

12. Recalculated the amount of $239.2 as the difference between the balance of procedures #11 and #13 and found it to be arithmetically correct.

13. Recalculated the amount of $404.5 million as the sum of items a through j below and found it to be arithmetically correct:

a. $6.9 million which was compared to the balance of procedure #10 a and found to be in agreement;
b. $75.4 million which was compared to the balance of procedure #10 c and found to be in agreement;
c. $91.2 million which was compared to the balance of procedure #10 e and found to be in agreement;
d. $89.4 million which was compared to the balance in SAP Account #7411 for the business unit of Pickering (Company Code 9820) and found to be in agreement;
e. $4.9 million which was compared to the item described as 'Amortization (Used Fuel Disposal/Lower Level Waste/Intermediate Level Waste)' as per the management prepared schedule entitled '2006 Depreciation for Regulated Business' and found to be in agreement;
f. $43.9 million which was compared to the balance in SAP Account #7411 for the business unit of Niagara (Company Code 9817) and found to be in agreement;
g. $20.7 million which was compared to the balance in SAP Account #7411 for the business unit of St. Lawrence (Saunders) (Company Code 9820) and found to be in agreement;
h. $13.1 million which was compared to the item described as 'MFA & Other Depreciation' as per the management prepared schedule entitled '2006 Depreciation for Regulated Business' and found to be in agreement;
i. $63.9 million which was compared to SAP Accounts #7411 to #74142 for company code 'FOS1' and found to be in agreement; less
j. $4.9 million which was compared to the balance of procedure #9 d and found to be in agreement.

14. Compared the amount of $100.4 million to the item described as '2006 Depreciation' as per the management prepared schedule entitled 'Bruce Lease Segment Income' and found it to be in agreement.
15. Recalculated the amount of $0.5 million as the amount required to adjust the balance in procedure #16 to a balance of $303.6 million and found the calculation to be arithmetically correct.
16. Recalculated the amount of $303.6 million as the sum of the balance in procedures #13, #14 and #15, as represented in Schedule A, and found it to be arithmetically correct.
17. Recalculated the amount $528.6 million as the sum of items a through d below and found it to be arithmetically correct:
    a. $31.6 million which was compared to the balance of SAP Accounts #64001 and #64002 and found to be in agreement;
    b. $4.9 million which was compared to the balance of SAP Accounts #64003 and #64004 and found to be in agreement;
    c. $489.9 million which was compared to the balance of SAP Accounts #64102 to #64106 and found to be in agreement;
    d. $2.2 million which was compared to SAP Account #47125 and found to be in agreement.
18. Compared the amount of $528.6 million to the balance of procedure #17 and found it to be in agreement.
19. Compared the amount of $528.6 million to the balance of procedure #17 and found it to be in agreement.
20. Compared the amount of $16.1 million to the item described as 'Bruce & Other Nuclear Gross margin electricity generation sales' as per the OPG Inc. internal report entitled 'Business Unit Summary - Consolidated Statement of Income for the 12 months ended December 31, 2006' and found to be in agreement.
21. Compared the amount of $490.6 million to the 'Nuclear Accretion on fixed asset removal and nuclear waste management liabilities' balance in note 18 of the 2006 audited consolidated financial statements of OPG Inc. and found it to be in agreement.
22. Recalculated the amount of $21.9 million as the sum of the balance of procedures #19, #20 and #21, as represented in Schedule A, and found it to be arithmetically correct.
23. Compared the amount of $18.8 million to the balance of the 'Reimbursement of expenditures on nuclear fixed asset removal and nuclear waste management' line of the consolidated statement of cash flows included in the 2006 audited consolidated financial statements of OPG Inc. and found it to be in agreement.
24. Compared the amount of $18.8 million to the balance of procedure #23 and found it to be in agreement.
25. Compared the amount of $18.8 million to the balance of procedure #23 and found it to be in agreement.
26. Compared the amount of $9.0 million to the item described as '2006 Bruce Nuclear Generator ONFA Funded' as per the management prepared schedule entitled 'Internal & External Funding for Nuclear ARO' and found it to be in agreement.

27. Recalculated the amount of $0.2 million as the amount required to adjust the balance in procedure #28 to a whole number and found the calculation to be arithmetically correct.

28. Recalculated the amount of $10.0 million as the sum of the balance of procedures #25, #26 and #27, as represented in Schedule A, and found it to be arithmetically correct.

29. Recalculated the amount of $471.4 million as the sum of items a and b below and found it to be in agreement:

a. $217.3 million which was compared to the balance of the 'Pension cost' line item of the consolidated statement of cash flows included in the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement;

b. $254.1 million which was compared to the balance of the 'Other post employment benefits and supplementary pension plans' line included in the consolidated statement of cash flows included in the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement.

30. Compared the amount of $471.4 million to the balance of procedure #29 and found it to be in agreement.

31. Recalculated the amount of $97.0 million as the sum of items a and b below and found it to be in agreement:

a. $45.0 million which was compared to the item described as 'Unregulated Non-deductible Pension accruals' as per the management prepared schedule entitled '2006 Tax Return Details' and found to be in agreement;

b. $52.0 million which was compared to the item described as 'Unregulated Increase in Other Pension and Employment Benefits ("OPEB") liability for the period – accrual add back' as per the management prepared schedule entitled '2006 Tax Return Details' and found to be in agreement.

32. Recalculated the amount of $374.4 million as the difference between the balance of procedures #30 and #31 and found it to be arithmetically correct.

33. Recalculated the amount of $0.4 million as the amount required to adjust the balance in procedure #34 to a whole number and found the calculation to be arithmetically correct.

34. Recalculated the amount of $374.0 million as the sum of the balance of procedures #32 and #33, as represented in Schedule A, and found it to be arithmetically correct.

35. Compared the amount of $25.1 million to the balance of SAP Account #6206 and found it to be in agreement.

36. Compared the amount of $25.1 million to the balance of procedure #35 and found it to be in agreement.

37. Compared the amount of $25.1 million to the balance of procedure #35 and found it to be in agreement.

38. Recalculated the amount of $0.1 million as the amount required to adjust the balance in procedure #39 to a whole number and found the calculation to be arithmetically correct.

39. Recalculated the amount of $25.0 million as the sum of the balance in procedures #37 and #38, as represented in Schedule A, and found it to be arithmetically correct.

40. Compared the amount of $10.5 million to the management prepared schedule entitled 'Calculation of Deemed Interest Adjustment (Bruce Only)' and found it to be in agreement.

41. Compared the amount of $38.0 million to the management prepared schedule entitled 'Calculation of Deemed Interest Adjustment (incl Bruce)' and found it to be in agreement. The amount of $38.0 million was also recalculated as the product of items a through c below and found it to be arithmetically correct:

a. $1,260.0 million which was compared to the item described as '2006 Average Asset Retirement Obligation Net Book Value' as per the management prepared schedule entitled 'Calculation of Deemed Interest Adjustment (incl Bruce)' and found to be in agreement; multiplied by
b. 55% which was compared to the item described as 'Component % of Total Debt' as per Exhibit C1, Tab 2, Schedule 1 Table 5 of the Ontario Energy Board ("OEB") Decision updated March 14, 2008 and found to be in agreement; multiplied by
c. 5.48% which was compared to the item described as 'Cost Rate % of Total Debt' as per Exhibit C1, Tab 2, Schedule 1 Table 5 of the OEB Decision updated March 14, 2008 and found to be in agreement.

