Board Staff Interrogatory #074

Ref: Ex. F4-T3-S1

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Please provide the aggregate compensation costs (inclusive of Total Wages, Benefits, Pension/OPEB) in a table over the 2007-2012 period broken down in terms of Nuclear, Hydroelectric, allocated Corporate and Total.

Response

The information requested is found in the following table.

$M

Organization	2007	2008	2009	2010	2011	2012
Nuclear	1,187.90	1,206.13	1,265.01	1,243.41	1,196.23	1,210.84
Regulated Hydro	42.29	45.14	45.47	47.87	50.36	52.73
Allocated Corporate Support	122.19	125.95	128.85	131.41	135.15	138.59
TOTAL REGULATED COSTS	1,352.38	1,377.22	1,439.33	1,422.69	1,381.74	1,402.16

Note 1: Includes total wages, benefits, current service cost component of the Pension/OPEB costs and annual incentives.

Board Staff Interrogatory #075

Ref: Ex. F4-T3-S1

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

The evidence indicates that OPG's labour agreements will expire as follows:

Power Workers Union - March 31, 2012
Society of Energy Professionals - December 31, 2010.

Please complete the table below to capture the projected general salary and wage percent increases built in to the 2011 and 2012 test year OM&A budgets for Management, Power Workers Union and Society of Energy Professionals employees.

GENERAL SALARY & WAGE INCREASES						
	2011			2012		
	effective date	%	$ impact on OM&A	effective date	%	$ impact on OM&A
Management						
Power Workers						
Society						
Total						

Response

The table below provides the estimated impacts of labour escalation on OPG's total OM&A costs for the regulated business that are built into the revenue requirement for each of the 2011 and 2012 test years based on indicated effective dates. The definition of escalation used is that presented in Ex. F4-T3-S1, page 28, lines 9-11 and thus, includes assumed general (economic) wage increases and assumed increases due to staff movement, progressions and promotions.

	2011			2012		
	effective date	%	$M impact on OM&A	effective date	%	$M impact on OM&A
Management	Jan 1	3.0%	5	Jan 1	3.0%	11
Power Workers	Apr 1	4.0%	26	Apr 1	4.0%	53
Society	Jan 1	4.0%	17	Jan 1	4.0%	36
Total			48			100

The impacts provided above include labour escalation affecting nuclear, regulated hydroelectric and the corresponding allocated hydroelectric central support and corporate function support costs. The dollar amounts for 2012 reflect the compounded impact of two years' escalation.

Board Staff Interrogatory #076

Ref: F4-T3-S1, page 7, Chart 3

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Given the technical and knowledge requirements associated with the regulated operations, particularly nuclear, please explain why the base salary is highest in the Corporate group in relation to Society staff.

Response

Chart 3 on page 7 of the evidence indicates that the average base salary for a Society-represented employee is:

- $100.4k for Nuclear
- $95.5k for Regulated Hydroelectric
- $101.3k for the Corporate Support Functions.

When calculated, there is a 0.9 per cent difference between the average nuclear and corporate support function base salaries. The numbers in this chart are average individual salaries from actual data in Nuclear and Regulated Hydroelectric. The corporate support function numbers are derived as a percentage of the total corporate support function costs that are allocated to regulated facilities. The 0.9 per cent difference in the amounts is not significant given the differing basis for calculation. In terms of total wages, however, the average for nuclear Society-represented employees is $122.3k, which is 12.7 per cent more than the $108.5k average for corporate Society-represented employee.

Board Staff Interrogatory #077

Ref: Ex. F4-T3-S1, page 12, Chart 7

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Given the description of the Annual Incentive Plan (AIP) award program, please explain why the AIP percentage (8%) is essentially the same for Administrative staff as Professional staff.

Response

The Annual Incentive Plan ("AIP") target incentive is 8 per cent for all non-unionized employees in Band J, K and L. Bands K and L are generally administrative staff. Band J is used for either senior administrative staff or junior professional staff and the 8 per cent target was deemed appropriate for these groups of occupations. Most professional staff are in Bands I and H which have AIP targets of 10 per cent and 15 per cent respectively.

Board Staff Interrogatory #078

Ref: Ex. F4-T3-S1, page 14

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

The application notes *"The budget for AIP is now based on corporate OPG performance and is further influenced by Fleet (Nuclear, Thermal, Hydro, and Corporate Functions) performance."* Does this mean incentive payment (i.e., AIP) amounts related to the Regulated Operations are influenced by performance of the Non-Regulated Operations?

Response

Yes, but not significantly because the influence of the regulated operations far outweighs that of the non-regulated businesses. The influence of the non-regulated business exists because the Corporate scorecard covers both regulated and non-regulated businesses. However, given the relative size of the regulated businesses and their portion of the corporate support functions, it is not possible for extreme success in the non-regulated portions of the business to significantly impact the size of the Corporate Annual Incentive Plan ("AIP") budget. The most heavily weighted factors in the Corporate scorecard are cost and production factors, which are dominated by regulated operations.

Board Staff Interrogatory #079

Ref: Ex. F4-T3-S1, pages 14-15

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Section 5.4.4 discusses "Authorization Bonuses and Leadership Allowances". It notes that employees in nuclear who are authorized by the CNSC and are required to maintain their licenses as a requirement of their job, receive a licence retention bonus of up to 28% of their base salary and that bonus is pensionable. It also notes Authorized Training Supervisors are eligible to receive 75% of those authorization bonuses. It further notes Management Group employees who are required to work shifts are paid a leadership allowance (in lieu of shift premiums) which provides an additional 30 – 40% of base salary, of which 10% is pensionable and if they are licensed, also receive the same license retention bonus. It also discusses such allowances and bonuses are necessary to attract and retain staff and to provide appropriate incentives to staff to keep their licences current.

a) Please clarify if this means certain staff are eligible to receive a bonus of up to 68% of their base salary of which about half is pensionable.

b) How many OPG staff are eligible for these bonuses?

c) Are the bonuses of similar magnitude at the comparators discussed in the application such as Bruce Power? And are they pensionable to the same extent?

Response

a) Yes. As explained in part b) below, the 21 Management Group Shift Managers receive the bonus, half of which is pensionable.

b) There are several occupations within all three employee groups that may receive Authorization, Leadership and Performance payments:

   - The Authorized Nuclear Operators represented by the Power Worker's Union may receive Authorization payments of up to 28 per cent for achieving and maintaining their federal-regulated operating licences. They may also receive performance awards of up to 8 per cent. There are 228 employees in these occupations as of June 30, 2010.

- The Control Room Supervisory group is represented by the Society of Energy Professionals and is eligible for similar authorization payments and performance awards as the nuclear operators. There are 51 employees in these occupations as of June 30, 2010.

- The Authorized Training Supervisors are also represented by the Society of Energy Professionals and are eligible for up to 75 per cent of the payments made to the Control Room Supervisory group. There are 44 employees in this occupation as of June 30, 2010.

- Shift Managers are Management Group and are not unionized. These employees receive the same authorization payments as the represented staff, and also receive a leadership allowance of up to 40 per cent in lieu of overtime and shift differentials. The average total compensation for these employees is 6 per cent higher than their unionized subordinates. There are 21 Shift Managers as of June 30, 2010.

c) It is OPG's understanding that Bruce Power offers incentives for authorized staff, however the specific amounts and terms are not known.

Board Staff Interrogatory #080

Ref: Ex. F4-T3-S1, pages 14-15

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

In section 6.2 (Benchmarking), it discusses the Agency Review Panel Report which recommended that OPG use a group of public sector and private sector organizations for comparing compensation levels. In response to this recommendation, 24 private and public sector organizations that are *"similar in asset size and organization scope as OPG"* were identified and Chart 10 provides a list of the Agency Review Panel Comparator Group. Staff notes that 50% of the public sector organizations used (6 of 12) are in the health care sector where governments have been attempting to get costs under control for many years.

a) Why does OPG believe the use of a disproportionate share of organizations in the health care sector is appropriate to assess whether compensation levels are appropriate at an electric utility?

b) Does OPG believe this is consistent with the intent of the Agency Review Panel Report?

c) What actions has OPG undertaken to comply with the Agency Review Panel Report recommendations?

Response

a) OPG notes that no evidence is provided to support the statement in the preamble about Government policy with respect to salaries in the health care sector.

   OPG also disagrees with the suggestion that Mercer has inappropriately structured the comparator group. OPG used the recommendations of the Agency Panel Review to establish the comparators that Mercer was instructed to use and the resulting comparator group complies with the Agency Review Panel Report.

   The recommendation from the Agency Panel Review Report with respect to compensation benchmarking comparators is as follows:

   > "Have careful regard for appropriate comparator organizations in the public and private sectors of similar size, scope and complexity." (page 19)

The Panel further suggested that the comparators be 50 per cent from the public sector and 50 per cent from the private and that the target market level should be the 50^{th} percentile. There are few public sector organizations in Ontario that are large, unionized, require highly technical skills and operate on a 24/7/365 basis. Large organizations in the health care sector are among the few public sector employers that meet these conditions.

b) Yes, as per the response above.

c) OPG has implemented the recommendations of the Agency Review Panel via the following:

- OPG's Board of Directors ("OPG Board") made changes to the balance of public and private sector comparator selections and market positioning at the 50th percentile, with appropriate consideration to public sector and private sector organizations that have large complex operations and assets.

- OPG's Board engaged, and continues to engage, independent third parties on compensation matters.

- OPG's Compensation and Human Resources Committee is comprised of independent directors who are seasoned executives with financial expertise, and knowledge and experience with regard to human resources and compensation issues.

- Finally, OPG continues to enhance compensation transparency by providing compensation disclosure annually both on its website and through the Public Sector Salary Disclosure Act ("PSSDA").

Board Staff Interrogatory #081

Ref: Ex. F4-T3-S1, pages 30-31

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

It notes on page 30 that OPG participates in a study of the Power Services Industry conducted by Towers Perrin and Chart 11 provides a range of positions throughout OPG and compares them to the 75th percentile of market data. It notes *"This chart indicates that while some positions are paid above market and some are below market, OPG is slightly above the 75th percentile of market on an overall basis".* Based on chart 11 (p.31), about 64% of OPG's positions are above the 75th percentile and, on an overall basis, OPG is 6% above the 75th percentile.

a) Why does OPG consider 6% to be "slightly" above?

b) How much lower would OPG's total compensation costs be if OPG's positions were at the 75th percentile (i.e., not 6% above) on an overall basis?

c) Why has the Towers Perrin study used the 75th percentile as a benchmark instead of the 50th percentile?

Response

a) The definition of "on market' is accepted within the compensation industry, and used in its teaching material, as within plus or minus 10 per cent of the market rate – regardless of which percentile is used as a target market.

b) It is not possible to calculate meaningful total compensation costs based on the reduction of a subset of occupations because of the number of variations in differences from market rate, the composition of these specific occupations and their weight in the calculation of total compensation costs.

c) The Towers Perrin study provides information on the mean, 10th, 25th, 50th, 75th and 90th percentiles where data is available. OPG uses the comparison to the 75th percentile because of the relative complexity of work in a large, regulated and nuclear environment.

Board Staff Interrogatory #082

Ref: Ex. F4-T3-S1, page 32, Chart 12

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Chart 12 provides a wage comparison between PWU positions in Bruce Power and OPG and it notes this information is contained in the collective agreement. The *ScottMadden HR Metrics Analysis* report (F5-T3-S1) included in the application identifies four "Areas for Improvement" on page 26 and two of those areas are:

- "*Benefits costs (including pension) make OPG's loading factor a bit higher than the median for peer group companies"*

- *"The existing compensation structure at OPG involves higher fixed costs for the company since a smaller percentage of compensation is variable based on company performance than peer group companies"*

Given the above, please provide the same comparison to Bruce Power based on total compensation (i.e., also including benefits and pension).

Response

The comparators used in the ScottMadden report are very large (>10,000) employees in the United States. The data used in the report is generated by the Electric Utility HR Metrics Group. OPG is a member of this organization. To our knowledge, Bruce Power did not participate in the data collection process.

OPG is unable to provide comparisons to Bruce Power except on unionized wage schedules and on some elements of the health and dental benefits packages because it does not possess the information required to perform such a comparison.

Board Staff Interrogatory #083

Ref: Ex.F4-T3-S1-page 34, Chart 13

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Chart 13 provides a comparison of the salaries for Society-represented employees at OPG, Hydro One, and Bruce Power LP. OPG and Bruce Power LP are similar in their pay ranges. It notes *"Comparing OPG to Hydro One both companies have roughly the same upper limits for all salary bands. Hydro One differs from OPG on its salary bands for senior salary bands (MP6 and MP5). Hydro One's bands are broader in that they have lower starting salaries than OPG for these salary bands."* MP2 through MP4 appear to be quite comparable to Hydro One. Please explain why minimum bands for MP5 and MP6 at OPG exceed those for Hydro One by about $20,000.

Response

The statement in the preamble that "MP2 through MP4 appear to be quite comparable to Hydro One" is incorrect. For MP4, OPG's minimum band is $11,182 (18.3 per cent) lower than that of Hydro One. For MP3, OPG's minimum band is $6,753 (11.1 per cent) lower than that of Hydro One.

The differences in the starting salaries for MP5 and MP6 are attributable to how OPG views these positions. When OPG revised the compensation system for Society-represented staff during negotiations in 2006, a detailed analysis was conducted of wage rates actually in use. By streamlining the wage grades and providing a systematic wage progression system, OPG reduced the administration and complexity of pay administration. The entry wage rates for grades MP2, MP3 and MP4 are identical since these are the grades that are most commonly used for new employees. Employees in grades MP5 and MP6 are usually highly experienced and have long service. These employees typically have been promoted from MP4 positions and therefore would not receive the lower pay levels that Hydro One provides in their MP5/6 ranges.

Board Staff Interrogatory #084

Ref: Ex. F4-T3-S1, page 16

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Please provide copies of:
a) The most recent actuarial valuation in relation to the pension plan.
b) The most recent actuarial valuation in relation to post-employment benefits.

Response

The requested actuarial valuations are attached as follows:

Attachment 1: Report on the Actuarial Valuation for Funding Purposes as at January 1, 2008. The reference in the evidence at Ex. F4-T3-S1, page 17, line 2 to a 2005 actuarial valuation is an error. The most recently filed actuarial funding valuation is the 2008 report in Attachment 1.

Attachment 2: Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2009 under CICA Section 3461.

Attachment 3: Report on Non-Pension Post Retirement and Post Employment Benefit Expense and Disclosure for the Fiscal Year Ending December 31, 2009 Under CICA Section 3461.

September 2008

Ontario Power Generation Inc. Pension Plan

Report on the Actuarial Valuation for Funding Purposes as at January 1, 2008

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

FSCO Registration Number: 1059120
Canada Revenue Agency Registration Number: 1059120

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Consulting. Outsourcing. Investments.

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EB-2010-0008
L-01-084
Attachment 1

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1

Summary of Results

Going-concern Financial Position ($ '000)	**01.01.2008**	**01.01.2005**
Smoothed value of assets	$8,915,659	$7,537,401
Actuarial liability	$9,154,439	$8,002,328
Funding excess (shortfall)	($238,780)	($464,927)

Solvency Financial Position ($ '000)	**01.01.2008**	**01.01.2005**
Solvency assets	$8,855,792	$7,016,536
Solvency liability[1]	$8,184,109	$6,343,592
Solvency excess (deficiency)	$671,683	$672,944
Transfer ratio	75.7%	78.0%
Ratio of solvency assets to solvency liabilities	108.2%	110.6%

Wind-up Financial Position ($ '000)	**01.01.2008**	**01.01.2005**
Market value of assets net of termination expenses	$8,855,792	$7,016,536
Total wind-up liability	$11,702,024	$8,995,775
Wind-up excess (deficiency)	($2,846,232)	($1,979,239)

[1] As permitted by the *Pension Benefits Act (Ontario)*, Ontario Power Generation elected to exclude the value of indexing from the plan solvency liabilities at January 1, 2005 and January 1, 2008.

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Attachment 1

Summary of Results, continued

Funding Requirements (in $ '000) (annualized)	2008	2005
Total current service cost	$270,960	$237,346
Estimated member's required contributions	($65,641)	($50,836)
Estimated employer's current service cost	$205,319	$186,510
Employer's current service cost as a percentage of members' pensionable earnings (excluding disabled members)	19.2%	20.2%
Minimum special payments	$27,726	$47,316
Estimated minimum employer contribution for year	$233,045	$233,826
Estimated maximum employer contribution for year[2]	$3,051,551	$2,165,749

[2] The maximum contribution for the year is equal to the sum of the employer current service cost plus the greater of the funding shortfall and the wind-up deficiency.

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Attachment 1

2

Introduction

Report on the Actuarial Valuation as at January 1, 2008

To Ontario Power Generation Inc.

At the request of Ontario Power Generation Inc., (the "Company" or "OPG"), we have conducted an actuarial valuation of the Ontario Power Generation Inc. Pension Plan (the "Plan") as at January 1, 2008. We are pleased to present the results of the valuation.