42. Recalculated the amount of $27.5 million as the sum of the balance of procedures #40 and #41, as represented in Schedule A, and found it to be arithmetically correct.

43. Compared the amount of $149.5 million to the management prepared schedule entitled 'Schedule of Adjustments to Accounting Income for Tax Purposes as filed in 2006 Tax Return' and found it to be in agreement.

44. Recalculated the amount of $6.6 million as the sum of items a and b below and found it to be arithmetically correct:

a. $2.5 million which was compared to Schedule 1, line 290 of the Darlington Inc. 2006 tax return and found to be in agreement;
b. $4.1 million which was compared to Schedule 1, line 290 of the Pickering Inc. 2006 tax return and found to be in agreement.

45. Recalculated the amount of $156.1 million as the total of the balance of procedures #43 and #44 and found it to be arithmetically correct.

46. Recalculated the amount of $120.6 million as the difference between the balance of procedures #45 and #47 and found it to be arithmetically correct.

47. Recalculated the amount of $35.5 million as the sum of items a through j below and found it to be arithmetically correct:

a. $1.0 million which was compared to the item described as 'Regulated Non-deductible meals/entertainment expenses' as per the management prepared schedule entitled '2006 Tax Return Details' and found to be in agreement;
b. $1.2 million which was compared to the item described as 'Regulated Capital items expensed' as per the management prepared schedule '2006 Tax Return Details' and found to be in agreement;
c. $6.6 million which was compared to the balance of procedure #44 and found to be in agreement;
d. $3.3 million which was compared to the difference between the opening and closing balance of SAP Account #24000 and found to be in agreement;

e. $5.6 million which was recalculated as the sum of items i through iv below and found to be arithmetically correct:
    i. $3.5 million which was compared to the item described as '2006 Year End Actual' for the 'Low Level Waste Storage Building #10, Project #60112' as per the management prepared schedule entitled 'NWMD Project Actuals for YTD December 2006' and found to be in agreement;
    ii. $1.1 million which was compared to the item described as '2006 Year End Actual' for the 'PUFDS Fac. Mods – Ultrasonic Inspection System, Project #60111' as per the management prepared schedule entitled 'NWMD Project Actuals for YTD December 2006' and found to be in agreement;
    iii. $0.9 million which was compared to the item described as '2006 Year End Actual' for the 'WUFDS Fac. Mods. -2nd DSC Transporter &Transfer Vehicle, Project #60106' as per the management prepared schedule entitled 'NWMD Project Actuals for YTD December 2006' and found to be in agreement;
    iv. $0.1 million which was compared to the item described as '2006 Year End Actual' for the 'LLW Fac. Mods. – Transport & Work Equipment Storage, Project #60109' as per the management prepared schedule entitled 'NWMD Project Actuals for YTD December 2006' and found to be in agreement;
f. $14.7 million which was compared to the items described as 'Obsolete Material Write-off, Additions' and 'Obsolete Material Write-off, Deductions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2-2006 December 31, 2006 Summary of Reserves' and found to be in agreement;
g. $1.1 million which was compared to the difference in the opening and closing balance of SAP Account #45198 and found to be in agreement;
h. $1.1 million which was compared to the item described as 'Hydro One Demerger Costs, Additions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2-2006 December 31, 2006 Summary of Reserves' and found to be in agreement;
i. $2.0 million which was recalculated as the sum of items i and ii below and found to be arithmetically correct:
    i. $13.7 million which was compared to the item described as '2006 Amortization Lease Payment Gain, Tax Permanent Difference' as per the management prepared schedule entitled 'Amortization of Deferred Revenue - Bruce reconciliation of SAP Account #55200' found to be in agreement; less
    ii. $11.7 million which was compared to the balance of SAP Account #5520000000 and found to be in agreement; less
j. $1.1 million which was agreed to the difference between the opening and closing balance of SAP Account #466000 and found to be in agreement.

48. Compared the amount of $2.0 million to the balance of procedure #47 i and found it to be in agreement.

49. Compared the amount of $15.5 million to the management prepared schedule entitled 'Expenses Excluded for Rate Determination' and found it to be in agreement.

50. Recalculated the amount of $18.0 million as the sum of the balance in procedures #47, #48, and #49, as represented in Schedule A, and found it to be arithmetically correct.

Deductions for Tax Purposes:

51. Compared the amount of $394.7 million to Schedule 1, line 403 of the 2006 OPG Inc. tax return and found it to be in agreement.

52. Recalculated the amount of $155.8 million as the sum of items a through e below and found it to be arithmetically correct:

a. $2.2 million which was compared to Schedule 1, line 403 of the Huron A Inc. 2006 tax return and found to be in agreement;
b. $30.5 million which was compared to Schedule 1, line 403 of the Huron B Inc. 2006 tax return and found to be in agreement;
c. $3.4 million which was compared to Schedule 1, line 403 of the Huron Common Facilities Inc. 2006 tax return and found to be in agreement;
d. $18.1 million which was compared to Schedule 1, line 403 of the Darlington Inc. 2006 tax return and found to be in agreement;
e. $101.6 million which was compared to Schedule 1, line 403 of the Pickering Inc. 2006 tax return and found to be in agreement.

53. Recalculated the amount of $550.5 million as the sum of the balance of procedures #51 and #52 and found it to be arithmetically correct.

54. Compared the amount of $196.6 million to the item described as 'Total Unregulated CCA' as per the management prepared schedule entitled 'Consolidated Regulated and Unregulated Capital Cost Allowance Schedule – 2006 Actual' and found it to be in agreement.

55. Recalculated the amount of $353.9 million as the difference between the balance of procedures #53 and #54 and found it to be arithmetically correct.

56. Recalculated the amount of $43.2 million as the sum of items a and b below and found it to be arithmetically correct:

a. $7.0 million which was compared to the item described as 'OPG-Bruce Regulatory CCA' as per the management prepared schedule entitled 'Capital Cost Allowance Schedule – 2006 Actual' and found to be in agreement;
b. $36.2 million which was compared to the item described as 'Sub-Bruce Regulatory CCA' as per the management prepared schedule entitled 'Capital Cost Allowance Schedule – 2006 Actual' and found to be in agreement.

57. Compared the amount of $4.3 million to the item described as 'Audit Adjustment excluding Bruce' as per the management prepared schedule entitled 'Capital Cost Allowance Schedule – 2006 Actual' and found it to be in agreement.

58. Recalculated the amount of $306.4 million as the sum of the balance in procedures #55, #56 and #57, as represented in Schedule A, and found it to be arithmetically correct.

59. Recalculated the amount of $153.4 million as the sum of items a through f below and found it to be arithmetically correct:

a. $12.7 million which was compared to the difference between the opening and closing balance of SAP Account #47105 and found to be in agreement ;
b. $28.6 million which was compared to the difference between the opening and closing balance of SAP Account #47107 and found to be in agreement ;
c. $9.6 million which was compared to the difference between the opening and closing balance of SAP Account #47110 and found to be in agreement ;
d. $59.7 million which was compared to the difference between the opening and closing balance of SAP Accounts #47122 to #47123 and found to be in agreement ;
e. $53.6 million which was compared to the difference between the opening and closing balance of SAP Account #47203 and found to be in agreement ; less
f. $10.8 million which was compared to the item described as 'FAC 47203 Fossil Decommission Costs' as per the management prepared schedule entitled 'Nuclear Liabilities - Non segregated Fund expenditures' and found to be in agreement.

60. Compared the amount of $153.4 million to the balance of procedure #59 and found it to be in agreement.

61. Compared the amount of $153.4 million to the balance of procedure #59 and found it to be in agreement.

62. Compared the amount of $45.0 million to the item described as "Bruce Nuclear Generator 2006 Total Costs Incurred" as per the management prepared schedule entitled "Internal & External Funding for Nuclear ARO" and found it to be in agreement.

63. Recalculated the amount of $0.4 million as the amount required to adjust the balance in procedure #64 to a whole number and found the calculation to be arithmetically correct.

64. Recalculated the amount of $108.0 million as the sum of the balance of procedures #61, #62 and #63, as represented in Schedule A, and found it to be arithmetically correct.

65. Recalculated the amount of $824.5 million as the sum of items a and b below and found it to be arithmetically correct:

a. $453.9 million which was compared to the balance of the 'Contribution to nuclear fixed asset removal and nuclear waste management funds' line of the consolidated statement of cash flows of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement;
b. $370.6 million which was compared to the balance of the 'Earnings on nuclear fixed asset removal and nuclear waste management funds' line of the consolidated statement of cash flows of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement.

66. Compared the amount of $824.5 million to the balance of procedure #65 and found it to be in agreement.

67. Compared the amount of $824.5 million to the balance of procedure #65 and found it to be in agreement.

68. Compared the amount of $212.0 million to the item described as '2006 Bruce Total Cash Contributions' as per the management prepared schedule entitled 'ONFA fund contribution profile split between Bruce/Pickering/Darlington' and found it to be in agreement.

69. Compared the amount of $370.5 million to the sum of items a and b below and found it to be arithmetically correct:

a. $370.6 million which was compared to the balance of procedure #65 b and found to be in agreement; less

b. $0.1 million which was recalculated as the amount required to adjust the balance in procedure #70 to a whole number and found it to be arithmetically correct.

70. Recalculated the amount of $242.0 million as the sum of the balance of procedures #67, #68 and #69, as represented in Schedule A, and found it to be arithmetically correct.

71. Compared the amount of $261.0 million to the balance of the 'Contributions to pension fund' line of the consolidated statement of cash flows of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement.

72. Compared the amount of $261.0 million to the balance of procedure #71 and found it to be in agreement.

73. Compared the amount of $54.0 million to the item described as 'Unregulated Pension Plan Contributions' as per the management prepared schedule entitled '2006 Tax Return Details' and found it to be in agreement.

74. Recalculated the amount of $207.0 million as the difference between the balance of procedures #72 and #73 and found it to be arithmetically correct.

75. Compared the balance of $207.0 million to the balance of procedure #74 and found it to be in agreement.

76. Recalculated the amount of $68.3 million as the sum of items a through c below and found it to be arithmetically correct:

a. $68.7 million which was compared to the balance of the 'Expenditures on other post-employment benefits and supplementary pension plans' line of the consolidated statement of cash flows of the 2006 audited consolidated financial statements of OPG Inc. and found to be in agreement;

b. $1.5 million which was compared to Schedule 1, line 392 of the OPG Inc. 2006 tax return and found to be in agreement; less

c. $1.9 million which was compared to Schedule 1, line 290 of the OPG Inc. 2006 tax return and found to be in agreement.

77. Compared the amount of $68.3 million to the balance of procedure #76 and found it to be in agreement.

78. Recalculated the amount of $13.9 million as the sum of item a through c below and found it to be arithmetically correct:

a. $14.0 million which was compared to the item described as 'Increase in OPEB liability for the period – Cash payments' as per the management prepared schedule entitled '2006 Tax Return Details' and found to be in agreement;

b. $0.3 million which was compared to the item described as 'Unregulated 2006 OPEB payments made in the first 179 days of 2007' as per the management prepared schedule entitled '2006 Tax Return Details' and found to be in agreement; less

c. $0.4 million which was compared to the item described as 'Unregulated 2005 OPEB payments made in the first 179 days of 2006' as per the management prepared schedule entitled '2006 Tax Return Details' and found to be in agreement.

79. Recalculated the amount of $54.4 million as the difference between the balance of procedures #77 and #78 and found it to be arithmetically correct.

80. Recalculated the amount of $0.6 million as the amount required to adjust the balance in procedure #81 to a whole number and found the calculation to be arithmetically correct.

81. Recalculated the amount of $55.0 million as the sum of the balance of procedures #79 and #80, as represented in Schedule A, and found it to be arithmetically correct.

82. Compared the amount of $12.6 million to the difference in the opening and closing balance of SAP Account #19000 and found it to be in agreement.

83. Compared the amount of $12.6 million to the balance of procedure #82 and found it to be in agreement.

84. Compared the amount of $12.6 million to the balance of procedure #82 and found it to be in agreement.

85. Recalculated the amount of $12.4 million as the difference between the balance of procedures #39 and #84 and found it to be arithmetically correct.

86. Recalculated the amount of $25.0 million as the sum of the balance of procedures #84 and #85, as represented in Schedule A, and found it to be arithmetically correct.

87. Recalculated the amount of $14.5 million as the sum of items a and b below and found it to be arithmetically correct:

a. $14.2 million which was compared to Schedule 1, line 390 of the 2006 OPG Inc. tax return and found to be in agreement;

b. $0.3 million which was recalculated as the amount required to obtain a balance of $14.5 million and found to be arithmetically correct.

88. Recalculated the amount of $6.8 million as difference between the balance of procedures #89 and #87 and found it to be arithmetically correct.

89. Compared the amount of $21.3 million to note 5 of the 2006 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

90. Recalculated the amount of $6.4 million as the sum of items a and b below and found it to be arithmetically correct:

a. $4.3 million which was compared to the item described as 'Total Unregulated' as per the management prepared schedule entitled 'Interest Capitalized for the twelve months ended December 31, 2006' and found to be in agreement;

b. $2.1 million which was compared to the item described as 'Total Other Unregulated' as per the management prepared schedule entitled 'Interest Capitalized for the twelve months ended December 31, 2006' and found to be in agreement.

91. Recalculated the amount of $14.9 million as the difference between the balance of procedures #89 and #90 and found it to be arithmetically correct.

92. Compared the amount of $14.9 million to balance of procedure #91 and found it to be in agreement.

93. Compared the amount of $144.2 million to the management prepared schedule entitled 'Schedule of Deductions Allowed for Tax Purposes as filed in 2006 Tax Return' and found it to be in agreement.

94. Compared the amount of $144.2 million to the balance of procedure #93 and found it to be in agreement.

95. Recalculated the amount of $123.9 million as the difference between the balance of procedures #94 and #96 and found it to be arithmetically correct.

96. Compared the amount of $20.3 million to the management prepared schedule entitled 'Schedule of Other Deductions to Regulated Taxable Income' and found it to be in agreement.

97. Compared the amount of $13.7 million to balance of procedure #47 i i and found it to be in agreement.

98. Compared the amount of $7.3 million to the management prepared schedule entitled 'Income booked in current year but earned in prior year' and found it to be in agreement.

99. Recalculated the amount of $0.7 million as the sum of the balance of procedures #96, #97 and #98, as represented in Schedule A, and found it to be arithmetically correct.