The purpose of this valuation is to determine:

- the funded status of the Plan as at January 1, 2008 on going-concern, solvency and wind-up bases, and
- the minimum and maximum funding requirements from 2008.

The next actuarial valuation of the Plan will be required as at a date not later than January 1, 2011 or as at the date of an earlier amendment to the Plan, in accordance with the minimum requirements of the *Pension Benefits Act (Ontario)*.

There is a funding shortfall of $238,780,000, and solvency assets exceed solvency liabilities by $671,683,000. As such, the minimum monthly contribution that Ontario Power Generation Inc. must make to the Plan from 2008 to 2010 is as follows:

Monthly Employer Contributions
For current service: 19.2% of members' pensionable earnings (excluding disabled members)
Minimum special payments for unfunded liability: $2,310,500

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Attachment 1

On the basis of the members' estimated pensionable earnings, we have estimated the minimum total employer contribution for 2008 to be $233,045,000 or $19,420,417 per month.

The maximum contribution that Ontario Power Generation Inc. may make to the Plan in 2008 is estimated to be $3,051,551,000 which is comprised of the Company current service cost plus the greater of the funding shortfall and the wind-up deficiency.

The Plan is not fully funded on a wind-up basis and, as permitted by legislation, certain benefits that may be payable if the Plan were wound up have been excluded in the determination of solvency liabilities. There is no provision in the minimum funding requirements to fund the benefits which have been excluded in determining the solvency liabilities. As such, even if OPG contributes in accordance with the minimum funding requirements described in this valuation report, the assets of the Plan will probably be less than the liabilities of the Plan in the event that the Plan is wound up and the benefits that are being excluded from the solvency liabilities become payable.

Emerging experience, including the growth of wind-up liabilities compared to the Plan's assets (including future contributions and investment returns), will also affect the wind-up funded position of the Plan.

There have been several amendments to the Plan since the date of the previous valuation (Amendment #10 to Amendment #13). These amendments have been reflected in the valuation. Amendments #11 and #12 served to increase the employee contribution rates of Society and Management employees respectively. These changes have resulted in a decrease in the employer service cost of 0.6% of members' pensionable earnings. None of amendments #10 through #13 made changes to the Plan which materially impact the liabilities of the Plan. After checking with representatives of Ontario Power Generation Inc., to the best of our knowledge, there have been no further amendments to the Plan. A summary of the Plan provisions is provided in Appendix D.

We have revised the going-concern valuation assumptions from those used for the valuation as at January 1, 2005. These changes are outlined in detail in Appendix B and have resulted in a decrease of $38,536,000 in the actuarial liability and of 1.8% of members' pensionable earnings in the employer current service cost.

The solvency and wind-up assumptions have been updated to reflect market conditions at the valuation date.

The assumptions used for purposes of this valuation are described in Appendix B. All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

On July 29, 2004, the Supreme Court of Canada dismissed the appeal in Monsanto Canada Inc. versus Superintendent of Financial Services ("*Monsanto*"), thereby upholding the requirement to distribute surplus on partial plan wind-ups under *The*

Pension Benefits Act (Ontario). The decision has retroactive application. We are not aware of any partial plan wind-up having been declared in respect of the Plan. As such, in preparing this actuarial valuation, we have assumed that all Plan assets are available to cover the Plan liabilities presented in this report. If a partial wind-up is declared in respect of a past event (either by the Company or by the Superintendent), or if there are any historical partial wind-ups that we are not aware of, there could be an additional claim on Plan assets, the consequences of which would be addressed in a subsequent report.

Since the valuation date there have been significant fluctuations in the financial markets and movements in long term interest rates. We have reflected the financial position of the Plan as of the valuation date, January 1, 2008, and have not taken into account any experience after the valuation date. After checking with representatives of Ontario Power Generation Inc., to the best of our knowledge there have been no other events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice. It has also been prepared in accordance with the funding and solvency standards set by the *Pension Benefits Act (Ontario).*

The information contained in this report was prepared for Ontario Power Generation Inc. for its internal use and for filing with FSCO and with the Canada Revenue Agency, in connection with our actuarial valuation of the Plan. This report is not intended or necessarily suitable for other purposes.

This report will be filed with the FSCO and with the Canada Revenue Agency.

Respectfully submitted,

M. Hamilton	Hrvoje Lakota
Malcolm P. Hamilton	Hrvoje Lakota
Fellow of the Society of Actuaries	Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries	Fellow of the Canadian Institute of Actuaries
28 August 2008	28 August 2008

Ontario Power Generation Inc. Pension Plan

Registration number with the FSCO and with the Canada Revenue Agency: 1059120

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Attachment 1

3

Financial Position of the Plan

Valuation Results – Going-concern Basis

When conducting a valuation on a going-concern basis, we determine the relationship between the respective values of assets and accumulated benefits, assuming the Plan will be maintained indefinitely.

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Attachment 1

Financial Position

The results of the valuation as at January 1, 2008, in comparison with those of the previous valuation as at January 1, 2005, are summarized as follows:

Financial Position – Going-concern Basis (in 000's)

		01.01.2008	**01.01.2005**
Assets			
Market value of assets		$8,910,780	$7,058,933
Smoothing adjustment		$1,367	$475,965
Smoothed value of assets		$8,912,147	$7,534,898
Net asset transfer receivable		$3,512	$2,503
Pending divestitures		$0	$0
Net smoothed value of assets		$8,915,659	$7,537,401
Actuarial liability			
Present value of accrued benefits for:			
▪ active and disabled members		$4,772,245	$4,207,449
▪ pensioners and survivors		$4,262,627	$3,640,465
▪ deferred pensioners		$119,447	$154,292
▪ voluntary contributions with interest		$120	$122
Total liability		$9,154,439	$8,002,328
Funding excess (shortfall)	(1)	($238,780)	($464,927)
Present value of existing going-concern unfunded liability special payments	(2)	$407,473	$0
Going-concern unfunded liability created at this valuation (maximum of 0 and 1.+2.)		$0	($464,927)

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Attachment 1

Reconciliation of Financial Position

The Plan's financial position, a funding shortfall of $238,780,000 as at January 1, 2008, is reconciled with its previous position, a funding shortfall of $464,927,000 as at January 1, 2005, as follows:

Reconciliation of Financial Position (in 000's)

Funding excess (funding shortfall) at 01.01.2005		($464,927)
Interest on funding excess (funding shortfall) at 6.25% per year to 01.01.2008		($92,736)
Expected funding excess (funding shortfall) at 01.01.2008		($557,663)
Employer's special payments to reduce funding shortfall		$218,246
Investment return (net of expenses charged to the Fund) on the adjusted market value of Plan assets greater than assumed		$38,814
Gain due to increases in pensionable earnings / YMPE		$25,622
Gain due to increase in CPI lower than assumed		$76,832
Demographic experience gains (losses)		
▪ Retirements	$9,516	
▪ Mortality	($23,232)	
▪ Disability	($15,500)	
▪ Termination	($39,434)	
	($68,650)	($68,650)
Assumption changes		
▪ Change in assumed mortality rates	($433,554)	
▪ Change in assumed inflation and investment return	$317,242	
▪ Change in other demographic assumptions	$154,848	
	$38,536	$38,536
Impact of transfers-in and reinstated deferred members		($6,385)
Net impact of other elements of gains and losses		($4,132)
Funding excess (funding shortfall) at 01.01.2008		($238,780)

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EB-2010-0008
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Attachment 1

Valuation Results – Solvency Basis

When conducting a solvency valuation, we determine the relationship between the respective values of the Plan's assets and its liabilities on a solvency basis, determined in accordance with the *Pension Benefits Act (Ontario).* The values of the Plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the Plan were wound up and settled on the valuation date.

As permitted by the Pension Benefits Act (Ontario), Ontario Power Generation elected to exclude the value of indexing from the Plan solvency liabilities at January 1, 2005 and at January 1, 2008. Had these benefits been included, the solvency liabilities at January 1, 2005 would have increased by $2,652,183,000 and the solvency liabilities at January 1, 2008 would have increased by $3,517,915,000.

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L-01-084
Attachment 1

Financial Position on a Solvency Basis

The Plan's solvency position as at January 1, 2008, in comparison with that of the previous valuation as at January 1, 2005, is determined as follows:

Solvency Position (in 000's)

		01.01.2008	**01.01.2005**
Market value of assets		$8,910,780	$7,058,933
Net asset transfer receivable		$3,512	$2,503
Pending divestitures		$0	$0
Termination expense provision		($58,500)	($44,900)
Solvency assets	(1)	$8,855,792	$7,016,536
Solvency asset adjustment:			
Present value of special payments for next five years		$124,265	$209,507
Adjusted solvency assets	(2)	$8,980,057	$7,226,043
Actuarial liability			
Present value of accrued benefits for:			
▪ active and disabled members		$6,622,113	$4,858,687
▪ pensioners and survivors		$4,924,041	$3,962,255
▪ deferred pensioners		$155,750	$174,711
▪ voluntary contributions with interest		$120	$122
Liabilities before exclusion of benefits	(3)	$11,702,024	$8,995,775
Value of excluded benefits	(4)	($3,517,915)	($2,652,183)
Solvency liabilities	(5)	$8,184,109	$6,343,592
Solvency excess (deficiency) created as at valuation date (2. - 5.)		$795,948	$882,451
Solvency excess (deficiency) (1.-5.)		$671,683	$672,944
Transfer ratio (1. ÷ 3.)		75.7%	78.0%
Ratio of solvency assets to solvency liabilities (1. ÷ 5.)		108.2%	110.6%

Payment of Benefits

Since the transfer ratio is less than one, the plan administrator should ensure that the monthly special payments are sufficient to meet the requirements of the *Pension Benefits Act (Ontario)* to allow for the full payment of benefits. Otherwise, the plan administrator should take the actions prescribed by the *Act*.

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Financial Position on a Wind-up Basis

The Plan's hypothetical wind-up position as of January 1, 2008, in comparison with that of the previous valuation as at January 1, 2005, assuming circumstances producing the maximum wind-up liabilities on the valuation date, is determined as follows:

Wind-up Position (in 000's)

		01.01.2008	**01.01.2005**
Market value of assets		$8,910,780	$7,058,933
Net asset transfer receivable		$3,512	$2,503
Pending divestitures		$0	$0
Termination expense provision		($58,500)	($44,900)
Wind-up assets	(1)	$8,855,792	$7,016,536
Actuarial liability			
Present value of accrued benefits for:			
▪ active and disabled members		$6,622,113	$4,858,687
▪ pensioners and survivors		$4,924,041	$3,962,255
▪ deferred pensioners		$155,750	$174,711
▪ voluntary contributions with interest		$120	$122
Total wind-up liability	(2)	$11,702,024	$8,995,775
Wind-up excess (deficiency) (1. - 2.)		($2,846,232)	($1,979,239)

Impact of Plan Wind-up

In our opinion, the value of the Plan's assets would be less than its actuarial liabilities if the Plan were to be wound up on the valuation date.

Specifically, actuarial liabilities would exceed the market value of Plan assets by $2,846,232,000. This calculation includes a provision for termination expenses that might be payable from the Fund.

The wind-up liabilities shown above include the value of pre and post retirement indexing, which was excluded from the solvency liabilities. As a result the wind-up liabilities are greater than the solvency liabilities by $3,517,915,000.

Due to an absence of an active market for indexed annuities, if the Ontario Power Generation Inc. Pension Plan was wound up, it is highly likely that indexed annuities could not be purchased at any reasonable price, if they could be purchased at all. This is a problem shared with virtually all large indexed pension plans in Ontario.

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Pension Benefit Guarantee Fund (PBGF) Assessment

The PBGF assessment is calculated as follows:

$1 for each Ontario member	$21,705
PLUS	
0.5% of PBGF assessment base up to 10% of PBGF liabilities	$0
PLUS	
1.0% of PBGF assessment base up to between 10% and 20% of PBGF liabilities	$0
PLUS	
1.5% of PBGF assessment base over 20% of PBGF liabilities	$0
PBGF assessment	$21,705

The PBGF assessment base and liabilities are derived as follows:

PBGF Assessment Base and PBGF Liabilities

PBGF liabilities	$8,184,109,000	(a)
Total solvency liabilities	$8,184,109,000	(b)
Ontario asset ratio	100%	(c) = (a) ÷ (b)
Market value of assets	$8,914,292,000	(d)
Ontario portion of the Fund	$8,914,292,000	(e) = (c) x (d)
PBGF assessment base	$0	(f) = (a) - (e)

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Funding Requirements

Current Service Cost

The estimated value of the benefits that will accrue on behalf of the active members during 2008, in comparison with the corresponding value determined in the previous valuation as at January 1, 2005, is summarized below:

Employer's Current Service Cost (in 000s)

	2008	2005
Total current service cost	$270,960	$237,346
Estimated members' required contributions	($65,641)	($50,836)
Estimated employer's current service cost	$205,319	$186,510
Estimated members' pensionable earnings (excluding disabled members)	$1,070,777	$922,240
Employer's current service cost expressed as a percentage of members' pensionable earnings	19.2%	20.2%

An analysis of the changes in the employer's current service cost follows:

Changes in Employer's Current Service Cost

Employer's current service cost as at 01.01.2005	20.2%
Change in composition of workforce	1.4%
Plan amendments	(0.6%)
Changes in assumptions	(1.8%)
Employer's current service cost as at 01.01.2008	19.2%

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Special Payments

Going-concern Basis

The present value, as at January 1, 2008, of the monthly special payments that were determined in the previous valuation, is as follows:

Present Value of Monthly Special Payments Determined as at 01.01.2005

Type of Deficit	Effective Date of Deficit	Current Special Payment	Date of Last Payment	Present Value of Remaining Payments as at 01.01.2008
Going Concern	01.01.2005	$3,943,000	12.31.2019	$407,473,000
Total		$3,943,000		$407,473,000

Due to the experience gain arising since the previous valuation, the funding shortfall as at January 1, 2008, $238,780,000, is now less than the present value of the special payments that were determined in the previous valuation, $407,473,000.

In accordance with the *Pension Benefits Act (Ontario)*, this gain must first be used to reduce any going-concern unfunded liability which may then be re-amortized over the remainder of the original period or over a shorter period.

Accordingly, the recalculated minimum monthly special payments are as follows:

Minimum Monthly Special Payments

Type of Deficit	Effective Date of Deficit	Special Payment	Date of Last Payment	Present Value of Remaining Payments as at 01.01.2008
Going Concern	01.01.2005	$2,310,500	12.31.2019	$238,780,000
Total		$2,310,500		$238,780,000

Solvency Basis

No solvency special payments are required.

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Total Special Payments

The following minimum monthly special payments must be made to the Plan to eliminate any going-concern unfunded liability and any solvency deficiency as at January 1, 2008, within the periods prescribed by the *Pension Benefits Act (Ontario).*

Minimum Monthly Special Payments

Type of Deficit	Effective Date of Deficit	Special Payment	Date of Last Payment
Going Concern	01.01.2005	$2,310,500	12.31.2019
Total		$2,310,500	

Employer Contributions

There is a funding shortfall of $238,780,000, and no special payments are required for solvency purposes as at January 1, 2008 on the basis of the assumptions and methods described in this report. As such, the minimum monthly contribution that Ontario Power Generation Inc. must make to the Plan from 2008 to 2010 is as follows.

Minimum Funding Requirements

The minimum monthly required contributions from 2008 to 2010 are as follows:

Monthly Employer Contributions

For current service: 19.2% of members' pensionable earnings (excluding disabled members)
Minimum special payments for unfunded liability: $2,310,500

On the basis of the members' estimated pensionable earnings, we have estimated the minimum total employer contribution for 2008 to be $233,045,000 or $19,420,417 per month.

Estimated Minimum Employer's Contributions Until January 1, 2011 (in 000's)

Year Ending	Employer Current Service Cost	Minimum Special Payments	Minimum Employer's Contributions
December 31, 2008	$205,319	$27,726	$233,045
December 31, 2009	$211,992	$27,726	$239,718
December 31, 2010	$218,882	$27,726	$246,608

Contributions for current service must be made within 30 days following the month to which they apply. Special payments to eliminate an unfunded liability or solvency deficiency must be made in the month to which they apply.

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Maximum Eligible Contributions

The maximum eligible employer contribution is equal to the Company current service cost plus the greater of funding shortfall and the wind-up deficiency. We have estimated the maximum eligible annual contribution for 2008 to be $3,051,551,000 as at January 1, 2008. The portion of this contribution representing the payment of the wind-up deficiency ($2,846,232,000) can be increased with interest at 4.48% per year, from January 1, 2008 to the date the payment is made.

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Actuarial Opinion

With respect to the Actuarial Valuation as at January 1, 2008
of the Ontario Power Generation Inc. Pension Plan
FSCO Registration 1059120
Canada Revenue Agency Registration 1059120

Based on the results of this valuation, we hereby certify that, as at January 1, 2008:

- The employer's current service cost for 2008 and subsequent years, up to the next actuarial valuation should be calculated as 19.2% of members' pensionable earnings.