To: Ontario Power Generation Inc.

As specifically agreed, we have performed the accompanying procedures in connection with **Ontario Power Generation Inc.'s** ("OPG Inc." or the "Company") report on the Reconciliation of Tax Return to Regulatory Tax Expense (Schedule A) for the year ended December 31, 2007 as outlined in the attached list of procedures (Schedule B).

As a result of applying the accompanying procedures in Schedule B, we found no exceptions.

However, these procedures do not constitute an audit of the Company's Reconciliation of Tax Return to Regulatory Tax Expense, and therefore we express no opinion on the financial information.

This report is for use solely in connection with OPG Inc.'s filing with the Ontario Energy Board.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
April 7, 2010.

Schedule A

Reconciliation of Tax Return to Regulatory Tax Expense
Year Ending December 31, 2007

			2007 Tax Return										Adjustments				
			1		2		3		4		5		6		7		8
Line No.	Particulars		OPG Parent		Subs		Total		UnReg		Regulated		Bruce		Other Adj		Revised Regulatory
	Determination of Taxable Income																
1	Earnings Before Tax	1	510.2	2	(33.3)	3	476.9	4	(375.1)	5	101.8	6	(147.1)	7	(185.8)	8	(231.1)
	Adj negative earnings to $0													9	231.1	10	231.1
			510.2		(33.3)		476.9		(375.1)		101.8		(147.1)		45.3		-
	Additions for Tax Purposes:																
2	Depreciation	11	553.2	12	65.8	13	619.0	14	(179.0)	15	440.0	16	(76.6)	17	(53.0)	18	310.4
3	Nuclear Waste Management Expenses	19	650.3		-	20	650.3		-	21	650.3	22	(53.8)	23	(571.3)	24	25.2
4	Receipts from Nuclear Segregated Funds	25	119.2		-	26	119.2		-	27	119.2	28	(24.0)	29	(0.2)	30	95.0
5	Pension and OPEB/SPP Accrual*	31	488.7		-	32	488.7	33	(105.0)	34	383.7			35	0.3	36	384.0
6	One-Time Adjustment: P2P3 Inventory Write-offs		-				-				-				-		-
7	One-Time Adjustment: P2P3 CIP Write-offs		-				-				-				-		-
8	Regulatory Asset Amortization - PARTS Deferred Costs	37	95.5			38	95.5			39	95.5			40	(0.5)	41	95.0
9	Regulatory Asset Amortization - Nucl Development Deferral & Capacity Refurbishment Variance		-				-				-				-		-
10	Regulatory Asset Amortization - Nucl Liability Deferral		-				-				-				-		-
11	First Nations Past Grievances Provision	42	27.1			43	27.1			44	27.1			45	(0.1)	46	27.0
12	Adjustment Related to Duplicate Interest Deduction		-				-				-	47	(8.7)	48	34.0	49	25.3
13	Lennox impairment		-				-				-				-		-
14	Other	50	87.5	51	0.1	52	87.6	53	(55.7)	54	31.9	55	(2.0)	56	(3.9)	57	26.0
15	Total Additions		2,021.5		65.9		2,087.4		(339.7)		1,747.7		(165.1)		(594.7)		987.8
	Deductions for Tax Purposes:																
16	CCA	58	528.4	59	33.4	60	561.8	61	(198.5)	62	363.3	63	(39.7)	64	(17.7)	65	305.9
17	Cash Expenditures for Nuclear Waste & Decommissioning	66	169.9			67	169.9		-	68	169.9	69	(67.0)	70	0.1	71	103.0
18	Contributions to Nuclear Segregated Funds and Earnings	72	1,269.2			73	1,269.2		-	74	1,269.2	75	(563.0)	76	(481.2)	77	225.0
19	Pension Plan Contributions	78	268.0			79	268.0	80	(57.0)	81	211.0		-		-	82	211.0
20	OPEB/SPP Payments	83	72.8			84	72.8	85	(15.0)	86	57.8		-	87	(0.8)	88	57.0
21	Regulatory Asset Deduction - PARTS Deferred Costs	89	30.6			90	30.6			91	30.6			92	64.4	93	95.0
22	Regulatory Asset Deduction - Nucl Development Deferral & Capacity Refurbishment Variance		-				-				-		-		-		-
23	Regulatory Asset Deduction - Nucl Liability Deferral	94	130.5			95	130.5			96	130.5		-	97	(130.5)		-
24	Construction In Progress Interest Capitalized	98	41.4			99	41.4	100	(15.6)	101	25.8			102	(25.8)		-
25	Other	103	89.6	104	0.1	105	89.7	106	(25.8)	107	63.9	108	(13.7)	109	(20.9)	110	29.3
26	Total Deductions		2,600.4		33.5		2,633.9		(311.9)		2,322.0		(683.4)		(612.4)		1,026.2
27	Net Income/(Loss) for income tax purposes		(68.7)		(0.9)		(69.6)		(402.9)		(472.5)		371.2		63.0		(38.3)
28	Taxable Income		-		-		-		(402.9)		(402.9)		371.2		63.0		(38.3)
	Tax Loss Carryforward Balances																
28	Opening Balance																(150.2)
29	Income/(loss) for the Year																(38.3)
30	Closing Balance																(188.5)

SCHEDULE B

For purposes of this report, we have performed the following procedures, which were applied to the items on the Year 2007 Reconciliation of Tax Return to Regulatory Tax Expense schedule (Schedule A). The procedures and findings described below apply to such items on the Year 2007 Reconciliation of Tax Return to Regulatory schedule as indicated by the bolded number assigned to each item. In all cases where we noted agreement of amounts to financial statements, such agreement is after rounding and/or truncating as deemed appropriate by the Company. In those instances where our procedures consisted of comparing an amount to a management prepared schedule, we have not further compared the amounts on the schedule to the Company's books of account unless otherwise noted.

Determination of Taxable Income

Earnings Before Tax

1. Recalculated the amount of $510.2 million as the sum of items a through c below and found it to be arithmetically correct:
    a. $561.2 million which was compared to the item described as 'Net income after taxes and extraordinary items per financial statements' as per Schedule 1 of the 2007 OPG Inc. income tax return ("tax return") and found to be in agreement;
    b. $1.0 million which was compared to the 'Current income tax expense' line in the consolidated statement of income of the 2007 audited consolidated financial statements of OPG Inc. and found to be in agreement;
    c. ($52.0) million which was compared to the 'Future income tax recovery' line in the consolidated statement of income of the 2007 audited consolidated financial statements of OPG Inc. and found to be in agreement.
2. Recalculated the amount of $33.3 million as the difference between the balance of procedures #1 and #3 and found it to be arithmetically correct.
3. Compared the amount of $476.9 million to the balance of the 'Income before income taxes' line in the consolidated statement of income of the 2007 audited consolidated financial statements of OPG Inc. and found it to be in agreement.
4. Compared the amount of $375.1 million to the 'Unregulated Hydro-Electric Income before other gains' balance as per note 18 of the 2007 audited consolidated financial statements of OPG Inc. and found it to be in agreement.
5. Recalculated the amount of $101.8 million as the difference between the balance of procedures #3 and #4 and found it to be arithmetically correct.
6. Recalculated the amount of $147.1 million as the total of items a and b below and found it to be arithmetically correct:
    a. $167.8 million which was compared to the item described as '2007 Regulatory Earnings' as per the management prepared schedule entitled 'Regulatory Earnings to be Used for Tax Purposes' and found to be in agreement; less

b. $20.7 million which was compared to note 7 of the audited consolidated financial statements of OPG Inc. and found it to be in agreement.

7. Compared the amount of $185.8 million to the item described as 'Other Adjustments Excluding Bruce' as per the management prepared schedule entitled 'Allocation of Regulatory EBT to Regulated Facilities Excluding Bruce' and found it to be in agreement.

8. Recalculated the amount of $231.1 million as the sum of the balance of procedures #5, #6 and #7, as represented in Schedule A, and found it to be arithmetically correct.

9. Compared the amount of $231.1 million to the item described as 'Regulatory Losses' as per the management prepared schedule entitled 'Ontario Power Generation December 31, 2007, Regulatory Losses borne by OPG Shareholder' and found it to be in agreement.

10. Compared the amount of $231.1 million to the balance of procedure #9 and found it to be in agreement.

Additions for Tax Purposes:

11. Compared the amount of $553.2 million to Schedule 1, line 104 of the 2007 OPG Inc. tax return and found the amount to be in agreement. Recalculated the amount of $553.2 million as the total of items a through i below and found it to be arithmetically correct:

a. $694.8 million which was compared to the balance of the 'Depreciation and amortization' line of the consolidated statement of cash flows of the 2007 audited consolidated financial statements of OPG Inc. and found to be in agreement; less

b. $65.8 million which was compared to the dollar value of the balance of procedure #12 and found to be in agreement; less

c. $14.0 million which was compared to the balance of SAP Accounts #7415300000 and #74153000001 and found to be in agreement; less

d. $9.1 million which was compared to the balance of SAP Accounts #64003, #64004 and #64006 and found to be in agreement; less

e. $10.6 million which was compared to the item described as 'depreciation' per the Brighton Beach Power 2007 unaudited financial statements, multiplied by 50% and found to be in agreement; less

f. $0.4 million which was compared to the item described as 'depreciation' per the Huron Wind L.P. 2007 unaudited financial statements, multiplied by 50% and found to be in agreement; add

g. $56.6 million which was compared to the item described as 'Nuclear Liability Regulatory Deferral – Depreciation' as per the management prepared schedule entitled 'Ontario Power Generation Inc.' and found to be in agreement; less

h. $2.8 million which was compared to SAP Account #6854 and found to be in agreement; less

i. $95.5 million which was compared to SAP Account #6206 and found to be in agreement.

12. Compared the amount of $65.8 million for the subsidiaries to the sum of items a through c below and found it to be arithmetically correct:

a. $4.8 million which was compared to the item described as 'depreciation' as per the Huron Common Facilities Inc. 2007 unaudited financial statements and found to be in agreement;
b. $15.0 million which was compared to the item described as 'depreciation' as per the Huron B Inc. 2007 unaudited financial statements and found to be in agreement; and
c. $46.0 million which was compared to the item described as 'depreciation' as per the Huron A Inc. 2007 unaudited financial statements and found to be in agreement.

13. Recalculated the amount of $619.0 million as the total of items a and b below and found to be arithmetically correct:
a. $633.0 million which was compared to the total of SAP Accounts beginning with #741 and found to be in agreement; less
b. $14.0 million which was compared to the sum of balance #11 c and found to be in agreement.

14. Recalculated the amount of $179.0 million as the total of items a and b noted below and found it to be arithmetically correct:
a. $619.0 million which was compared to the balance of procedure #13 and found to be in agreement; less
b. $440.0 million which was compared to the balance of procedure #15 and found to be in agreement.

15. Recalculated the amount of $440.0 million as the sum of items a through e noted below and found it to be arithmetically correct:
a. $65.8 million which was compared to the balance of procedure #12 and found to be in agreement;
b. $300.9 million which was compared to the balance in SAP Account #7411 for the business units of Niagara, St. Lawrence (Saunders), Darlington, Pickering, Pickering Waste (Company Codes #9817, 9823, 9807, 9820, 9821) and found to be in agreement;
c. $60.6 million which was compared to SAP Accounts #7411-74152 for the following business areas: Nuclear Head Office and Support; Darlington NGS; Inspection Services Division; Pickering NGS; Niagara Plant Group, and Saunders and found to be in agreement;
d. $11.5 million which was compared to the item described as 'MFA & Other Depreciation' as per the management prepared schedule entitled '2007 Depreciation for Regulated Business' and found to be in agreement;
e. $1.2 million which was compared to the sum of the items described as 'Rounding' as per the management prepared schedule entitled '2007 Depreciation for Regulated Business' and found to be in agreement.

16. Recalculated the amount of $76.6 million as the total of items a through c below and found it to be arithmetically correct:
a. $120.6 million which was compared to the item described as '2007 Bruce Depreciation' as per the management prepared schedule entitled 'Reconciliation of Depreciation' and found to be in agreement; less

b. $44.5 million which was compared to the item described as '2007 Waste Management included in Bruce depreciation' as per the management prepared schedule entitled 'Reconciliation of Depreciation' and found to be in agreement; add
c. $0.5 million which was compared to the item described as 'Rounding' as per the management prepared schedule entitled 'Reconciliation of Depreciation' and found to be in agreement.

17. Recalculated the amount of $53.0 million as the sum of items a and b below and found it to be arithmetically correct:
a. $55.8 million which was compared to SAP Account #6850 and found to be in agreement; less
b. $2.8 million which was compared to SAP Account #6854 and found to be in agreement.

18. Recalculated the amount of $310.4 million as the sum of the balance of procedures #15, #16, and #17, as represented in Schedule A, and found it to be arithmetically correct.

19. Recalculated the amount of $650.3 million as the total of items a to d below and found it to be arithmetically correct:
a. $37.0 million which was compared to the item described as 'Cash Received from Bruce' as per the management prepared schedule entitled 'Provisions LLW and ILW' and found to be in agreement;
b. $38.8 million which was compared to the sum of SAP Accounts #64001 to #64004 and found to be in agreement;
c. $574.2 million which was compared to the sum of SAP Accounts #64102 to #64106 and found to be in agreement; less
d. ($0.3) million which was compared to the difference between the opening and closing balance of SAP Account #47125 and found to be in agreement.

20. Compared the amount of $650.3 million to the balance of procedure #19 and found it to be in agreement.

21. Compared the amount of $650.3 million to the balance of procedure #19 and found it to be in agreement.

22. Recalculated the amount of $53.8 million as the sum of items a through e below and found it to be arithmetically correct:
a. ($14.0) million which was compared to SAP Account #47109 and found to be in agreement;
b. $2.7 million which was compared to SAP Account #64004 and found to be in agreement;
c. ($32.1) million which was compared to SAP Account #47106 and found to be in agreement;
d. $6.4 million which was compared to SAP Account #64003 and found to be in agreement; and
e. ($16.8) million which was compared to the item described as 'Bruce & Other Nuclear Gross margin electricity generation sales' as per the OPG Inc. internal report entitled 'Business Unit Summary - Consolidated Statement of Income for the 12 months ended December 31, 2007' and found to be in agreement.

23. Recalculated the amount of $571.3 million as the total of items a and b below and found it to be arithmetically correct:

   a. $574.1 million which was compared to sum of SAP Accounts #64102 to #64106 and found to be in agreement; less
   b. $2.8 million which was compared to the balance of SAP Account #6854 and found to be in agreement.