- The employer's current service cost for 2008 is estimated to be $205,319,000.

- The Plan would be fully funded on a going-concern basis if its assets were augmented by $238,780,000. In order to comply with the provisions of the *Pension Benefits Act (Ontario)*, the unfunded liability must be liquidated by monthly special payments at least equal to the amounts indicated, and for the periods set forth, below:

Minimum Monthly Special Payments

Type of Deficit	Effective Date of Deficit	Special Payment	Date of Last Payment
Going Concern	01.01.2005	$2,310,500	12.31.2019
Total		$2,310,500	

- The Plan has a solvency excess of $671,683,000 as at January 1, 2008. No special payments are required for solvency purposes.

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- The solvency liabilities used to determine the solvency status of the Plan do not include the value of pre or post retirement indexing provided under the Plan. If these benefits were included in the solvency liabilities, the solvency liabilities would have increased by $3,517,915,000.

- The Pension Benefits Guarantee Fund annual assessment under Section 37 of the Regulations to the *Pension Benefits Act (Ontario)* is $1 per Ontario Plan Beneficiary. The estimated PBGF assessment for 2008 is $21,705 payable no later than September 30, 2008.

- The transfer ratio of the Plan is 75.7%. The Prior Year Credit Balance on January 1, 2008 is $0.

- In our opinion,
  - the data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
  - the assumptions are, in aggregate, appropriate for the purposes of determining the funded status of the Plan as at January 1, 2008 on going-concern and solvency bases, and determining the minimum funding requirements, and
  - the methods employed in the valuation are appropriate for the purposes of determining the funded status of the Plan as at January 1, 2008 on going-concern and solvency bases, and determining the minimum funding requirements.

- This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

- All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

Malcolm P. Hamilton	Hrvoje Lakota
Fellow of the Society of Actuaries	Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries	Fellow of the Canadian Institute of Actuaries
28 August 2008	28 August 2008

Appendix A

Plan Assets

Sources of Plan Asset Data

The Fund is held in trust by CIBC Mellon.

We have relied upon the auditors' reports prepared by Ernst & Young, for the period from January 1, 2005 to December 31, 2007.

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Reconciliation of Plan Assets

The Fund transactions for the period from January 1, 2005 to December 31, 2007 are summarized as follows:

Reconciliation of Plan Assets (Market Value, 000's)

	2005	**2006**	**2007**
January 1	$7,058,933	$7,926,316	$8,831,287
PLUS			
Members' contributions	$50,462	$58,445	$62,159
Purchase of service / transfer in	$5,243	$3,435	$4,143
Company's contributions	$254,000	$261,000	$268,000
Investment income including net capital gains (losses)	$877,991	$963,897	$178,289
	$1,187,696	$1,286,777	$512,591
LESS			
Pensions paid	$276,535	$291,970	$309,585
Lump-sum refunds and transfers to other plans	$24,521	$66,618	$88,118
Administration fees	$19,160	$22,605	$29,908
Decontrol transfers[3]	$97	$613	$39
	$320,313	$381,806	$427,650
December 31	$7,926,316	$8,831,287	$8,916,228

This asset value is adjusted to reflect in-transit benefit payments of $1,936,000. The resulting market value is $8,914,292,000.

This market value of assets above reflects the in-transit net transfer-in of $3,512,000 in respect of Nuclear Safety Solutions (NSS) members who have transferred service into the OPG Plan. Assets were received in March 2008.

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the Plan members who have received benefits or made contributions. The results of these tests were satisfactory.

[3] These amounts are included on an accrual basis rather than when the money actually leaves the Fund.

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Investment Policy

The plan administrator adopted a statement of investment policy and objectives effective March 5, 2008. This policy was most recently reviewed by the Pension Committee on March 5, 2008 and is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the Plan's investment objectives. A significant component of this investment policy is the asset mix.

The constraints on the asset mix, and the actual asset mix as at December 31, 2007, are provided for information purposes:

Distribution of the Market Value of the Fund by Asset Class

	Investment Policy			Actual Asset Mix
	Minimum	**Target**	**Maximum**	**as at 31.12.2007**
Canadian equities	15.0%	20.0%	25.0%	22.9%
US equities	8.0%	13.0%	18.0%	18.9%
Non US foreign equities	16.0%	26.0%	36.0%	18.3%
Real return bonds	10.0%	12.5%	17.0%	12.3%
Canadian fixed income	15.0%	22.5%	30.0%	22.5%
Global Infrastructure	0.0%	4.0%	6.0%	0.0%
Hedge Funds	0.0%	2.0%	3.0%	1.8%
Cash and cash equivalents	0.0%	0.0%	5.0%	3.3%
		100.0%		100.0%

Performance of Fund Assets

The performance of Fund assets, net of expenses, from January 1, 2005 to December 31, 2007 as per our calculations (which assume that the next cash flow occurred in the middle of each year is shown below:

Year	**Annualised Rate of Return on Market Related Value of Assets (net of expenses)**	**Annualised Rate of Return on Market Value of Assets (net of expenses)**
2005	5.09%	12.16%
2006	3.97%	11.90%
2007	10.18%	1.69%
Average	6.38%	8.47%

The average return on the adjusted market value, net of expenses, since the last valuation at January 1, 2005 was 6.38% per year. This rate exceeds the assumed investment return of 6.25% by 0.13% per year.

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Appendix B

Actuarial Methods and Assumptions

Actuarial Valuation Methods – Going-concern Basis

Valuation of Assets

For this valuation, we have continued to use an adjusted market value method to determine the smoothed value of Plan assets. The adjusted market value is determined as follows:

Fixed Income

The fixed income assets are valued at market value.

Canadian, U.S. and Non-U.S. Foreign Equities

To value Canadian, U.S. and non-U.S. foreign equities, we have adjusted the values to smooth market fluctuations over 5 years. This has been accomplished by calculating, for each equity asset class and for each of the past 5 years, the gain/(loss) measured based on the actual index return versus an expected return of 6.0% plus the increase in Consumer Price Index (CPI) over the year. For the actual index return, we rely on the total return indices for the S&P/TSX Composite, the S&P 500, and the MSCI EAFE (expressed in Canadian dollars).

The following table shows the total equity gain (or loss) in each of the last 5 years as well as the amount unrecognized as at December 31, 2007.

Smoothed Value of Assets as at December 31, 2007 (in 000s)

Market value of assets including net amount in transit				$8,914,292 (a)
Year	Total Equity Gain/(Loss)	Gain/(Loss) not recognized at December 31, 2007 (%)	($)	
2003	$292,808	0%	$0	
2004	$36,886	20%	$7,377	
2005	$211,469	40%	$84,588	
2006	$596,229	60%	$357,737	
2007	($563,838)	80%	($451,070)	
			($1,367)	$1,367 (b)
Smoothed value of assets (a) + (b)				$8,915,659

The historical returns (in Canadian dollars) for the indices used in these calculations as well as the annual increase in CPI for each year are as follows:

	2003	2004	2005	2006	2007
Canadian equities	26.7%	13.8%	24.1%	17.3%	9.8%
US equities	5.7%	3.4%	1.8%	15.5%	-10.5%
Non-US equities	14.3%	12.6%	10.7%	26.5%	-5.3%
CPI	1.6%	2.4%	2.0%	1.4%	2.5%

Valuation of Actuarial Liabilities

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the *projected unit credit actuarial cost method*. Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits, based on projected final average earnings. This is referred to as the *actuarial liability*. For each individual plan member, accumulated contributions with interest are established as a minimum actuarial liability.

The *funding excess* or *funding shortfall*, as the case may be, is the difference between the smoothed value of assets and the actuarial liability. A funding shortfall will be amortized over no more than 15 years through special payments as required under the *Pension Benefits Act (Ontario)*. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the Plan or by legislation.

This actuarial funding method produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial funding method aims at keeping the Plan fully funded at all times. This promotes benefit security, once any unfunded liabilities and solvency deficiencies have been funded.

As permitted by legislation, certain benefits that may be payable if the Plan were wound up have been excluded in the determination of solvency liabilities. There is no provision in the minimum funding requirements to fund the benefits which have been excluded in determining the solvency liabilities. Therefore, in the event that the Plan is wound up and the benefits that are being excluded from the solvency liabilities become payable, the Plan is not expected to have sufficient funds to provide these benefits.

In addition, the growth in windup liabilities resulting from the additional accrual of benefits and development of the Plan membership may be different than the growth of Plan assets including future contributions and investment returns. This may result in further losses being revealed in future hypothetical windup valuations.

Current Service Cost

The *current service cost* is the actuarial present value of projected benefits to be paid under the Plan with respect to service during the year following the valuation date.

The employer's current service cost is the total current service cost reduced by the members' required contributions.

The employer's current service cost has been expressed as a percentage of the members' pensionable earnings to provide an automatic adjustment in the event of fluctuations in membership and/or pensionable earnings.

Under the projected unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement. However, the current service cost of the entire group, expressed as a percentage of the members' pensionable earnings, can be expected to remain stable as long as the average age of the group remains constant.

Employer's Contribution

Accordingly, the employer's contributions for this purpose are determined as follows:

Employer's Contributions

With a funding excess	With a funding shortfall
Employer current service cost	Employer current service cost
MINUS	PLUS
Any funding excess applied to cover the employer's current service cost	Payments to amortize any unfunded liability

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Actuarial Assumptions – Going-concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them, if necessary.

In this valuation, we have used the same assumptions as in the previous valuation except as noted. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. For this valuation, we have used the following assumptions.

Economic Assumptions

Inflation

We assumed inflation will be 2.25% per year. This assumption reflects our best estimate of future inflation considering the Bank of Canada's inflation target and market expectations of long-term inflation implied by the yields on nominal and real return bonds at December 31, 2007.

In the previous valuation we used an assumed inflation rate of 2.75%.

Investment Return

We have assumed that the investment return on the smoothed value of the Fund will average 6.0% net of expenses per year over the long term. We have based this assumption on an expected long-term return on the Fund less an allowance for investment and administrative expenses and less a margin for adverse deviations, as described below.

We have assumed a gross rate of return of 7.2% consistent with market conditions applicable on the valuation date, based on estimated returns for each major asset class and the target asset mix specified in the Plan's investment policy.

We have allowed for investment and administrative expenses of 0.3% per year, the average rate of such expenses over the last three years.

We have included a margin for adverse deviations, from all sources, of 0.9% per year.

In the previous valuation we assumed that the investment return, net of expenses, would average 6.25% per year.

Expenses

The assumed Investment Return reflects an implicit provision for investment and administrative expenses.

Increases in the YMPE

Since the benefits provided by the Plan depend on the final average Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan, it is necessary to make an assumption about increases in the YMPE for this valuation. We have assumed that the YMPE will increase at 3.25% per year. This rate is based on the assumed rate of inflation of 2.25% per year plus an allowance of 1.0% per year for the effect of real economic growth and productivity gains in the Canadian economy, which is consistent with historical real economic growth. The increase was applied from the 2008 level of the YMPE of $44,900.

In the previous valuation, we assumed that the YMPE would increase at an annual rate of 3.75% from the 2005 level of $41,100.

Increases in the Maximum Pension Permitted under the Income Tax Act

The *Income Tax Act* stipulates that the maximum pension that can be provided under a registered pension plan will be increased to specified amounts up to 2009, and automatically, starting in 2010, in accordance with general increases in the average wage.

For this valuation, we have assumed that the maximum pension payable under the Plan will increase as specified in the *Income Tax Act* in 2008 and 2009, and will increase starting in 2010 at the same rate as the YMPE, 3.25% per year.

In the previous valuation we had assumed that the maximum pension payable under the Plan would increase starting in 2010 at an annual rate of 3.75%.

Increases in Pensionable Earnings

The benefits ultimately paid will depend on each member's final average earnings. To calculate the pension benefits payable upon retirement, death or termination of employment, we have taken 2007 pensionable earnings and assumed that such pensionable earnings will increase at 3.25% per year plus increases due to movement within the salary structure (see section on Movement Within the Salary Structure).

This is based on:

- an inflation rate of 2.25% per year, and
- productivity increases of 1.0% per year.

In the previous valuation we assumed an annual rate of increase of 3.75%.

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Movement Within the Salary Structure (PPM)

Even if the salary structure doesn't change from year to year, members' salaries increase due to promotions, the accumulation of seniority and movement within and between salary bands. Ontario Hydro studied pay adjustments between the end of 1989 and the end of 1995. From these studies, we developed the following rates of increase.

Salary Increases Due to Movement Within the Salary Structure[4]

Age	First 4 Years of Employment	Subsequent Years
Under 25	9.0%	2.5%
25 – 29	6.5%	2.5%
30 – 34	5.0%	2.0%
35 – 39	4.5%	1.5%
40 – 44	4.0%	1.0%
45 – 49	3.0%	1.0%
50 – 54	2.0%	1.0%
55 – 59	2.0%	0.6%
60 & over	1.5%	0.6%

Indexation of Pensions in Payment

Pensions in payment are increased each year according to a formula related to increases in the Consumer Price Index (CPI).

For this valuation, we have assumed that the CPI will increase at the assumed rate of inflation, 2.25% per year. Consequently, pensions in payment are assumed to increase annually at the rate of 2.25% per year.

Interest Credited on Employee-required Contributions

Interest is credited on employee-required contributions at a rate no less than the 5-year personal fixed-term chartered bank deposit rates. For this valuation, we have assumed that the interest rate to be credited on employee-required contributions will be 5.0% per year, over the long term. This rate is consistent with the assumptions underlying the investment return assumption.

[4] Over and above any increase in salaries due to adjustments to the salary structure itself.

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Demographic Assumptions

Retirement Age

Because early retirement pensions are reduced in accordance with a formula, the retirement age of Plan members has an impact on the cost of the Plan. The assumed retirement rates used in this valuation are based on a study of the Plan's retirement experience between 2004 and 2007 (inclusive). Based on the results of this study, retirement rates for members eligible for an unreduced pension have been revised from the previous valuation.

The assumed rates of retirement are as follows:

	If Eligible for Reduced Pension		If Eligible for Unreduced
Age	Male	Female	Pension
less than 55	0%	0%	20%
55 to 60	2%	5%	20%
61 to 64	7%	10%	25%
65 and over	100%	100%	100%

In the previous valuation the following rates were used:

	If Eligible for Reduced Pension		If Eligible for Unreduced
Age	Male	Female	Pension
less than 55	0%	0%	29%
55 to 60	2%	5%	29%
61 to 64	7%	10%	29%
65 and over	100%	100%	100%

In addition, in the previous valuation, 2005 retirement rates of PWU and Society Members who were eligible to retire under the 2002 VSP but chose not to retire were adjusted to reflect lower expected likelihood of retirement.

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Termination of Employment

We have made an allowance for projected benefits payable on the termination of employment before retirement for reasons other than death.

The assumed termination rates used in this valuation are based on a study of the Plan's termination experience between 2004 and 2007 (inclusive). Based on the results of the study, termination rates have been modified from those used in the previous valuation. Sample rates are shown in the following table:

Age	Males	Females
20	2.9%	4.4%
25	2.2%	3.3%
30	1.6%	2.4%
35	1.1%	1.7%
40	0.8%	1.2%
45	0.7%	1.1%
50	0.7%	1.1%
55	0%	0%

In the previous valuation, the following termination rates were used:

Age	Males	Females
20	3%	5%
25	3%	5%
30	2%	3%
35	2%	3%
40	1%	2%
45	1%	2%
50	1%	2%
55	0%	0%

The termination rates do not apply to members once they are eligible to retire.

For employees who terminate and will qualify for an unreduced pension or have 25 or more years of continuous employment, the member's termination liability includes the value of the member's right to subsidized reductions if the pension commences before age 65 (age 60 for females hired before 1976).

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Mortality

The actuarial value of the pension depends on the lifetime of the member.

The mortality assumption used in this valuation is based on a study of the mortality experience of the Plan between 2004 and 2007 (inclusive). Based on the results of this study, mortality rates were approximately 85% of those expected based on the generational UP94 table.

While there is strong evidence of continuing improvement in mortality, forecasts of the rate of future improvement are very uncertain. We have used the projection scale AA to reflect future improvements in mortality.

As such, for this valuation, we have assumed mortality rates, both before and after retirement, in accordance with 85% of rates of the 1994 Uninsured Pension Mortality Table with projection scale AA applied to reflect continuing future improvements in mortality. According to this table, the life expectancy at age 65, as of the valuation date, is 20.7 years for males and 23.2 years for females.

In the previous valuation, assumed mortality both before and after retirement was based on the GAM1994 mortality table projected to 2004.

Disability

We have made an allowance for projected benefits payable on retirement following a period while in receipt of long term disability benefits. We have used disability rates that are based on the experience of plans with similar benefits. Sample rates are shown in the following table.