24. Recalculated the amount of $25.2 million as the sum of the balance of procedures #21, #22 and #23, as represented in Schedule A, and found it to be arithmetically correct.

25. Compared the amount of $119.2 million to the balance of the 'Reimbursement of expenditures on nuclear fixed asset removal and nuclear waste management' line of the consolidated statement of cash flows of the 2007 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

26. Compared the amount of $119.2 million to the balance of procedure #25 and found it to be in agreement.

27. Compared the amount of $119.2 million to the balance of procedure #25 and found it to be in agreement.

28. Compared the amount of $24.0 million to the item described as '2007 Bruce Nuclear Generator ONFA Funded' as per the management prepared schedule entitled 'Internal & External Funding for Nuclear ARO' and found it to be in agreement.

29. Recalculated the amount of $0.2 million as the amount required to adjust the balance of procedure #30 to a whole number and found the calculation to be arithmetically correct.

30. Recalculated the amount of $95.0 million as the sum of the balance of procedures #27, #28 and #29, as represented in Schedule A, and found it to be arithmetically correct.

31. Recalculated the amount of $488.7 million as the sum of items a through c below and found it to be arithmetically correct:

   a. $243.6 million which was compared to the balance of the 'Pension cost' line of the consolidated statement of cash flows of the 2007 audited consolidated financial statements of OPG Inc. and found to be in agreement;
   b. $243.6 million which was compared to the balance of the 'Other post employment benefits and supplementary pension plans' line of the consolidated statement of cash flows of the 2007 audited consolidated financial statements of OPG Inc. and found to be in agreement;
   c. $1.5 million which was compared to Schedule 1, line 290 of the 2007 OPG Inc. tax return and found to be in agreement.

32. Compared the amount of $488.7 million to the balance of procedure #31 and found it to be in agreement.

33. Recalculated the amount of $105.0 million as the sum of items a through c below and found it to be arithmetically correct:

   a. $52.0 million which was compared to the item described as 'Unregulated Non-Deductible Pension Accruals' as per the management prepared schedule entitled '2007 Tax Return Details' and found to be in agreement;

b. $52.0 million which was compared to the item described as 'Unregulated Increase in Other Post-Employment Benefits ("OPEB") liability for the period and OPEB accrual addback' as per the management prepared schedule entitled '2007 Tax Return Details' and found to be in agreement;
c. $1.0 million which was compared to the item described as 'Unregulated 2006 OPEB payments made in the first 179 days of 2007' as per the management prepared schedule entitled '2007 Tax Return Details' and found to be in agreement.

34. Recalculated the amount of $383.7 million as the difference between the balance of procedures #32 and #33 and found it to be arithmetically correct.

35. Recalculated the amount of $0.3 million as the amount required to adjust the balance of procedure #36 to a whole number and found the calculation to be arithmetically correct.

36. Recalculated the amount of $384.0 million as the sum of the balance of procedures #34 and #35 and found it to be arithmetically correct.

37. Compared the amount of $95.5 million to the balance of SAP Account #6206 and found it to be in agreement.

38. Compared the amount of $95.5 million to the balance of procedure #37 and found it to be in agreement.

39. Compared the amount of $95.5 million to the balance of procedure #37 and found it to be in agreement.

40. Recalculated the amount of $0.5 million as the amount required to adjust the balance of procedure #41 to a whole number and found the calculation to be arithmetically correct.

41. Recalculated the amount of $95.0 million as the sum of the balance of procedures #39 and #40, as represented in Schedule A, and found it to be arithmetically correct.

42. Compared the amount of $27.1 million to the item described as 'Regulated Increase Provision - Akwesasne' as per the management prepared schedule entitled '2007 Legal Provision' and found it to be in agreement.

43. Compared the amount of $27.1 million to the balance of procedure #42 and found it to be in agreement.

44. Compared the amount of $27.1 million to the balance of procedure #42 and found it to be in agreement.

45. Recalculated the amount of $0.1 million as the amount required to adjust the balance of procedure #46 to a whole number and found the calculation to be arithmetically correct.

46. Recalculated the amount of $27.0 million as the sum of the balance of procedures #44 and #45, as represented in Schedule A, and found it to be arithmetically correct.

47. Compared the amount of $8.7 million to the management prepared schedule entitled 'Calculation of Deemed Interest Adjustment – Bruce Only' and found it to be in agreement.

48. Compared the amount of $34.0 million to the management prepared schedule entitled 'Calculation of Deemed Interest Adjustment (incl Bruce)' and found it to be in agreement. The amount of $34.0 million was also recalculated as the product of items a through c below and found it to be arithmetically correct:

a. $1,116.0 million which was compared to the item described as '2007 Average Asset Retirement Obligation Net Book Value' balance as per the management prepared

working paper entitled 'Calculation of Deemed Interest Adjustment (incl Bruce)' and found to be in agreement; multiplied by

b. 55% which was compared to the item described as 'Component % of Total Debt' as per Exhibit C1, Tab 2, Schedule 1 Table 4 of the Ontario Energy Board ("OEB") Decision updated March 14, 2008 and found to be in agreement; multiplied by

c. 5.54% which was compared to the item described as 'Cost Rate % of Total Debt' as per Exhibit C1, Tab 2, Schedule 1 Table 4 of the OEB Decision updated March 14, 2008 and found to be in agreement.

49. Recalculated the amount of $25.3 million as the sum of the balance of procedures #47 and #48, as represented in Schedule A, and found it to be arithmetically correct.

50. Compared the amount of $87.5 million to the management prepared schedule entitled 'Schedule of Adjustments to Accounting Income for Tax Purposes as filed in the 2007 tax return' and found it to be in agreement.

51. Recalculated the amount of $0.1 million as the sum of items a and b below and found it to be arithmetically correct:

a. $0.08 million which was compared to Schedule 1, line 290 of the 2007 Huron A Inc. income tax return and found to be in agreement; and

b. $0.02 million which was compared to Schedule 1, line 290 of the 2007 Huron B Inc. income tax return and found to be in agreement.

52. Recalculated the amount of $87.6 million as the sum of the balance of procedures #50 and #51 and found to be arithmetically correct**.**

53. Recalculated the amount of $55.7 million as the difference between the balance from procedures #52 and #54 and found it to be arithmetically correct.