Age	**Rate of Disablement per 1000 Employee Members**
30	1.05
35	1.10
40	1.15
45	1.20
50	2.95
55	10.00
60	18.78

Disabled employees are assumed to remain disabled until age 65, as few recoveries have been recorded.

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Family Composition

Benefits in case of death, before and after retirement, depend on the Plan member's marital status.

For this valuation, we have assumed that 90% of Plan members will have an eligible spouse on the earlier of death or retirement, and that the male partner will be four years older than the female partner.

Commencement of Deferred Pensions

The actuarial liability for members who terminated employment prior to the valuation date and who elected to take a deferred pension depends on the pension commencement date.

Deferred pensions payable to employees who terminated employment after March 31, 1986 with vested rights and will qualify for an unreduced pension or who have 25 or more years of continuous employment are assumed to commence at the earliest possible date. Deferred pensions payable to other terminated employees with vested rights are assumed to commence on their normal retirement date.

Retirement Date for Disabled Members

Members on long-term disability are assumed to retire at age 65.

Service Accrual after 35 Years

Members are assumed to elect to contribute beyond 35 years of pensionable service except for those who have already accrued 35 years and have elected not to contribute to the Plan.

Actuarial Valuation Methods and Assumptions – Solvency and Impact of Plan Wind-up

We have used the market value of the Plan's assets in our valuation of the Plan for solvency and wind-up purposes.

To determine the solvency actuarial liability and the wind-up actuarial liability, we have valued those benefits that would have been paid had the Plan been wound up on the valuation date, including benefits that would be immediately payable if the employer's business were discontinued on January 1, 2008, with all members fully vested in their accrued benefits. **As permitted under the Pension Benefits Act (Ontario) and elected by OPG, when determining the solvency actuarial liability, we have excluded the cost of future pre and post retirement indexing.**

We have considered that members not eligible for an immediate pension on the valuation date would be entitled to a deferred pension payable from age 65 or such earlier age for which Plan eligibility requirements have been satisfied at January 1, 2008. Members whose age plus years of service equal at least 82 (84 for Management Group) or those who are age 55 (50 for females whose continuous employment commenced prior to 1976) or over are considered to be entitled to an immediate pension, reduced in accordance with the Plan rules. We have also considered that members whose age plus years of service equal at least 55 at January 1, 2008 would be entitled to a deferred pension payable from the age that would produce the greatest value if employment were to have continued for the purpose of determining eligibility for early retirement benefits. For each individual Plan member, accumulated contributions with interest plus 50% of the present value of the pension accumulated after December 31, 1986 are established as a minimum actuarial liability for service after this date

Benefits are assumed to be settled through a lump sum transfer for 50% of the active and deferred vested members not eligible for an immediate pension and 20% of the active and deferred vested members eligible for an immediate pension. The value of the benefits accrued on January 1, 2008, for such members is based on the assumptions described in Section 3800 – *Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice applicable for January 1, 2008 for benefits expected to be settled through transfer in accordance with relevant portability requirements.

Benefits are assumed to be settled through the purchase of annuities for all other members. The value of the benefits accrued on January 1, 2008, for such members are based on an estimate of the cost of settlement through purchase of annuities.

We note that, due to an absence of an active market for indexed annuities, if the Ontario Power Generation Inc. Pension Plan was wound up, it is highly likely that indexed annuities could not be purchased at any reasonable price, if they could be purchased at all. This is a problem shared with virtually all indexed pension plans in Ontario.

There is limited data available to provide credible guidance on the cost of a purchase of indexed annuities in Canada. In accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2007 and December 30, 2008*, we have assumed that an appropriate proxy for estimating the cost of such purchase would be based on the real rate of return bond yield of 1.9% and the UP94 mortality table projected to 2015.

Assumptions are as follows:

Actuarial Assumptions

Mortality rates:	UP94 projected to 2015
Solvency liabilities	
▪ Interest rates for benefits to be settled through lump sum transfer:	4.75% per year for the first 10 years following 01.01.2008, 5.0% per year thereafter
▪ Inflation rate	2.24% per year for the first 10 years following 01.01.2008, 2.34% per year thereafter
▪ Real interest rates for benefits to be settled through annuity purchase:	4.50% per year for immediate pensions 4.10% per year for deferred pensions
Windup liabilities	
▪ Interest rates for benefits to be settled through lump sum transfer:	2.50% per year for the first 10 years following 01.01.2008, 2.50% per year thereafter
▪ Inflation rate	2.24% per year for the first 10 years following 01.01.2008, 2.34% per year thereafter
▪ Real interest rates for benefits to be settled through annuity purchase:	1.90% per year for immediate pensions 1.50% per year for deferred pensions
Interest rates used to determine the present value of the special payments	4.48% per year
Final average earnings:	Based on actual pensionable earnings over the averaging period
Maximum pension limit:	$2,333.33 in 2008, $2,444.44 in 2009, and increasing starting in 2010 at a rate of inflation + 1% per year
Family composition:	90% of Plan members will have an eligible spouse and the male spouse will be 4 years older than the female spouse
Termination expenses:	$58,500,000

In a solvency valuation, the accrued benefits are based on the member's final average earnings on the valuation date; therefore, no salary projection is used. Also the employment of each member is assumed to have terminated on the valuation date,

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therefore, no assumption is required for future rates of disability and termination of employment.

The smoothing of assets and liabilities for solvency purposes was considered but not adopted as it had no impact on the results of this valuation. Solvency smoothing will be considered in future valuations as an option to adopt if determined to be appropriate.

The provision for termination expenses payable from the Plan's assets is in respect of actuarial, administration and legal expenses that would be incurred in terminating the Plan. Also included in the provision are transaction fees related to the liquidation of the Plan's assets and any reduction in the value of the Plan's equity assets resulting from this liquidation.

Because the settlement of benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of the hypothetical wind-up being contested.

In determining the provision for termination expenses payable from the Plan's assets, we have assumed that the Plan sponsor would be solvent on the wind-up date.

In accordance with *Pension Benefits Act (Ontario)*, we have not included a provision for adverse deviation in the solvency and wind-up valuations.

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Appendix C

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at December 31, 2007, provided by Ontario Power Generation Inc.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

Membership Data

	31.12.2007	31.12.2004
Active Members		
Number	11,603	10,905
Total pensionable earnings	$1,025,572,678	$877,589,433
Average pensionable earnings	$88,389	$80,476
Average years of pensionable service	15.3	15.7
Average age	45.6	45.3
Accumulated contributions with interest	$780,958,499	$683,518,034

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	31.12.2007	31.12.2004
Members on Long Term Disability		
Number	411	388
Total pensionable earnings[5]	$28,540,032	$24,462,357
Average pensionable earnings[5]	$69,440	$63,047
Average years of pensionable service	23.0	21.7
Average age	53.2	52.1
Accumulated contributions with interest	$22,944,938	$20,269,314
Deferred Pensioners – non Rule of 80		
Number	882	869
Total annual lifetime pension[5]	$8,743,351	$8,396,247
Average annual lifetime pension[5]	$9,913	$9,662
Average age	50.0	48.9
Deferred Pensioners – Rule of 80 VSP Retirees		
Number	0	58
Total annual lifetime pension[5]	N/A	$2,311,812
Average annual lifetime pension[5]	N/A	$39,859
Total annual temporary pension[5]	N/A	$683,230
Average age		56.1
Pensioners (Excluding Rule of 80 VSP Retirees)		
Number	6,975	6,467
Total annual lifetime pension[5]	$246,152,308	$208,051,242
Average annual lifetime pension[5]	$35,291	$32,171
Total annual temporary pension[5]	$37,298,488	$33,646,584
Average age	68.6	67.8
Survivors (excludes children)		
Number	1,805	1,717
Total annual lifetime pension[5]	$33,833,036	$28,753,577
Average annual lifetime pension[5]	$18,744	$16,746
Total annual temporary pension[5]	$1,007,553	$897,710
Average age	74.8	73.5

[5] Includes increases effective January 1, 2008 and January 1, 2005 respectively, of 100% of the increases in the Consumer Price Index.

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	31.12.2007	31.12.2004
Children		
Number	29	24
Total annual temporary pension[5]	$369,346	$249,233
Average annual temporary pension[5]	$12,736	$10,385
Average age	20.8	18.6

Breakdown of Active Members at December 31, 2007 by Representation

	Management	PWU	Society	Total
Number	1,172	6,912	3,519	11,603
Total pensionable earnings	$146,358,390	$536,886,691	$342,327,597	$1,025,572,678
Average pensionable earnings	$124,879	$77,675	$97,280	$88,389
Average years of pensionable service	18.5	14.5	15.7	15.3
Average age	48.6	44.9	46.0	45.6
Accumulated contributions with interest	$132,108,659	$371,256,345	$277,593,495	$780,958,499

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The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Actives	LTD	Deferred	Pensioners	Survivors	Total
Total at 31.12.2004	**10,905**	**388**	**927**	**6,467**	**1,741**	**20,428**
New entrants	1,999					1,999
New beneficiaries					334	334
Change in status:						
▪ to active	24	(24)				-
▪ to LTD	(114)	114				-
▪ reinstated from deferred	30		(30)			-
Retirements	(793)	(39)	(132)	964		-
Terminations:						
▪ no further benefits	(229)	(2)	(71)			(302)
▪ deferred pensions	(182)	(5)	187			-
Deaths	(37)	(21)	(2)	(457)	(241)	(758)
Data Corrections			3	1		4
Total at 31.12.2007	**11,603**	**411**	**882**	**6,975**	**1,834**	**21,705**

The distribution of active members and their average annualised pensionable earnings by age and pensionable service as at December 31, 2007, is summarised as follows:

Distribution of Active Members by Age Group and Pensionable Service as at 31.12.2007[6]

	Years of Pensionable Service								
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
Under 20	1								1
	*								
20 - 24	241	1							242
	$52,557	*							
25 - 29	658	150							808
	$61,542	$75,656							
30 - 34	414	415	2	2					833
	$68,499	$80,712	*	*					
35 - 39	401	346	41	296	6				1,090
	$75,300	$83,552	$87,114	$90,737	$91,250				
40 - 44	372	351	65	878	258	18			1,942
	$74,509	$85,060	$90,731	$93,614	$90,118	$94,005			
45 - 49	275	340	39	706	428	673	26		2,487
	$78,266	$84,000	$94,319	$92,130	$100,793	$101,203	$97,844		
50 - 54	158	227	33	495	231	814	336	7	2,301
	$85,522	$84,386	$84,607	$89,428	$91,828	$107,844	$108,166	99,634	
55 - 59	73	147	25	322	142	387	268	46	1,410
	$93,855	$84,855	$84,048	$89,563	$87,535	$102,191	$103,472	$96,689	
60 - 64	18	52	16	140	43	116	51	24	460
	$154,993	$86,219	$89,365	$87,958	$89,276	$90,332	$96,565	$98,706	
65 +	2	5	2	7	2	7	2	2	29
	*	$83,326	*	$89,246	*	$93,894	*	*	
Total	**2,613**	**2,034**	**223**	**2,846**	**1,110**	**2,015**	**683**	**79**	**11,603**
									$88,389

[6] Earnings are not shown for cells with less than 3 members for confidentiality purposes.

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The distribution of disabled members and their average annualised deemed pensionable earnings by age and pensionable service as at December 31, 2007, is summarised as follows:

Distribution of Disabled Members by Age Group and Pensionable Service as at 31.12.2007[7]

	Years of Pensionable Service								
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
20 - 24									
25 - 29	1								1
	*								
30 - 34	1	4							5
	*	$65,270							
35 - 39	5	3	2	2					12
	$57,480	$60,649	*	*					
40 - 44	2	3		23	8				36
	*	$83,380		$67,266	$59,574				
45 - 49	2	9		23	17	18	2		71
	*	$75,940		$70,245	$71,840	$70,113	*		
50 - 54	3	6	2	22	14	41	18	1	107
	$70,908	$76,265	*	$67,171	$60,178	$68,023	$70,089	*	
55 - 59		3	2	23	12	23	27	11	101
		$74,300	*	$65,031	$63,290	$76,127	$75,176	$69,121	
60 - 64			2	15	13	24	17	7	78
			*	$69,308	$55,394	$74,670	$68,408	$54,112	
65 +									
Total	**14**	**28**	**8**	**108**	**64**	**106**	**64**	**19**	**411**
									$69,440

[7] Earnings are not shown for cells with less than 3 members for confidentiality purposes.

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The distribution of the deferred pensioners, pensioners and survivors and their average lifetime pension by age as at December 31, 2007, is summarised as follows:

Distribution of Deferred Pensioners
By Age Group as at 31.12.2007

Age	Number	Average Lifetime Pension
< 25	4	$333
25 - 29	17	$1,783
30 - 34	26	$3,438
35 - 39	43	$4,361
40 - 44	113	$5,711
45 - 49	187	$6,530
50 - 54	247	$13,652
55 - 59	179	$13,821
60 - 64	61	$11,370
65 +	5	$5,784
Total	882	$9,913

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Distribution of Pensioners and Survivors By Age Group as at 31.12.2007[8]

	Pensioners		**Survivors (Incl. Children)**	
Age	**Number**	**Average Lifetime Pension**	**Number**	**Average Lifetime Pension**
< 25			27	$9,392
25 - 29				
30 - 34			2	*
35 - 39			1	*
40 - 44			14	$8,815
45 - 49			28	$17,187
50 - 54	194	$42,880	51	$13,864
55 - 59	1,039	$41,510	134	$18,824
60 - 64	1,658	$39,379	170	$19,445
65 - 69	1,395	$34,239	169	$18,042
70 - 74	965	$31,621	220	$20,039
75 - 79	770	$30,744	330	$20,067
80 - 84	601	$29,812	340	$19,081
85 - 89	268	$27,381	241	$18,461
90 - 94	72	$27,133	87	$16,085
95 +	13	$19,672	20	$15,934
Total	**6,975**	**$35,291**	**1,834**	**$18,621**

[8] Pension amounts are not shown for cells with less than 3 members for confidentiality purposes.

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Appendix D

Summary of Plan Provisions

Introduction

The following is a summary of the Plan's main provisions in effect on January 1, 2008. It is not intended as a complete description of the Plan.

All the terms of the OPG Pension Plan are set out exclusively in the OPG Pension Plan text, as amended and filed with the Financial Services Commission of Ontario. While this Report summarizes certain terms of the OPG Pension Plan, this Report does not change or supplement the OPG Pension Plan text in any manner whatsoever. Accordingly, the OPG Pension Plan text will govern exclusively in all cases should any questions or differences arise.

Eligibility for Membership

The following categories of employees are members of the Plan:

- All regular and probationary employees;
- Employees for whom the Office and Professional Employees International Union was the bargaining agent prior to July 30, 1982; and,
- Employees who became continuing construction clerical employees after July 29, 1982 and before August 8, 1984.

Any other employee, with the exception of construction trades, machinists, and hotel and restaurant employees, who has completed twenty-four months of continuous employment and who has at least 700 hours of employment or earnings of 35% of the YMPE in each of the two previous calendar years, may elect to become a member of the Plan.

Other members include pensioners, terminated employees with deferred pensions, and employees receiving long term disability benefits.

Employee Contributions

The PWU members contribute at the following rates until they complete 35 years of credited service:

- 4.5% of base annual earnings up to the YMPE, and
- 6.5% of base annual earnings in excess of the YMPE.

Effective at the beginning of 2006, the Society and Management members contribute at the following rate until they complete 35 years of credited service:

- 7.0% of base annual earnings.

Members may elect to contribute after they have completed 35 years credited service. This option became available July 1, 2000 for PWU members and January 1, 2001 for all other members.

Normal Retirement Date

The normal retirement date for a female member whose continuous employment commenced prior to January 1, 1976 is the day on which she attains age 60 or any subsequent day when she in fact retires which is not later than her sixty-fifth birthday.

The normal retirement date for all other members is the day the member attains age 65.

Normal Retirement Pension

The amount of lifetime pension payable commencing on a member's normal retirement date is equal to:

- 2% of the member's "high three-year average" (see note below) for each year of credited service subject to a maximum of 35 years. Members may elect to contribute beyond 35 years and earn credited service.

  LESS

- 0.5% of the member's "high five-year average" up to the "average YMPE" (see note below) for each year of credited service subsequent to December 31, 1965.

In addition, the member is entitled to a bridge pension of 0.625% of the member's "high five-year average" up to the "average YMPE" (see note below) for each year of credited service subject to a maximum of 30 years, multiplied by 35 years, and divided by 30,

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plus the number of years that the member contributed beyond 35 years. This bridge pension is generally payable until the end of the month in which the member attains age 65.

The "*high three-year average*" is the average of the member's base annual earnings during the thirty-six consecutive months when the base earnings were highest. Base annual earnings include bonuses up to:

- a maximum of 5% of a member's base annual earnings for Management Group employees in Bands A to M;
- a maximum of 28% of a member's base annual earnings for Authorized Nuclear Operators;
- a maximum of 25.2% of a member's base annual earnings for Certified Unit 0 Control Room Operators;
- a monthly maximum of 20% of a member's base annual earnings divided by 12 for Society-represented Control Room Shift Supervisors and Control Room Shift Operating Supervisors;
- a maximum of 10% of a member's base annual earnings for Society-represented Authorization Training Supervisors; and
- a maximum of 5.75% of a member's base annual earnings for Unit 0 Training Specialists who were formerly Certified Unit 0 Control Room Operators.

The "*average YMPE*" is the average of the Year's Maximum Pensionable Earnings, as defined for purposes of the Canada Pension Plan, during the sixty consecutive months when the base earnings were highest.

Early Retirement Pension

Unreduced Pension

An employee may retire prior to the normal retirement date without any reduction in the accrued pension if the sum of the employee's age plus years of continuous employment is equal to or greater than 84 (82 for employees represented by the PWU or the Society).

Formula Reduction

A female employee whose continuous employment commenced prior to 1976 with at least 15 years of continuous employment, or any other employee with 15 or more years of continuous employment but less than 25 years of continuous employment, who does not qualify for unreduced early retirement may retire within 10 years of normal retirement date. In such a case, the employee's accrued pension is reduced by 2% for each year up to five years and 3% for each additional year by which the early retirement date precedes the employee's normal retirement date.

Otherwise, an employee who does not qualify for unreduced early retirement may retire prior to age 60 with 25 or more years of continuous employment, but within 10 years of normal retirement date. In such a case, the employee's accrued pension is reduced by 3% for each year by which early retirement precedes age 60.

Actuarial Reduction

An employee, who does not qualify under any of the previously mentioned early retirement provisions and who has at least two years of Plan membership, may retire within 10 years of normal retirement date. In such a case, the pension is the actuarial equivalent of the member's deferred pension.

Retirement from Deferred Status

A terminated employee with a deferred pension may retire under any provision for early retirement without reduction provided that such provision was in effect on the date of termination.

A terminated employee with a deferred pension, who terminated after March 31, 1986, with 25 or more years of continuous employment, or who terminated between May 3 and October 29, 1993, inclusive, under the Voluntary Separation Program with 15 or more years of continuous employment, or who terminated after October 31, 2003 with 15 or more years of continuous employment and was within ten years of normal retirement and was not represented by the PWU has the same early retirement provisions as those in effect for active employees at the date of termination.

Otherwise, a terminated employee with a deferred pension, who terminated with 15 or more years of continuous employment, or who terminated with 2 or more years of Plan membership after 1987, may receive a pension within 10 years of normal retirement in accordance with the rules in effect on the date of termination. In such a case, the pension is the actuarial equivalent of the member's deferred pension.

Maximum Pension

The benefits in respect of continuous employment after 1991 are limited to the maximum allowable under the *Income Tax Act*.

Pension Increases

Pension increases of 100% of the increase in the CPI (Ontario), subject to a maximum of 8%, will be given every January 1 to pensioners, beneficiaries and terminated employees with deferred pensions. Increases in CPI in excess of 8% and decreases in CPI are carried forward to subsequent years.

Disability

A totally disabled employee receives benefits from an income replacement plan and ceases to contribute to the Pension Fund, but continues to accrue credited service. For this member, the base annual earnings for pension purposes are deemed to be increased by the same percentage increases described for pensions above.

Survivor Benefits

Death Before Retirement

The death benefits payable in the case of a pre-retirement death are as follows:

1. Benefits in respect of Continuous Employment Prior to 1987 for Members Represented by the PWU

   A. If the member has completed 10 years of continuous employment, the surviving spouse or dependent child is entitled to a survivor's pension. The survivor's pension is of an amount equal to 66.67% of the pension to which the member would have been entitled had the member retired on the date of death with no reduction for early retirement. The survivor's pension is payable to the surviving spouse until death or, if there is no eligible spouse, to the dependent children until age 18 (longer if disabled or in full-time attendance at a school or university). The total benefits paid are subject to a minimum of the member's contributions with interest.

   B. Otherwise, a payment of the member's contributions with interest is made to the beneficiary or estate.

2. Benefits in respect of all Continuous Employment for Members not Represented by the PWU and in respect of Continuous Employment After 1986 for Members Represented by the PWU

   A. If the member has less than 2 years of Plan membership and has not completed 10 years of continuous employment, a payment of the member's contributions with interest is made to the beneficiary or estate.

   B. If the member has less than 2 years of Plan membership, but has completed 10 years of continuous employment, the surviving spouse is entitled to a survivor's pension as described in 1(A) above. If there is no surviving spouse, a payment of the member's contributions with interest is made to the beneficiary or estate.

   C. If the member has at least 2 years of Plan membership, but has not completed 10 years of continuous employment, the surviving spouse is entitled to receive the commuted value of the member's deferred pension. In lieu of such payment, the surviving spouse may elect to receive an immediate or deferred pension of equivalent commuted value. If there is no surviving spouse, a payment of the commuted value of the member's deferred pension is made to the beneficiary or estate.

   D. If the member has at least 2 years of Plan membership and has completed 10 years of continuous employment, the surviving spouse is entitled to the greater of an immediate pension of 66.67% of the pension to which the member would have been entitled had the member retired on the date of death with no reduction for early retirement, or an immediate pension with commuted value equivalent to the commuted value of the member's deferred pension. In lieu of this pension, the surviving spouse may elect to receive the commuted value of the member's deferred pension or a deferred pension of equivalent commuted value. If there is no surviving spouse, the dependent children are entitled to a pension of 66.67% of the pension to which the member would have been entitled had the member retired on the date of death with no reduction for early retirement, payable to age 18 (longer if disabled or in full-time attendance at a school or university). If there is no surviving spouse, a payment of the commuted value of the member's deferred pension less the commuted value of the pension payable to any dependent children is made to the beneficiary or estate.

Death After Retirement

A survivor's pension, an amount equal to 66.67% of the pension to which the member would have been entitled, is payable on death after retirement to the surviving spouse or dependent children, subject to other options chosen at the time of retirement.

If the member does not have a spouse at the time of pension commencement, the normal form is a life annuity guaranteed 5 years.

Termination Benefits

The benefits payable on termination of employment are as follows:

1. Benefits in respect of Continuous Employment Prior to 1987

   A. The member is entitled to a refund of all of the member's pre-1987 contributions with interest, subject to (D) and (E) below.

   B. A member, who has at least one year of Plan membership, may elect to receive, in lieu of (A) above, the pension accrued prior to 1987 commencing at normal or early retirement age ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment.

   C. A member, who has at least 10 years of Plan membership, may elect to receive, in lieu of (A) or (B) above, a cash payment of 25% of the commuted value of the pension accrued prior to 1987, with 75% of such pension being paid at normal or early retirement age ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment.

   D. A member, who was represented by the PWU and has both attained age 45 and completed 10 or more years of continuous employment, may not elect to receive a refund of contributions in respect of service between January 1, 1965 and December 31, 1986. The member may, however, elect to receive, in lieu of (B) or (C) above, a refund of the member's contributions to the Fund prior to 1965

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together with credited interest plus 25% of the commuted value of the pension accrued after 1964 but prior to 1987, with entitlement to 75% of such pension being paid commencing on the normal or early retirement date ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment. The member may elect to transfer (see note below) the greater of the commuted value of the 75% pension or 75% of the member's contributions with interest made after 1964 but prior to 1987.

E. A member, who was not represented by the PWU and has both attained age 45 and completed 10 or more years of continuous employment, may not elect to receive a refund of contributions in respect of service between January 1, 1965 and December 31, 1986. The member may, however, elect to receive, in lieu of (B) or (C) above, a cash payment of 25% of the commuted value of the pension accrued prior to 1987, with entitlement to 75% of such pension being paid commencing on the normal or early retirement date ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment. The member may elect to transfer (see note below) the commuted value of the 75% pension.

2. Benefits in respect of Continuous Employment After 1986

   A. A member is entitled to a refund of the member's post-1986 contributions with interest, subject to (C) below.

   B. A member, who has at least one year of Plan membership, may elect to receive, in lieu of (A) above, the pension accrued after 1986 commencing at normal or early retirement age ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment.

   C. A member, who has at least two years of Plan membership, may not elect to receive a refund under (A) above. The member may, however, elect, in lieu of (B) above, to transfer (see note below) the commuted value of the deferred pension.

Note: Amounts must be transferred to a pension fund related to another pension plan, a prescribed retirement savings arrangement, or a life annuity which does not commence before the earliest date on which the member would have been entitled to retire.

Excess Contributions

Upon the earliest of termination of employment, death or retirement, the amount by which the member's post-1986 contributions with interest exceed 50% of the commuted value of the deferred pension accrued after 1986 (the "Excess Contributions") is refunded to the member (to the spouse, beneficiary or estate, in the case of death).

Upon termination of employment, if a member who was represented by the PWU has attained age 45 and completed 10 or more years of continuous employment elects to fully divest the pension accrued prior to 1987, the member is entitled to receive the amount by which the contributions with interest made after 1964 but prior to 1987 exceeds the commuted value of the pension accrued after 1964 but prior to 1987.

Upon the earliest of termination of employment, death or retirement of a member who was not represented by the PWU, the amount by which the member's contributions with interest made prior to 1987 exceed the commuted value of the deferred pension accrued prior to 1987 is refunded to the member (to the spouse, beneficiary or estate in the case of death).

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Appendix E

Employer Certification

With respect to the report on the actuarial valuation of the *Ontario Power Generation Inc. Pension Plan*, as at January 1, 2008, we hereby certify that, to the best of our knowledge and belief:

- a copy of the official plan documents and of all amendments made up to January 1, 2008, were provided to the actuary,
- the membership data provided to the actuary included a complete and accurate description of every person who is entitled to benefits under the terms of the plan for service up to January 1, 2008, and
- all events subsequent to January 1, 2008 that may have an impact on the results of the valuation have been communicated to the actuary.

Signed	Signed
Lorraine Irvine	Colleen Sidford
Name	Name
Vice President, Safety, Wellness and Total Compensation	Vice President, Treasurer
Title	Title
Aug 29/08	August 29, 2008
Date	Date

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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January 2010

Ontario Power Generation Inc. Registered Pension Plan and Supplementary Pension Plan

Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2009 Under CICA Section 3461

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Report Highlights

This report has been prepared by Mercer at the request of Ontario Power Generation Inc. ("OPG"). This report provides pension expense reporting and disclosure information for financial statements and interested parties pursuant to Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") relating to the Ontario Power Generation Inc. Registered Pension Plan ("RPP") and Supplementary Pension Plan ("SPP")[1].

The RPP is a defined benefit pension plan funded by contributions from OPG and from plan members. The SPP is an unfunded defined benefit pension plan secured by a letter of credit. Pension benefits in both plans are based on length of service, final average earnings, and are indexed for inflation after termination or retirement.

OPG's fiscal year end is December 31, and the measurement date for the plan assets and obligations as described in this report is December 31.

Fiscal year ending December 31, 2009

The net periodic pension cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2009 is a charge of $74,153,000 for the RPP and a charge of $15,668,000 for the SPP (for a total charge of $89,821,000).

The employer contributions to the RPP during the fiscal year ending December 31, 2009 were $269,064,000. These employer contributions were made in accordance with our Report on the Actuarial Valuation for Funding Purposes as at January 1, 2008. The next actuarial valuation for funding purposes must be as of a date no later than January 1, 2011.

The employer contributions to the SPP during the fiscal year ending December 31, 2009 were $6,928,000. These contributions were equal to the benefit payments.

Nuclear Waste Management Organization (NWMO) Spin-off

Effective January 1, 2009, 63 members of the RPP were transferred from OPG to NWMO. In accordance with agreements between OPG and NWMO, the liabilities with respect to service accrued under the RPP and SPP by these members prior to January 1, 2009 were transferred, effective January 1, 2009, to a new registered defined benefit pension plan and a new supplementary pension plan set up by NWMO. Also, in accordance with these agreements, assets associated with the service accrued under the

[1] For the purposes of this report, the SPP also includes the liabilities in respect of the $US Pension Obligations as well as the pension arrangements for a current senior executive and a former senior executive.

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RPP by the transferred members prior to January 1, 2009 were transferred, effective January 1, 2009, from the OPG Pension Fund to the NWMO Pension Fund. As instructed by OPG we have recognized this transaction by removing the assets and liabilities to be transferred to NWMO at January 1, 2009 and recognizing the difference between the liabilities transferred and the assets transferred in net periodic benefit cost in 2009.

Changes in Plan Provisions

Since the last disclosure as of December 31, 2008, the RPP has been amended to increase the required employee contribution rate for members represented by the PWU to 5.0% on base earnings up to the YMPE and 7.0% on base earnings above the YMPE. There have been no other changes to the plan provisions that have a material impact on the obligations.

Changes in Actuarial Cost Methods

There were no changes in actuarial cost methods since the last disclosure as of December 31, 2008.

Changes in Asset Valuation Method

There were no changes in asset valuation method since the last disclosure as of December 31, 2008.

Changes in Assumptions

There were changes in actuarial assumptions since the last disclosure as of December 31, 2008. Please see the Summary of Assumptions in Section 3.D of this report for a description of these changes. The changes in assumptions have resulted in an increase of $769,899,000 in the accrued benefit obligation under the RPP and an increase of $16,762,000 in the accrued benefit obligation under the SPP as at December 31, 2009.

Changes in Accounting Policies

There were no changes in accounting policies since the last disclosure as of December 31, 2008.

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Transition to International Financial Reporting Standards

Accounting standards for publically accountable enterprises and some public sector entities are transitioning to International Financial Reporting Standards (IFRS) from Canadian GAAP for fiscal years beginning on or after January 1, 2011. Accounting for employee future benefit plans will be affected as International Accounting Standard 19 (IAS 19), although similar, is not identical to CICA 3461. At the date of adoption, entities will be required to comply with all effective IFRSs as prescribed in *IFRS 1 – First Time Adoption of International Financial Accounting Standards.*

The impact of transitioning to IFRS is not covered by this report.

Projected 2010 Net Periodic Pension Cost

The projected 2010 net periodic pension cost is a charge of $125,241,000 for the RPP and $19,659,000 for the SPP (for a total charge of $144,900,000). These projected amounts were calculated using the January 1, 2009 valuation results extrapolated to December 31, 2009; the December 31, 2009 RPP plan assets; the December 31, 2009 year-end disclosure assumptions; and an assumed rate of return on assets of 7.0% for 2010. The calculation also assume that OPG will contribute $264,000,000 to the RPP during 2010.

These figures may need to be revised if liabilities are remeasured during the year due to a plan amendment, curtailment, settlement or other significant event not taken into account in the estimate.

Components of Estimated 2010 Net Periodic Pension Cost ($'000)	RPP	SPP	Total
Current service cost (employer portion)	$159,740	$6,148	$165,888
Interest cost	581,697	12,241	593,938
Expected return on plan assets	(634,339)	0	(634,339)
Amortizations			
▪ Transitional obligation (asset)	0	0	0
▪ Past service costs	18,143	742	18,885
▪ Net actuarial loss (gain)	0	528	528
Net periodic pension cost	$125,241	$19,659	$144,900

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Principal Pension Expense and Disclosure Information – Summary (RPP and SPP)

A summary of principal pension expense and disclosure information, as required for disclosure purposes pursuant to CICA 3461, from the current fiscal year and the prior fiscal year follows.

Components of Net Periodic Pension Cost[2] ($'000)	Fiscal Year Ending December 31, 2009	Fiscal Year Ending December 31, 2008
Current service cost (employer portion)	$124,904	$223,226
Interest cost	562,934	549,396
Actual return on plan assets[3]	(1,047,955)	1,565,816
Actuarial loss (gain) on plan liabilities	876,811	(2,587,739)
Plan amendments	0	0
Surplus transferred (NWMO)	5,146	0
Costs arising in the period	**$521,840**	**($249,301)**
Differences between costs arising in the period and costs recognized in the period in respect of:		
▪ Return on plan assets	425,907	(2,188,819)
▪ Actuarial loss (gain)	(876,811)	2,623,118
▪ Plan amendments	18,885	18,885
▪ Transitional obligation (asset)	0	0
Net periodic pension cost recognized	**$89,821**	**$203,883**

Components of Net Periodic Pension Cost ($'000)	Fiscal Year Ending December 31, 2009	Fiscal Year Ending December 31, 2008
Current service cost (employer portion)	$124,904	$223,226
Interest cost	562,934	549,396
Expected return on plan assets	(622,048)	(623,003)
Amortizations		
▪ Transitional obligation (asset)	0	0
▪ Past service costs	18,885	18,885
▪ Net actuarial loss (gain)	0	35,379
Surplus transferred (NWMO)	5,146	0
Net periodic pension cost	**$89,821**	**$203,883**

[2] CICA 3461 requires an analysis of the components of net periodic pension cost showing separately amounts arising from events in the period, the difference between actual return on plan assets and the expected return on plan assets, other adjustments for deferrals and amortizations of amounts previously deferred, and the change in the valuation allowance if applicable. The actual derivation of the net periodic pension cost is set out in the Supplemental Information – Development of Costs section of this report.