54. Recalculated the amount of $31.9 million as the sum of items a through i below and found it to be arithmetically correct:

a. $1.5 million which was compared to the item described as 'Regulated Charitable Donations' as per the '2007 Tax Return Details' worksheet prepared by management and found to be in agreement;

b. $1.4 million which was compared to the item described as 'Regulated Non-deductible meals/entertainment expenses' as per the management prepared schedule entitled '2007 Tax Return Details' and found to be in agreement;

c. $10.4 million which was recalculated as the sum of items i through vi below and found to be arithmetically correct:

i. $1.4 million which was compared to the balance of SAP Account #6200024000 for business areas: Darlington NGS; Inspection Services Division; Niagara Plant Group; Nuclear Head Office and Support; Pickering NGS, and Saunders and found to be in agreement;

ii. $4.4 million which was compared to the item described as 'Information Systems Group Regulated' as per the management prepared schedule entitled 'Computer Expensed (FAC 62xxxx24000)' and found to be in agreement;

iii. $0.4 million which was compared to the balance of SAP Account #6200024200 for business areas: Darlington NGS; Inspection Services Division; Niagara Plant

Group; Nuclear Head Office and Support; Pickering NGS; and found to be in agreement;

iv. $3.0 million which was compared to the item described as 'Information Systems Group Regulated' as per the management prepared schedule entitled "MFA Summary – 2007 TR" and found to be in agreement;

v. $0.6 million which was compared to the balance of SAP Account #6200024400 for business areas: Inspection Services Division and Nuclear Head Office and Support and found to be in agreement;

vi. $0.6 million which was compared to the balance of SAP Account #6200024500 for business areas: Darlington NGS; Inspection Services Division; Nuclear Head Office and Support and Pickering NGS; and found to be in agreement.

d. $1.8 million which was compared to the management prepared schedule entitled 'Uranium Derivative Valuation' and found to be in agreement;

e. $1.6 million which was compared to the item described as 'Regulatory Liabilities' as per the management prepared schedule entitled 'Regulatory Assets/Liabilities Summary of Adjustment' and found to be in agreement;

f. $2.0 million which was recalculated as the sum of items i and ii below and found to be arithmetically correct:

i. $11.7 million which was compared to the balance of SAP Account #5520000000 and found to be in agreement; less

ii. $13.7 million which was compared to the item described as '2007 Amortization Lease Payment Gain, Tax Permanent Difference' as per the management prepared schedule entitled 'Amortization of Deferred Revenue - Bruce reconciliation of SAP Account #55200' and found to be in agreement.

g. $5.0 million which was compared to the item described as 'IMS Provision Additions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2-2007 Summary of Reserves' and found to be in agreement;

h. $8.1 million which was compared to the item described as 'Rio Algom Additions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2-2007 Summary of Reserves' and found to be in agreement;

i. $0.1 million which was agreed to the balance of procedure #51 and found to be in agreement.

55. Compared the amount of $2.0 million to the dollar value of procedure #54 f and found it to be in agreement.

56. Recalculated the amount of $3.9 million as the sum of items a through c below and found it to be arithmetically correct:

a. $1.8 million which was compared to the balance of procedure #54 d and found to be in agreement;

b. $1.6 million which was compared to the balance of procedure #54 e and found to be in agreement;

c. $0.5 million which was recalculated as the amount required to adjust the balance of procedure #57 to a whole number and found to be arithmetically correct.

57. Recalculated the amount of $26.0 million as the sum of procedures #54, #55 and #56, as represented in Schedule A, and found it to be arithmetically correct.

Deductions for Tax Purposes:

58. Compared the amount of $528.4 million to Schedule 1, line 403 of the 2007 OPG Inc. tax return and found it to be in agreement.

59. Recalculated the amount of $33.4 million as the sum of items a through c below and found it to be arithmetically correct:

a. $2.0 million which was compared to Schedule 1, line 403 of the 2007 Huron A Inc.'s income tax return and found to be in agreement;

b. $28.6 million which was compared to Schedule 1, line 405 of the 2007 Huron B Inc.'s income tax return and found to be in agreement;

c. $2.8 million which was compared to Schedule 1, line 403 of the 2007 Huron Common Facilities Inc. income tax return and found to be in agreement.

60. Recalculated the amount of $561.8 million as the sum of the balance of procedures #58 and #59 and found it to be arithmetically correct.

61. Compared the amount of $198.5 million to the item described as 'Total Unregulated CCA' as per the management prepared schedule entitled "2007 Actual Consolidated Regulated and Unregulated Capital Cost Allowance Schedule" and found it to be in agreement.

62. Recalculated the amount of $363.3 million as the difference between the balance of procedures #60 and #61 and found it to be arithmetically correct.

63. Recalculated the amount of $39.7 million as the sum of the items a and b below and found the amount to be arithmetically correct:

a. $6.3 million which was compared to the amount described as "OPG-Bruce Regulated CCA" as per the management prepared schedule entitled 'Ontario Power Generation Inc. Consolidated Regulated and Unregulated Capital Cost Allowance Schedule – 2007 Actual' and found to be in agreement;

b. $33.4 million which was compared to the amount described as "Sub-Bruce Regulated CCA" as per the management prepared schedule entitled 'Ontario Power Generation Inc. Consolidated Regulated and Unregulated Capital Cost Allowance Schedule – 2007 Actual' and found to be in agreement.

64. Compared the amount of $17.7 million to the item described as 'Audit Adjustment excluding Bruce' as per the management prepared schedule entitled 'Ontario Power Generation Inc. Consolidated Regulated Capital Cost Allowance Schedule – 2007 Actual' and found to be in agreement.

65. Recalculated the amount of $305.9 million as the sum of the balance of procedures #62, #63 and #64, as represented in Schedule A, and found it to be arithmetically correct.

66. Recalculated the amount of $169.9 million as the total of items a through f below and found the amount to be arithmetically correct:

a. $16.6 million which was compared to the difference in the opening and closing balance of SAP Account #47105 and found to be in agreement;

b. $34.9 million which was compared to the difference in the opening and closing balance of SAP Account #47107 and found to be in agreement;
c. $27.1 million which was compared to the difference in the opening and closing balance of SAP Account #47110 and found to be in agreement;
d. $64.2 million which was compared to the difference in the opening and closing balance of SAP Accounts #47122 to #47123 and found to be in agreement;
e. $54.9 million which was recalculated as the sum of items i through iii below and found to be arithmetically correct:
    i. $40.9 million which was compared to the difference in the opening and closing balance of SAP Account #47203 and found to be in agreement;
    ii. $17.6 million which was compared to the item described as "Lakeview Decommissioning Reversal" as per the management prepared schedule entitled 'Waste Management Decommissioning Provision Continuity' and found to be in agreement; less
    iii. $3.6 million which was compared to the "Fossil Decommissioning Costs" balance as per the management prepared schedule entitled 'Management Decommissioning Provision Continuity' and found to be in agreement; less
f. $27.8 million which was compared to the item described as "NWMD fixed assets charged to Nuclear provision" included in the Miscellaneous Additions attachment to Schedule 1, line 292 of the 2007 OPG Inc. tax return and found to be in agreement.

67. Compared the balance of $169.9 million to the balance of procedure #66 and found it to be in agreement.

68. Compared the balance of $169.9 million to the balance of procedure #66 and found it to be in agreement.

69. Compared the amount of $67.0 million to the item described as '2007 Bruce Nuclear Generator Total Costs Incurred' as per the management prepared schedule entitled 'Internal & External Funding for Nuclear ARO' and found it to be in agreement.

70. Recalculated the amount of $0.1 million as the amount required to adjust the balance of procedure #71 to a whole number and found the calculation to be arithmetically correct.

71. Recalculated the amount of $103.0 million as the sum of the balance of procedures #68, #69 and #70, as represented in Schedule A, and found it to be arithmetically correct.

72. Recalculated the amount of $1,269.2 million as the sum of items a and b below and found it to be arithmetically correct:
a. $788.4 million which was compared to the balance of the 'Contribution to nuclear fixed asset removal and nuclear waste management funds' line of the consolidated statement of cash flows of the 2007 audited consolidated financial statements of OPG Inc. and found to be in agreement;
b. $480.8 million which was compared to the item described as 'OPG Parent Earnings from Seg Fund' as per the management prepared schedule entitled '2007 Tax Return Details' and found to be in agreement.