[3] The amounts shown are negative of actual returns since positive investment returns reduce net periodic cost.

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Principal Pension Expense and Disclosure Information – Summary (RPP and SPP) *(continued)*

Weighted-Average Assumptions for Expense	Fiscal Year Ending December 31, 2009	Fiscal Year Ending December 31, 2008
Discount rate	7.50%	5.60%
Expected long-term rate of return on assets	7.00%	7.00%
Inflation	2.00%	2.25%
Rate of compensation increase	3.00%	3.25%

Weighted-Average Assumptions for Disclosure	December 31, 2009	December 31, 2008
Discount rate	6.80%	7.50%
Inflation	2.00%	2.00%
Rate of compensation increase	3.00%	3.00%

Change in Accrued Benefit Obligation ($'000)	Fiscal Year Ending December 31, 2009	Fiscal Year Ending December 31, 2008
Accrued benefit obligation at end of prior year [4]	**$7,582,013**	**$9,764,230**
Current service cost (employer portion)	124,904	223,226
Interest cost	562,934	549,396
Employees' contributions[5]	84,667	75,413
Benefits paid	(451,432)	(442,513)
Transfer out (NWMO)	(18,775)	0
Actuarial loss (gain)	876,811	(2,587,739)
Plan amendments	0	0
Accrued benefit obligation at end of year[4]	**$8,761,122**	**$7,582,013**

[4] Accrued benefit obligations are based on the following data:
December 31, 2006 data was used for December 31, 2007 liabilities,
December 31, 2007 data was used for December 31, 2008 liabilities and
December 31, 2008 data was used for December 31, 2009 liabilities.
[5] Includes amounts transferred in under reciprocal transfer agreements.

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Principal Pension Expense and Disclosure Information – Summary (RPP and SPP) *(continued)*

Change in Plan Assets ($'000)	Fiscal Year Ending December 31, 2009	Fiscal Year Ending December 31, 2008
Fair value of plan assets at end of prior year	**$7,254,181**	**$8,923,809**
Actual return on plan assets, net of expenses	1,047,955	(1,565,816)
Employer contributions	275,992	263,288
Employees' contributions[6]	84,667	75,413
Benefits paid	(451,432)	(442,513)
Transfer out (NWMO)	(23,921)	0
Fair value of plan assets at end of year	**$8,187,442**	**$7,254,181**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability) ($'000)	Fiscal Year Ending December 31, 2009	Fiscal Year Ending December 31, 2008
Excess (Deficit) at end of year	**($573,680)**	**($327,832)**
Employer contributions during period from measurement date to fiscal year end	0	0
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	28,944	47,829
Unamortized net actuarial loss (gain)	1,383,891	932,987
Accrued benefit asset (liability)	**$839,155**	**$652,984**

Plan Assets by Asset Category	Fiscal Year Ending December 31, 2009	Fiscal Year Ending December 31, 2008
Canadian equities	22.8%	20.0%
U.S. equities	12.4%	12.5%
Non-U.S. equities	26.8%	27.2%
Fixed Income	34.4%	37.4%
Other	3.6%	2.9%
Total	**100%**	**100%**

[6] Includes amounts transferred in under reciprocal transfer agreements.

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Principal Pension Expense and Disclosure Information – Results by Plan

A summary of principal pension expense and disclosure information, as required for disclosure purposes pursuant to CICA 3461, from the current fiscal year follows.

	Fiscal Year Ending December 31, 2009	
Components of Net Periodic Pension Cost[7] ($'000)	RPP	SPP
Current service cost (employer portion)	$119,855	$5,049
Interest cost	552,218	10,716
Actual return on plan assets[8]	(1,047,955)	0
Actuarial loss (gain) on plan liabilities	849,352	27,459
Plan amendments	0	0
Surplus transferred (NWMO)	5,985	(839)
Costs arising in the period	**$479,455**	**$42,385**
Differences between costs arising in the period and costs recognized in the period in respect of:		
▪ Return on plan assets	425,907	0
▪ Actuarial loss (gain)	(849,352)	(27,459)
▪ Plan amendments	18,143	742
▪ Transitional obligation (asset)	0	0
Net periodic pension cost recognized	**$74,153**	**$15,668**

Components of Net Periodic Pension Cost ($'000)	RPP	SPP
Current service cost (employer portion)	$119,855	$5,049
Interest cost	552,218	10,716
Expected return on plan assets	(622,048)	0
Amortizations		
▪ Transitional obligation (asset)	0	0
▪ Past service costs	18,143	742
▪ Net actuarial loss (gain)	0	0
Surplus transferred (NWMO)	5,985	(839)
Net periodic pension cost	**$74,153**	**$15,668**

[7] CICA 3461 requires an analysis of the components of net periodic pension cost showing separately amounts arising from events in the period, the difference between actual return on plan assets and the expected return on plan assets, other adjustments for deferrals and amortizations of amounts previously deferred, and the change in the valuation allowance if applicable. The actual derivation of the net periodic pension cost is set out in the Supplemental Information – Development of Costs section of this report.

[8] The amounts shown are negative of actual returns since positive investment returns reduce net periodic cost.

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Principal Pension Expense and Disclosure Information – Results by Plan *(continued)*

	Fiscal Year Ending December 31, 2009	
Weighted-Average Assumptions for Expense	RPP	SPP
Discount rate	7.50%	7.50%
Expected long-term rate of return on plan assets	7.00%	n/a
Inflation	2.00%	2.00%
Rate of compensation increase	3.00%	3.00%

	December 31, 2009	
Weighted-Average Assumptions for Disclosure	RPP	SPP
Discount rate	6.80%	6.80%
Inflation	2.00%	2.00%
Rate of compensation increase	3.00%	3.00%

	Fiscal Year Ending December 31, 2009	
Change in Accrued Benefit Obligation ($'000)	RPP	SPP
Accrued benefit obligation at end of prior year [9]	**$7,439,966**	**$142,047**
Current service cost (employer portion)	119,855	5,049
Interest cost	552,218	10,716
Employees' contributions[10]	84,667	0
Benefits paid	(444,504)	(6,928)
Transfer out (NWMO)	(17,936)	(839)
Actuarial loss (gain)	849,352	27,459
Plan amendments	0	0
Accrued benefit obligation at end of year [9]	**$8,583,618**	**$177,504**

[9] Accrued benefit obligations are based on the following data:
December 31, 2007 data was used for December 31, 2008 liabilities
December 31, 2008 data was used for December 31, 2009 liabilities

[10] Includes amounts transferred in under reciprocal transfer agreements.

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Principal Pension Expense and Disclosure Information – Results by Plan *(continued)*

	Fiscal Year Ending December 31, 2009	
Change in Plan Assets ($'000)	RPP	SPP
Fair value of plan assets at end of prior year	**$7,254,181**	**$0**
Actual return on plan assets, net of expenses	1,047,955	0
Employer contributions	269,064	6,928
Employees' contributions[11]	84,667	0
Benefits paid	(444,504)	(6,928)
Transfer out (NWMO)	(23,921)	0
Fair value of plan assets at end of year	**$8,187,442**	**$0**

	Fiscal Year Ending December 31, 2009	
Reconciliation of Funded Status to Accrued Benefit Asset (Liability) ($'000)	RPP	SPP
Excess (Deficit) at end of year	**($396,176)**	**($177,504)**
Employer contributions during period from measurement date to fiscal year end	0	0
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	27,720	1,224
Unamortized net actuarial loss (gain)	1,359,807	24,084
Accrued benefit asset (liability)	**$991,351**	**($152,196)**

	Fiscal Year Ending December 31, 2009	
Plan Assets by Asset Category	RPP	SPP
Canadian equities	22.8%	n/a
U.S. equities	12.4%	n/a
Non-U.S.foreign equities	26.8%	n/a
Fixed Income	34.4%	n/a
Other	3.6%	n/a
Total	**100%**	

11 Includes amounts transferred in under reciprocal transfer agreements.

Certification

Mercer has prepared this report exclusively to assist Ontario Power Generation Inc. and its auditors in preparing financial reports under Section 3461 of the Canadian Institute of Chartered Accountants Handbook for the fiscal year ending December 31, 2009.

This valuation report may not be used or relied upon by any other party or for any other purpose. Mercer is not responsible for the consequences of any unauthorized use.

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and others are uncertain and unknowable at the valuation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, actuarial assumptions, as described in Section 3.D, are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future, and other factors. Due to the limited scope of the assignment, we did not perform, and thus do not present, an analysis of the potential range of future possibilities and scenarios.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

Actuarial Valuations and Extrapolations

Last year, we prepared an actuarial valuation of the RPP and the SPP benefit obligations for accounting purposes as at January 1, 2008 and extrapolated those results to December 31, 2008. In accordance with our mandate, the purpose of this valuation and extrapolation is to account for the costs of the plans for the fiscal year beginning January 1, 2009 and ending December 31, 2009 in accordance with CICA 3461.

In addition, we have prepared a second actuarial valuation of the RPP and the SPP benefit obligations for accounting purposes as at January 1, 2009 and extrapolated those results to

December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to enable the Company to satisfy the disclosure requirements under CICA 3461. This valuation and extrapolation was also used to determine the projected 2010 net periodic pension cost.

The financial positions of the plan and the determination of net periodic pension cost set out in this report are based on plan asset data as of December 31, 2008 and December 31, 2009 as provided to us by OPG.

Details are provided below.

Plan Provisions

The results of the valuations set forth in this report reflect the contractual provisions of the plans as of the dates of the valuations as reported to us by OPG's management.

Based on the information provided to us by OPG, there have been no material amendments to either the RPP or the SPP, other than an increase in the required contribution rate for members represented by the PWU, since the last valuation for accounting purposes as at December 31, 2008.

NWMO Spin-Off

Effective January 1, 2009, 63 members of the RPP were transferred from OPG to NWMO. In accordance with agreements between OPG and NWMO, the liabilities with respect to service accrued under the RPP and SPP by these members prior to January 1, 2009 were transferred, effective January 1, 2009, to a new registered defined benefit pension plan and a new supplementary pension plan set up by NWMO. Also, in accordance with these agreements, assets associated with the service accrued under the RPP by the transferred members prior to January 1, 2009 were transferred, effective January 1, 2009, from the OPG Pension Fund to the NWMO Pension Fund. As instructed by OPG we have recognized this transaction by removing the assets and liabilities to be transferred to NWMO at January 1, 2009 and recognizing the difference between the liabilities transferred and the assets transferred in net periodic benefit cost in 2009.

Data

The RPP valuations are based on the plan asset data provided by OPG as at December 31, 2008 and December 31, 2009. The pension fund is held in trust by CIBC Mellon and is invested in accordance with the investment policy set by OPG. The RPP asset data are summarized in the Principal Pension Expense and Disclosure section of the report. The development of the market related value of assets is summarized in the Supplemental Information – Section 3.B of this report. We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan

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members who have received benefits or made contributions. The results of these tests were satisfactory.

The valuations are also based on the membership data as at January 1, 2008 and January 1, 2009 provided by OPG (either directly or through Mercer Administration Outsourcing). The membership data, and the validation checks made on the data, are summarized in the Supplemental Information – Section 2 of this report.

Subsequent Events

After checking with representatives of OPG, to our knowledge there have been no events subsequent to December 31, 2009 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

Methods and Assumptions

The actuarial valuation methods, and OPG's management accounting policies and assumptions used in the valuations and determination of net periodic pension cost are summarized in the Supplemental Information - Section 3 of this report.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect the financial position of the plan and future net periodic pension cost.

Actuarial computations under CICA 3461 are for purposes of fulfilling employer accounting requirements. Determination for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Accordingly, additional determinations are needed for other purposes such as judging benefit security at termination or adequacy of funding for an ongoing plan.

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Statement of Opinion

The methods used in the valuations of benefit obligations and determination of plan costs were selected by Management in accordance with the requirements of CICA 3461.

The preparers of the financial statements have selected the assumptions used in the valuations of the plan obligations and determination of plan costs. They are Management's best estimate assumptions, selected for accounting purposes, in accordance with CICA 3461. We are not expressing any opinion on these assumptions.

In our opinion,

- the data on which the valuations are based are sufficient and reliable for the purposes of the valuations; and,

- the calculations have been made in accordance with the requirements of CICA 3461.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice, in Canada.

Respectfully submitted,

Malcolm Hamilton
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

February 3, 2010

Date

Hrvoje Lakota
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

February 3, 2010

Date

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Supplemental Information

The remainder of the report includes information supporting the results presented in the previous sections.

1. **Development of Costs** shows the liabilities for plan benefits and the calculation of the various components of plan costs.

2. **Membership Data** presents and describes the membership data used in the valuation and the validation checks made on the data.

3. **Valuation Methods and Assumptions** describe the methods and assumptions used to value the plans as well as the accounting policies used to calculate the net periodic pension cost.

4. **Summary of Plan Provisions** provides a summary of the benefits, which have been valued in this report.

5. **Employer Certification.**

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1. Development of Costs

A. Financial Position of the Plan

January 1, 2009 ($'000)	RPP	SPP
1. Accrued benefit obligation	$7,439,966	$142,047
2. Fair value of plan assets	7,254,181	0
3. Surplus (Deficit) (2. – 1.)	($185,785)	($142,047)
4. Employer contributions during period from measurement date to fiscal year end	0	0
5. Unamortized transitional obligation (asset)	0	0
6. Unamortized past service costs	45,863	1,966
7. Unamortized net actuarial loss (gain)	936,362	(3,375)
8. Accrued benefit asset (liability) (3.+4.+5.+6.+7.)	**$796,440**	**($143,456)**

B. Net periodic pension cost

Fiscal Year Ending December 31, 2009 ($'000)	RPP	SPP
1. Current service cost (employer portion)	$119,855	$5,049
2. Interest cost	552,218	10,716
3. Expected return on plan assets	(622,048)	0
4. Amortizations		
a. Transitional obligation (asset)	0	0
b. Past service costs	18,143	742
c. Net actuarial loss (gain)	0	0
5. Surplus transferred (NWMO)[12]	5,985	(839)
6. Net periodic pension cost (1.+2.+3.+4.+5.)	**$74,153**	**$15,668**

Components of these calculations are developed on the following pages.

[12] As instructed, an amount equal to the difference between the assets transferred to NWMO and the liabilities held by OPG in respect of members transferred to NWMO has been included in Net Periodic Pension Cost.

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Development of Costs *(continued)*

C. Current Service Cost

Fiscal Year Ending December 31, 2009 ($'000)	RPP	SPP
1. Expected current service cost at beginning of year	$190,780	$5,049
2. Expected employees' contributions	(70,925)	0
3. **Current service cost (employer portion) (1. + 2.)**	**$119,855**	**$5,049**

D. Interest Cost

Fiscal Year Ending December 31, 2009 ($'000)	RPP	SPP
1. Accrued benefit obligation	$7,439,966	$142,047
2. a. Transfer of liabilities to NWMO	(17,936)	(839)
b. Weighted for timing	(17,936)	(839)
3. a. Employer current service cost	119,855	5,049
b. Weighted for timing	119,855	5,049
4. a. Expected employees' contributions	70,925	0
b. Weighted for timing	35,463	0
5. a. Expected benefit payments	(428,870)	(6,756)
b. Weighted for timing	(214,435)	(3,378)
6. Average accrued benefit obligation (1. + 2.b. + 3.b. + 4.b. + 5.b.)	$7,362,913	$142,879
7. Discount rate	7.50%	7.50%
8. Interest cost (6. x 7.)	**$552,218**	**$10,716**

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Development of Costs *(continued)*

E. Expected Return on Plan Assets

Fiscal Year Ending December 31, 2009 ($'000)	RPP	SPP
1. Market-related value of assets	$8,954,235	$0
2. a. Employer contribution in respect of NWMO transfer	5,064	0
b. Weighted for timing	5,064	0
3. a. Transfer of assets to NWMO	(23,921)	0
b. Weighted for timing	(23,921)	0
4. a. Expected employer contributions	260,000	6,756
b. Weighted for timing	130,000	3,378
5. a. Expected employees' contributions	70,925	0
b. Weighted for timing	35,463	0
6. a. Expected benefit payments	(428,870)	(6,756)
b. Weighted for timing	(214,435)	(3,378)
7. Average expected market-related value of assets (1. + 2.b. + 3.b. + 4.b. + 5.b. + 6..b.)	$8,886,406	0
8. Assumed rate of return on plan assets	7.00%	n/a
9. **Expected return on plan assets (7. x 8.)**	**$622,048**	**$0**

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Development of Costs *(continued)*

F. Amortization Amounts

January 1, 2009 ($'000)	RPP	SPP
1) Transitional Obligation (Asset)		
a. Unamortized transitional obligation (asset) as of beginning of year	$0	$0
b. Amortization amount	**$0**	**$0**
2) Past Service Costs		
a. Unamortized past service costs as of beginning of year	$45,863	$1,966
b. Amortization amount	**$18,143**	**$742**
3) Unamortized (gain)/loss subject to amortization as of January 1, 2009		
a. Unamortized net actuarial loss (gain) based on fair value of plan assets	$936,362	($3,375)
b. Fair value of plan assets	$7,254,181	$0
c. Market-related value of assets	$8,954,235	$0
d. Excess of fair value over market-related value (b. - c.)	($1,700,054)	$0
e. Unamortized net actuarial loss (gain) based on market-related value and potentially subject to amortization (a. + d.)	($763,692)	($3,375)
f. Accrued benefit obligation	$7,439,966	$142,047
g. 10% of the larger of market-related value of assets (c) or accrued benefit obligation (f)	$895,424	$14,205
h. Unamortized net actuarial loss (gain) subject to amortization (excess of e. over g., if any)	$0	$0
i. Average years of future service	12	12
j. Amortization amount (h. ÷ i.)	**$0**	**$0**

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Development of Costs (*continued*)

G. Sensitivity to Change in Expected Long-term Rate of Return on Assets

An increase / (decrease) of 0.25% in the expected long-term rate of return assumption on assets, holding all other assumptions constant, would (decrease) / increase 2009 Net Periodic Pension Cost as follows:

0.25% increase in the Expected Long-term Rate of Return ($'000)	RPP	SPP
1. Current service cost (employer portion)	$0	$0
2. Interest cost	0	0
3. Expected return on plan assets	(22,201)	0
4. Sub total (1.+2.+3.)	**($22,201)**	**$0**
5. Amortization of past service costs	0	0
6. Amortization of net actuarial loss(gain)	0	0
7. Total (4.+5.+6.)	**($22,201)**	**$0**

0.25% decrease in the Expected Long-term Rate of Return ($'000)	RPP	SPP
1. Current service cost (employer portion)	$0	$0
2. Interest cost	0	0
3. Expected return on plan assets	22,201	0
4. Sub total (1.+2.+3.)	**$22,201**	**$0**
5. Amortization of past service costs	0	0
6. Amortization of net actuarial loss(gain)	0	0
7. Total (4.+5.+6.)	**$22,201**	**$0**

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Development of Costs (*continued*)

H. Sensitivity to Change in Discount Rate

An increase / (decrease) of 0.25% in the discount rate assumption, holding all other assumptions constant, would (decrease) / increase 2009 Net Periodic Pension Cost as follows:

0.25% increase in the Discount Rate ($'000)	RPP	SPP
1. Current service cost (employer portion)	($9,867)	($192)
2. Interest cost	(2,220)	(68)
3. Expected return on plan assets	0	0
4. Sub total (1.+2.+3.)	**($12,087)**	**($260)**
5. Amortization of past service costs	0	0
6. Amortization of net actuarial loss(gain)	(10,365)	0
7. Total (4.+5.+6.)	**($22,452)**	**($260)**

0.25% decrease in the Discount Rate ($'000)	RPP	SPP
1. Current service cost (employer portion)	$10,225	$227
2. Interest cost	1,992	66
3. Expected return on plan assets	0	0
4. Sub total (1.+2.+3.)	**$12,217**	**$293**
5. Amortization of past service costs	0	0
6. Amortization of net actuarial loss(gain)	0	0
7. Total (4.+5.+6.)	**$12,217**	**$293**

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Development of Costs (*continued*)

I. Sensitivity to Change in Inflation

An increase / (decrease) of 0.25% in the inflation assumption (together with a corresponding change in the assumed rate of compensation increases, increases in the YMPE, and increases in the maximum pension limits for registered pension plans under the *Income Tax Act* but holding all other assumptions constant) would increase / (decrease) 2009 Net Periodic Pension Cost as follows:

0.25% increase in Inflation ($'000)	RPP	SPP
1. Current service cost (employer portion)	$9,674	$169
2. Interest cost	22,084	371
3. Expected return on plan assets	0	0
4. Sub total (1.+2.+3.)	**$31,758**	**$540**
5. Amortization of past service costs	0	0
6. Amortization of net actuarial loss(gain)	0	0
7. Total (4.+5.+6.)	**$31,758**	**$540**

0.25% decrease in Inflation ($'000)	RPP	SPP
1. Current service cost (employer portion)	($9,046)	($159)
2. Interest cost	(20,912)	($348)
3. Expected return on plan assets	0	0
4. Sub total (1.+2.+3.)	**($29,958)**	**($507)**
5. Amortization of past service costs	0	0
6. Amortization of net actuarial loss(gain)	(11,504)	0
7. Total (4.+5.+6.)	**($41,462)**	**($507)**

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Development of Costs (*continued*)

J. Sensitivity to Change in Rate of Compensation Increases

An increase / (decrease) of 0.25% in the rate of compensation increases assumption, holding all other assumptions (including inflation, increases in the YMPE, and increases in the maximum pension limits for registered pension plans under the *Income Tax Act*) constant, would increase / (decrease) 2009 Net Periodic Pension Cost as follows:

0.25% increase in the Rate of Compensation Increases ($'000)	RPP	SPP
1. Current service cost (employer portion)	$3,985	$311
2. Interest cost	4,622	681
3. Expected return on plan assets	0	0
4. Sub total (1.+2.+3.)	**$8,607**	**$992**
5. Amortization of past service costs	0	0
6. Amortization of net actuarial loss(gain)	0	0
7. Total (4.+5.+6.)	**$8,607**	**$992**

0.25% decrease in the Rate of Compensation Increases ($'000)	RPP	SPP
1. Current service cost (employer portion)	($3,904)	($281)
2. Interest cost	(4,582)	(613)
3. Expected return on plan assets	0	0
4. Sub total (1.+2.+3.)	**($8,486)**	**($894)**
5. Amortization of past service costs	0	0
6. Amortization of net actuarial loss(gain)	0	0
7. Total (4.+5.+6.)	**($8,486)**	**($894)**

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2. Membership Data

The valuation is based on membership data as at December 31, 2008. All membership information was provided by OPG (either directly or through Mercer Administration Outsourcing). We have applied tests for internal consistency, as well as the consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, sex, etc.), pensionable earnings, credited service, and pensions to retirees and other members entitled to a deferred pension. The results of these tests were satisfactory.

Registered Pension Plan

The following table provides a summary of the membership data as at December 31, 2008 and December 31, 2007 for the RPP. The membership data as at December 31, 2008 excludes the 63 members transferred to the NWMO Pension Plan.

	31.12.2008	31.12.2007
Active Members		
▪ Number	11,964	11,603
▪ Total annualised pensionable earnings for 2008/2007	$1,081,272,093	$1,025,572,678
▪ Average annualised pensionable earnings for 2008/2007	$90,377	$88,389
▪ Average years of pensionable service	14.9	15.3
▪ Average age	45.5	45.6
▪ Accumulated contributions with interest	$812,259,756	$780,958,499
Members on Long Term Disability		
▪ Number	415	411
▪ Total deemed earnings for pension purposes[13]	$30,131,338	$28,540,032
▪ Average deemed earnings for pension purposes[13]	$72,606	$69,440
▪ Average years of pensionable service	23.2	23.0
▪ Average age	53.9	53.2
▪ Accumulated contributions with interest	$24,138,671	$22,944,938
Deferred Pensioners		
▪ Number	847	882
▪ Total annual lifetime pension[13]	$8,678,274	$8,743,351
▪ Average annual lifetime pension[13]	$10,246	$9,913
▪ Average age	50.8	50.0

[13] Includes increases of 100% of CPI effective January 1, 2009 and January 1, 2008 respectively.

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	31.12.2008	31.12.2007
Pensioners		
▪ Number	7,114	6,975
▪ Total annual lifetime pension[14]	$262,787,407	$246,152,308
▪ Total annual temporary pension[14]	$37,969,505	$37,298,488
▪ Average annual lifetime pension[14]	$36,939	$35,291
▪ Average age	68.8	68.6
Survivors		
▪ Number[15]	1,866	1,834
▪ Total annual lifetime pension[14]	$35,831,614[16]	$33,833,036[16]
▪ Total annual temporary pension[14]	$1,032,751[16]	$1,007,553[16]
▪ Average annual lifetime pension[14]	$19,516[16]	$18,744[16]
▪ Average annual children's temporary pension[14]	$12,906	$12,736
▪ Average age (excluding the children)	75.2	74.8

Supplementary Pension Plan

The following tables provide summaries of the membership data as at December 31, 2008 and December 31, 2007 for the SPP. The data has been divided into 4 groups: membership covered under each of the SPS, the ESPS, DSPS, and $US Obligations. In addition, OPG is paying a pension benefit to a former senior executive under a special pension arrangement reached between OPG and the former senior executive during 2005. In addition, a current senior executive is accruing a pension benefit pursuant to a special pension arrangement reached between OPG and the current senior executive during 2009. Please note that, due to confidentiality reasons, membership statistics are not shown for any groupings with less than three members.

[14] Includes increases of 100% of CPI effective January 1, 2009 and January 1, 2008 respectively.
[15] Includes 30 children at January 1, 2009 and 29 children at January 1, 2008.
[16] Excludes children's pensions

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Membership Covered Under the SPS

This group includes all members who are eligible for SPS benefits and whose accrued benefit as at January 1, 2009 (or January 1, 2008 for December 31, 2007 membership data) would be limited to the Income Tax Act maximum pension (i.e. those members with a non-zero SPS wind-up liability).

SPS Membership Data

	31.12.2008	31.12.2007
Active Members		
▪ Number	342	350
▪ Average 2008/2007 Earnings (including eligible bonus)	$159,546	$157,439
▪ Average years of Eligible Service	28.2	28.1
▪ Average years of Pensionable Service	27.7	27.5
▪ Average age	51.9	51.7
Pensioners		
▪ Number	350	322
▪ Average Monthly Lifetime Pension from Supplementary Pension Plan [17]	$530	$458
▪ Average Monthly Bridge Pension from Supplementary Pension Plan [17]	$2	$15
▪ Average age	62.4	62.0
Deferred Vested Members		
▪ Number	21	19
▪ Average Monthly SPS Pension [17]	$981	$917
▪ Average age	53.6	52.7

[17] Includes increases of 100% of CPI effective January 1, 2009 and January 1, 2008 respectively.

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Membership Covered Under the ESPS

This group includes all members who are eligible for and have elected to join the ESPS as of January 1, 2009 (or January 1, 2008 for December 31, 2007 membership data).

ESPS Membership Data

	12.31.2008	12.31.2007
Active Members		
▪ Number	288	253
▪ Average 2008/2007 Base Salary	$135,377	$131,811
▪ Average 2008/2007 Pensionable Earnings[18]	$157,675	$155,256
▪ Average years of Eligible Service	10.7	10.7
▪ Average years of Pensionable Service	10.3	10.3
▪ Average age	48.4	47.7
Pensioners		
▪ Number	35	32
▪ Average Monthly ESPS Pension	$777	$766
▪ Average age	63.8	63.9
Deferred Vested Members		
▪ Number	33	30
▪ Average Monthly ESPS Pension	$294	$321
▪ Average age	47.5	47.4

[18] Base salary plus full bonus paid in 2009/2008 in respect of 2008/2007.

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Membership Covered Under the DSPS

This group includes individuals with special pension arrangements in addition to benefits provided by the RPP and those receiving benefits as a result of court orders or settlements.

DSPS Membership Data

	12.31.2008	12.31.2007
Active Members		
▪ Number	3	3
▪ Average 2008/2007 Base Salary	$511,000	$560,000
▪ Average 2008/2007 Pensionable Earnings	$903,964	$1,007,273
▪ Average years of Pensionable Service[19]	5.0	2.9
▪ Average age	59.0	60.2
Shift and Duty Managers		
▪ Number	46	45
▪ Average 2008/2007 Base Salary	$165,922	$163,700
▪ Average 2008/2007 Pensionable Earnings	$189,993	$188,217
▪ Average years of Pensionable Service[19]	26.5	26.3
▪ Average age	51.0	51.0
Pensioners and Survivors		
▪ Number	26	21
▪ Average Monthly DSPS Pension	$2,944	$3,127
▪ Average age	63.2	63.2
Deferred Vested Members		
▪ Number	1	2
▪ Average Monthly DSPS Pension	n/a	n/a
▪ Average age	n/a	n/a

$US Pension Obligations

This group includes members with special pension arrangements measured in US dollars.

$US Pension Obligation Membership Data

	12.31.2008	12.31.2007
Active Members		
▪ Number	2	2
Deferred Vested Members		
▪ Number	1	1

[19] Measured from date of membership to January 1 without reflecting any special service credits.

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3. Valuation Methods and Assumptions

A. Cost Method

Accrued benefit obligations shown in this report are computed using the Projected Benefit Method Pro Rated on Service. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases and the plan's benefit formula.

Under the Projected Benefit Method Pro Rated on Service an equal portion of the total estimated future benefit (i.e., with salary projection or cost escalation, where appropriate), is attributed to each year of service.

For members with US dollar pension obligations, the pension benefit was attributed uniformly to each year of continuous service between the executive's date of hire and the date on which the executive has or will have met the age, service and other requirements to qualify for full / unreduced retirement benefits.

The accrued benefit obligation is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

The plan's **current service cost** is the sum of the individual current service costs, and the plan's **accrued benefit obligation** is the sum of the individual accrued benefit obligations for all participants under the plan.

B. Method for Determining Market-Related Value of Plan Assets

For the purposes of the pension expense, the market related value of plan assets for the RPP is determined as follows:

Fixed Income

The fixed income assets are valued at market value.

Canadian, U.S. and Non-U.S. Foreign Equities

To value Canadian, U.S. and non-U.S. foreign equities, we have adjusted the values to smooth market fluctuations over 5 years. This has been accomplished by calculating, for each equity asset class and for each of the past 5 years, the gain/(loss) measured based on the actual index return versus an expected return of 6.0% plus the increase in Consumer Price Index (CPI) over the year. For the actual index return, we rely on the total return indices for the S&P/TSX Composite, the S&P 500, and the MSCI EAFE (expressed in Canadian dollars).

The following table shows the total equity gain (or loss) in each of the last 5 years as well as the amount unrecognized as at December 31, 2009.

Actuarial Value of Assets as at December 31, 2009 (in $000s)

Market value of assets including net amount in transit				$8,187,442 (a)
Year	Total Equity Gain/(Loss)	Gain/(Loss) not recognized at December 31, 2009 (%)	($)	
2005	$211,387	0%	$0	
2006	$595,938	20%	$119,188	
2007	($563,983)	40%	($225,593)	
2008	($2,052,897)	60%	($1,231,738)	
2009	$508,264	80%	$406,611	
			($931,532)	$931,532 (b)
Actuarial value of assets (a) + (b)				$9,118,974

The asset mix reflected in the above calculations was as follows:

	31.12.2008	31.12.2009
Canadian equities	20.0%	22.8%
US equities	12.5%	12.4%
Non-US foreign equities	27.2%	26.8%
Other	40.3%	38.0%
Total	100.0%	100.0%

The historical returns (in Canadian dollars) for the indices used in these calculations as well as the annual increase in CPI for each year are as follows:

	2005	2006	2007	2008	2009
Canadian equities	24.1%	17.3%	9.83%	(33.00%)	35.05%
US equities	1.8%	15.5%	(10.53%)	(21.20%)	7.39%
Non-US foreign equities	10.7%	26.6%	(5.32%)	(28.78%)	12.49%
CPI[20]	2.0%	1.4%	2.5%	2.0%	1.0%

[20] CPI is for the 12 months ending November 30, in the year.

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C. Accounting Policies

At the time that the CICA 3461 was originally introduced, OPG's management adopted the Recommendations of CICA 3461 retroactively. As a result there is no transition (asset) / obligation.

Future salary levels and inflation affect the amount of future pensions. The projected benefit method prorated on service has been used to determine the accrued benefit obligation and current service cost.

The expected return on plan assets and the amortization of actuarial gains and losses is based on the market related value of plan assets.

OPG has elected to amortize past service costs resulting from plan amendments on a linear basis over the average remaining service period of active members expected to receive benefits under the plan (12 years based on the valuation as at January 1, 2008, 12 years based on the valuation as at January 1, 2009).

Cumulative gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market-related value of plan assets are amortized over the average remaining service period of active members expected to receive benefits under the plan (12 years based on the valuation as at January 1, 2008, 12 years based on the valuation as at January 1, 2009).

OPG's fiscal year-end date is December 31 and the measurement date of the plan's assets and obligations is December 31.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

OPG has historically chosen not to treat the premium paid for the letters of credit associated with the supplemental pension plan as a component of the pension expense. It is our understanding that this premium is reflected elsewhere in OPG's financial statements, together with other financing charges.

In addition, OPG is not showing an asset in its financial statements in respect of the refundable tax account balance that has built up over the years for the supplemental pension plan. It is our understanding that this approach was chosen due to uncertainty regarding when, and if, the refundable tax account balance will actually be returned to the supplemental plan. At December 31, 2009 the refundable tax account balance held by the Canada Revenue Agency for the OPG supplemental pension plan is $9.2 million.