73. Compared the amount of $1,269.2 million to the balance of procedure #72 and found it to be in agreement.

74. Compared the amount of $1,269.2 million to the balance of procedure #72 and found it to be in agreement.

75. Compared the amount of $563.0 million to the item described as '2007 Bruce Total Cash Contributions' as per the management prepared schedule entitled 'ONFA fund contribution profile split between Bruce/Pickering/Darlington' and found it to be in agreement.

76. Compared the amount of $481.2 million to the sum of items a and b below and found it to be arithmetically correct:

a. $481.0 million which was compared to the balance of procedure #72 b and found to be in agreement;

b. $0.2 million which was recalculated as the amount required to adjust the balance of procedure #77 to a whole number and found to be arithmetically correct.

77. Recalculated the amount of $225.0 million as the sum of the balance of procedures #74, #75 and #76, as represented in Schedule A, and found it to be arithmetically correct.

78. Compared the amount of $268.0 million to the balance of the "Contribution to pension fund" line of the consolidated statement of cash flows of the 2007 audited consolidated financial statements of OPG Inc. and found to be in agreement.

79. Compared the amount of $268.0 million to the balance of procedure #78 and found it to be in agreement.

80. Compared the amount of $57.0 million to the item described as 'Unregulated Pension Plan Contributions' as per the management prepared schedule entitled '2007 Tax Return Details' and found it to be in agreement.

81. Recalculated the amount of $211.0 million as the difference between the balance of procedures #79 and #80 and found it to be arithmetically correct.

82. Compared the amount of $211.0 million to the balance of procedure #81 and found it to be in agreement.

83. Compared the amount of $72.8 million to the balance of the 'Expenditures on other post-employment benefits and supplementary pension plans' line of the consolidated statement of cash flows of the 2007 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

84. Compared the amount of $72.8 million to the balance of procedure #83 and found it to be in agreement.

85. Compared the amount of $15.0 million to the item described as 'Unregulated OPEB/SPP Payments' as per the management prepared schedule entitled '2007 Tax Return Details' and found it to be in agreement.

86. Recalculated the amount of $57.8 million as the difference between the balance of procedures #84 and #85 and found it to be arithmetically correct.

87. Recalculated the amount of $0.8 million as the amount required to adjust the balance of procedure #88 to a whole number and found the calculation to be arithmetically correct.

88. Recalculated the amount of $57.0 million as the sum of the balance of procedures #86 and #87, as represented in Schedule A, and found it to be arithmetically correct.

89. Compared the amount of $30.6 million to the difference between the opening and closing balance of SAP Account #19000000 and found it to be in agreement.

90. Compared the amount of $30.6 million to the balance of procedure #89 and found it to be in agreement.

91. Compared the amount of $30.6 million to the balance of procedure #89 and found it to be in agreement.

92. Compared the amount of $64.4 million to the item described as 'Tax deduction to ratepayers' as per the management prepared schedule entitled 'Ontario Power Generation December 31, 2007 Regulatory Asset Deduction – Pickering A Return to Service ("PARTS") Deferred Costs Matching' and found it to be in agreement.

93. Recalculated the amount of $95.0 million as the sum of the balance of procedures #91 and #92, as represented in Schedule A, and found it to be arithmetically correct.

94. Compared the amount of $130.5 million to the item described as 'Deferred Nuclear Liabilities' as per the 'Regulatory Assets/Liabilities Summary of Adjustments' schedule of the 2007 OPG Inc. tax return supporting Schedule 1, line 392 and found it to be in agreement.

95. Compared the amount of $130.5 million to the balance of procedure #94 and found it to be in agreement.

96. Compared the amount of $130.5 million to the balance of procedure #94 and found it to be in agreement.

97. Compared the amount of $130.5 million to note 7 of the 2007 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

98. Compared the amount of $41.4 million to note 5 of the 2007 audited consolidated financial statements of OPG Inc. and found it to be in agreement.

99. Compared the amount of $41.4 million to the balance of procedure #98 and found it to be in agreement.

100. Recalculated the amount of $15.6 million as the sum of items a and b below and found it to be arithmetically correct:

a. $4.8 million which was compared to the item described as 'Unregulated Total' as per the management prepared schedule entitled 'Interest Capitalized' and found to be in agreement;

b. $10.8 million which was compared to the item described as 'Other Unregulated Total' as per the management prepared schedule entitled 'Interest Capitalized for the Twelve Months Ended December 31, 2007' and found to be in agreement.

101. Recalculated the amount of $25.8 million as the difference between the balance of procedures #99 and #100 and found it to be arithmetically correct.

102. Compared the amount of $25.8 million to the balance of procedure #101 and found it to be in agreement.

103. Compared the amount of $89.6 million to the management prepared schedule entitled 'Schedule of deductions allowed for Tax purposes as filed in 2007 tax return' and found it to be in agreement.

104. Compared the amount of $0.1 million to the balance of procedure #51 and found it to be in agreement.

105. Recalculated the amount of $89.7 million as the sum of the balance of procedures #103 and #104 and found it to be arithmetically correct.

106. Recalculated the amount of $25.8 million as the sum of items a through h below and found it to be arithmetically correct:

a. $0.8 million which was compared to the item described as 'The gain on mark to market re: New York Municipal Power Agency Agreement' as per the 'Attached Schedule with Total' included in the 2007 OPG Inc. tax return supporting Schedule 1, line 394 and found to be in agreement;

b. $0.1 million which was compared to the item described as 'Commission paid related to SC Leases' as per the 'Attached Schedule with Total' included in the 2007 OPG Inc. tax return supporting Schedule 1, line 394 and found to be in agreement;

c. $2.9 million which was compared to the sum of the items described as 'Restructuring Reserve Additions' and 'Restructuring Reserve Deductions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2 - 2007 Summary of Reserves' and found to be in agreement;

d. $0.2 million which was compared to the item described as 'Unpaid Bonuses Deductions' as per the management prepared schedule entitled 'Ontario Power Generation Inc. T2 - 2007 Summary of Reserves' and found to be in agreement;

e. $12.5 million which was compared to the item described as 'Reversal of Unrealized Gain Related to the Investment in OPGV' as per the 'Attached Schedule with Total' included in the 2007 OPG Inc. tax return supporting Schedule 1, line 394 and found to be in agreement;

f. $4.6 million which was compared to the item described as "Environmental Provision Adjustments" as per the management prepared schedule entitled 'Other Reserves Not Deductible for Tax' and found to be in agreement;

g. $6.7 million which was compared to the item described as 'Accounting gain to be reversed for tax' as per the management prepared schedule entitled 'Sch 1 – Summary of Accounting gains/losses re dispositions' and found to be in agreement;

h. ($2.0) million which was compared to the item described as 'Unregulated Obsolete material write-off' as per the '2007 Tax Return Details' as per the management prepared schedule entitled 'Other Reserves Not Deductible for Tax' and found to be in agreement.

107. Recalculated the amount of $63.9 million as the difference between the balance of procedures # 105 and #106 and found it to be arithmetically correct.

108. Compared the amount of $13.7 million to the balance of procedure #54 f ii and found it to be in agreement.

109. Compared the amount of $20.9 million to the management prepared schedule entitled 'Exclusion of non-Prescribed Costs' and found it to be in agreement.

110. Recalculated the amount of $29.3 million as the sum of the balance of procedures #107, #108 and #109, as represented in Schedule A, and found it to be arithmetically correct.