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D. Summary of Assumptions

The following assumptions were used in valuing the benefit obligations under the plan at December 31, 2009, the employer's 2009 net periodic pension cost, and the estimated employer's 2010 net periodic pension cost.

	2009 Expense	**2009 Year-end Disclosure and estimated 2010 Expense**
Measurement date	December 31	December 31
Discount rate	7.50% per annum	6.80% per annum
Long-term rate of return on assets	7.00% per annum	7.00% per annum
Increases in pensionable earnings	The sum of a flat rate (see below) and promotion, progression and merit scale (see the table of rates below) Flat rate: 3.00% per annum	The sum of a flat rate (see below) and promotion, progression and merit scale (see the table of rates below) Flat rate: 3.00% per annum
YMPE increases	3.00% per annum (projection basis: 2008 YMPE = $44,900)	3.00% per annum (projection basis: 2009 YMPE = $46,300)
Increases in maximum pension permitted under the Income Tax Act	$2,333 in 2008, $2,444 in 2009 then 3.00% per annum starting in 2010	$2,444 in 2009 then 3.00% per annum starting in 2010
Rate of Interest on Employee Contributions	6.50% per annum	5.80% per annum
Increases in Consumer Price Index	2.00% per annum	2.00% per annum
Indexation of pensions in payment	2.00% per annum	2.00% per annum
Mortality	85% of the Uninsured Pensioner 94 Mortality table, with full generational mortality improvement	85% of the Uninsured Pensioner 94 Mortality table, with full generational mortality improvement
Disability	See table of rates below	See table of rates below
Withdrawal	See table of rates below	See table of rates below
Retirement	See table of rates below	See table of rates below
Percentage with spouse	90% married at commencement of pension	90% married at commencement of pension
Age difference	A male is assumed to be 4 years older than his spouse	A male is assumed to be 4 years older than his spouse

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	2009 Expense	**2009 Year-end Disclosure and estimated 2010 Expense**
Form of payment	Life annuity guaranteed for 5 years for single members Joint & Survivor 66.67% for married members	Life annuity guaranteed for 5 years for single members Joint & Survivor 66.67% for married members
Service Accrual after 35 Years	Members are assumed to elect to contribute beyond 35 years of pensionable service except for those who have elected not to contribute beyond 35 years of pensionable service.	Members are assumed to elect to contribute beyond 35 years of pensionable service except for those who have elected not to contribute beyond 35 years of pensionable service.
US exchange rate (for $US Obligations only)	$1.23 CAD = $1 US	$1.05 CAD = $1 US

Promotion, Progression and Merit (PPM)

The following PPM rate increases apply:

Salary Increases Due to Movement Within the Salary Structure[21]

Age	First 4 Years of Employment	Subsequent Years
Under 25	9.0%	2.5%
25 – 29	6.5%	2.5%
30 – 34	5.0%	2.0%
35 – 39	4.5%	1.5%
40 – 44	4.0%	1.0%
45 – 49	3.0%	1.0%
50 – 54	2.0%	1.0%
55 – 59	2.0%	0.6%
60 & over	1.5%	0.6%

[21] *Over and above any increase in salaries due to adjustments to the salary structure itself.*

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Disability

Sample rates of disability are as follows.

Age	Rate of Disablement per 1000 Employee Members
30	1.05
35	1.10
40	1.15
45	1.20
50	2.95
55	10.00
60	18.78

Disabled employees are assumed to remain disabled until age 65, as few recoveries have been recorded.

Termination of Employment

Sample rates of termination are as follows.

Age	Males	Females
20	2.9%	4.4%
25	2.2%	3.3%
30	1.6%	2.4%
35	1.1%	1.7%
40	0.8%	1.2%
45	0.7%	1.1%
50	0.7%	1.1%
55	0%	0%

The termination rates do not apply to members once they are eligible to retire.

For employees who terminate and will qualify for an unreduced pension or have 25 or more years of continuous employment, the member’s termination liability includes the value of the member's right to subsidized reductions if the pension commences before age 65 (age 60 for females hired before 1976).

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Retirement Age Assumptions

For the RPP members and for SPP members under the SPS provisions, the following retirement rates apply:

	Eligible for Unreduced Pension	Eligible for Reduced Pension	
Age	Males and Females	Males	Females
Less than 55	20%	0%	0%
55-60	20%	2%	5%
61-64	25%	7%	10%
65+	100%	100%	100%

For the SPP members under the ESPS or DSPS provisions, the following retirement rates apply:

Age	ESPS	Age	DSPS
55-59	10%	60+	100%
60-64	30%		
65+	100%		

ESPS and DSPS Target Bonus Percentages

Band Level	2008	2009
A	50%	100%
B	45%	45%
C	45%	45%
D	25%	25%
E	25%	25%
F	20%	20%
G	15%	15%
H	15%	15%

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4. Summary of Plan Provisions

For a summary of the RPP provisions as at July 1, 2009, please refer to Appendix D of our Report on the Actuarial Valuation as at July 1, 2009 of the SPP.

For a summary of the SPP plan provisions as at July 1, 2009, please refer to Appendix E of our Report on the Actuarial Valuation as at July 1, 2009.

For a summary of the $US pension obligation plan provisions, please refer to our January 28, 2010 letter to Ms. Nancy Roxby.

For details on the special arrangements with the former senior executive and the current senior executive, please contact Lorraine Irvine.

5. Employer Certification

With respect to the Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2009 under CICA 3461 of the Ontario Power Generation Inc. Registered Pension Plan and Supplementary Pension Plan, I hereby certify that, to the best of my knowledge and belief:

- the membership data supplied to the actuary provide a complete and accurate description of all persons who are entitled to benefits under the terms of the plan for service up to the date of the valuation;

- a copy of the official plan documents and of all amendments made up to December 31, 2009 were supplied to the actuary;

- all substantive commitments (as defined under CICA 3461) have been communicated to the actuary;

- all events subsequent to the valuation that may have an impact on the results of the valuation or of a future valuation have been communicated to the actuary.

Feb. 1, 2010
Date

Lorraine Irvine
Signed

Lorraine Irvine
Name

Vice President, Safety, Wellness, and Total Compensation
Title

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5. Employer Certification

With respect to the Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2009 under CICA 3461 of the Ontario Power Generation Inc. Registered Pension Plan and Supplementary Pension Plan, I hereby certify that, to the best of my knowledge and belief:

- accounting policies as adopted by the company are those described in this report;
- the actuarial methods, amortization method and amortization periods to be used for the purposes of the valuation are those described in this report;
- the management best estimate assumptions for purposes of the valuations and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 2009 are those described in this report;
- all events subsequent to the valuation that may have an impact on the results of the valuation or of a future valuation have been communicated to the actuary.

February 3, 2010
Date

Signed

Nathan Reeve
Name

Vice President, Financial Services
Title

MERCER

MMC MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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1 February 2010

Ontario Power Generation Inc.

Report on Non-Pension Post Retirement and Post Employment Benefit Expense and Disclosure for the Fiscal Year Ending December 31, 2009 Under CICA Section 3461

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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1

Report Highlights

This report has been prepared by Mercer (Canada) Limited at the request of Ontario Power Generation Inc. (“OPG”). This report provides information on non-pension post retirement and post employment obligations and benefit cost calculated in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook (“CICA 3641”) to enable OPG to satisfy accounting and disclosure requirements for financial statements pursuant to CICA 3461.

OPG’s fiscal year-end date is December 31 and the measurement date for the plan obligations as described in this report is December 31.

The data, assumptions, methods and plan provisions used to determine the 2009 fiscal net periodic benefit cost for the non-pension post retirement plan were based on our valuation of the plan as at December 31, 2007 and are outlined in our valuation report dated January 30, 2009.

This report provides the data, assumptions, methods and plan provisions as at December 31, 2008 for valuations of non-pension post retirement benefits and post employment benefits, and for another valuation as at December 31, 2009 for post employment benefits. The results of these new valuations are used for purposes of determining the December 31, 2009 accrued benefit obligation (ABO) and projected fiscal 2010 net periodic benefit cost.

All results presented in this report are in Canadian dollars.

Non-Pension Post Retirement Benefits

The net periodic benefit cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2009 is a charge of $134,427,000, including the one-time adjustment of ($3,352,000) to reflect the spin-off of OPG’s nuclear waste management division to the Nuclear Waste Management Organization (NWMO) as of January 1, 2009. The 2009 net periodic benefit cost is based on the December 31, 2007 valuation projected to December 31, 2008.

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The liabilities in respect of 63 members of the OPG non-pension post retirement plan were assumed by NWMO in accordance with the Pension and Benefits Cost Allocation Agreement between OPG and NWMO dated January 1, 2009. NWMO established a new non-pension post retirement benefit plan, effective January 1, 2009 to accept the transfer of liabilities from the OPG Plan with respect to service accrued under the OPG Plan prior to January 1, 2009. As instructed by OPG we have recognized this transaction by removing the liabilities to be transferred to NWMO at January 1, 2009 and recognizing the transferred liabilities in net periodic benefit cost in 2009.

The projected year-end ABO for the non-pension post retirement benefit plan is $1,648,207,000, based on the valuation as at December 31, 2008 projected to December 31, 2009 using a discount rate of 6.90% per annum as of December 31, 2009.

The employer contributions and employer-paid benefit payments for the non-pension post retirement plan during the fiscal year ending December 31, 2009 were $48,282,000.

It should be noted that future health care cost trends are difficult to predict, and actual experience is likely to differ from expected. The use of a health care cost trend of 1% per year above the assumptions used in this valuation for the fiscal year ending December 31, 2009 would result in an increase to the accrued benefit obligation of approximately 16%.

Post Employment Benefits

The net periodic benefit cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2009 is a charge of $25,218,000. The 2009 net periodic benefit cost is based on a valuation as at December 31, 2008 and another valuation as at December 31, 2009. The year end ABO for the post employment benefit plan is $255,632,000 and is based on a valuation as at December 31, 2009 using a discount rate of 5.40% as of December 31, 2009.

The employer contributions and employer-paid benefit payments for the post employment plan during the fiscal year ending December 31, 2009 were $26,102,000.

Projected 2010 Net Periodic Benefit Cost

The projected 2010 net non-pension post retirement benefit cost is a charge of $156,749,000. The projected 2010 net post employment benefit cost is a charge of $32,332,000. The projected 2010 net non-pension post retirement benefit cost has been calculated using the December 31, 2008 valuation results extrapolated to December 31, 2009, based on the December 31, 2009 assumptions. The projected 2010 net post employment benefit cost is based on a December 31, 2009 valuation and December 31, 2009 assumptions.

These figures may be revised if liabilities need to be re-measured during the year due to a plan amendment, curtailment, settlement or other significant event not taken into account in the estimate.

Changes in Plan Provisions

There have been changes in plan provisions for the members represented by the PWU since the last disclosure as of December 31, 2008. These plan changes have resulted in an increase of $6,985,000 in the ABO as at January 1, 2009 for the non-pension post retirement plan and an increase of $654,000 in the ABO as at January 1, 2009 for the post employment plan. The increases in ABOs for these plan changes have been treated as a past service cost as at January 1, 2009. A detailed summary of the changes is provided in this report.

Changes in Actuarial Assumptions

There have been changes in actuarial assumptions since the last disclosure as of December 31, 2008. Please refer to the Summary of Assumptions in Appendix C of this report for a description of these changes.

Changes in Actuarial Methods

There were no changes in actuarial methods since the last disclosure as of December 31, 2008.

Transition to International Financial Reporting Standards

Accounting standards for publically accountable enterprises and some public sector entities are transitioning to International Financial Reporting Standards (IFRS) from Canadian GAAP for fiscal years beginning on or after January 1, 2011. Accounting for employee future benefit plans will be affected as International Accounting Standard 19 (IAS 19), although similar, is not identical to CICA 3461. At the date of adoption, entities will be required to comply with all effective IFRSs as prescribed in IFRS 1 – First Time Adoption of International Financial Accounting Standards.

The impact of transitioning to IFRS is not covered by this report.

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(All Amounts in $000s)

Non-Pension Post Retirement Benefits	Projected 2010 Net Periodic Cost
1. Current service cost	$40,015
2. Interest cost	114,473
3. Expected return on plan assets	0
4. Amortizations	
a. Transitional obligation (asset)	0
b. Past service cost	2,261
c. Net actuarial loss (gain)	0
5. Net periodic benefit cost recognized (1. + 2. + 3. + 4.)	**$156,749**

Post Employment Benefits	
1. Change in ABO	
a. Estimated ABO at end of period before assumption changes	$261,914
b. ABO at beginning of period	255,632
c. Change (1(a) – 1(b))	**$6,282**
2. Estimated benefit payments	25,638
3. Amortizations	
a. Past service cost	388
b. Net actuarial loss (gain)	24
4. Net periodic benefit cost recognized (1(c) + 2. + 3)	**$32,332**

Post Employment Benefits	
1. Current service cost	$18,726
2. Interest cost	13,194
3. Expected return on plan assets	0
4. Amortizations	
a. Transitional obligation (asset)	0
b. Past service cost	388
c. Net actuarial loss (gain)	24
5. Net periodic benefit cost recognized (1. + 2. + 3. + 4.)	**$32,332**

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Principal Expense and Disclosure Information

A summary of principal expense information, as required for disclosure purposes pursuant to CICA 3461, for the current fiscal year and the prior fiscal year follows.

2009 Year-End Disclosure for Non-Pension Post Retirement Benefits

(All Amounts in $000s)

Components of Net Periodic Benefit Cost	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Current service cost	$30,202	$47,509
Interest cost	102,700	102,478
Actual return on plan assets	0	0
Actuarial loss (gain)	197,140	(551,118)
Plan amendments	6,985	0
Curtailment loss (gain)	0	0
Settlement loss (gain)	0	0
Special termination benefits	0	0
One-time adjustment for NWMO	(3,352)	0
Costs arising in the period	**$333,675**	**($401,131)**
Differences between costs arising in the period and costs recognized in the period in respect of:		
▪ Return on plan assets	0	0
▪ Actuarial loss (gain)	(197,140)	581,391
▪ Plan amendments	(2,108)	4,240
▪ Transitional obligation (asset)	0	0
Net periodic benefit cost recognized	**$134,427**	**$184,500**

(All Amounts in $000s)

Components of Net Periodic Benefit Cost	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
1. Current service cost	$30,202	$47,509
2. Interest cost	102,700	102,478
3. Expected return on plan assets	0	0
4. Amortizations		
a. Transitional obligation (asset)	0	0
b. Past service cost	4,877	4,240
c. Net actuarial loss (gain)	0	30,273
5. One-time adjustment for NWMO	(3,352)	0
6. Net periodic benefit cost recognized (1. + 2. + 3. + 4. + 5.)	**$134,427**	**$184,500**

Weighted-Average Assumptions for Net Periodic Benefit Cost	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Discount rate	7.50%	5.60%
Rate of compensation increase	3.00%	3.25%
Initial prescription drug trend rate	7.43%	7.56%
Ultimate prescription drug trend rate	4.50%	4.50%
Year ultimate rate reached	2018	2014
Initial hospital trend rate	4.50%	4.50%
Ultimate hospital trend rate	4.50%	4.50%
Year ultimate rate reached	N/A	N/A
Initial other medical care trend rate	7.43%	7.56%
Ultimate other medical care trend rate	4.50%	4.50%
Year ultimate rate reached	2018	2014
Initial dental care trend rate	6.75%	7.06%
Ultimate dental care trend rate	5.50%	5.50%
Year ultimate rate reached	2014	2014
Initial vision care trend rate	2.00%	2.00%
Ultimate vision care trend rate	2.00%	2.00%
Year ultimate rate reached	N/A	N/A
Initial weighted average health care trend rate	6.56%	6.90%
Ultimate weighted average health care trend rate	4.70%	4.70%
Year ultimate rate reached	2018	2014

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Weighted-Average Assumptions for Disclosure	31.12.09	31.12.08
Discount rate	6.90%	7.50%
Rate of compensation increase	3.00%	3.00%
Initial prescription drug trend rate	7.29%	7.43%
Ultimate prescription drug trend rate	4.50%	4.50%
Year ultimate rate reached	2030	2018
Initial hospital trend rate	4.50%	4.50%
Ultimate hospital trend rate	4.50%	4.50%
Year ultimate rate reached	N/A	N/A
Initial other medical care trend rate	7.29%	7.43%
Ultimate other medical care trend rate	4.50%	4.50%
Year ultimate rate reached	2030	2018
Initial dental care trend rate	6.69%	6.75%
Ultimate dental care trend rate	5.50%	5.50%
Year ultimate rate reached	2030	2014
Initial vision care trend rate	2.00%	2.00%
Ultimate vision care trend rate	2.00%	2.00%
Year ultimate rate reached	N/A	N/A
Initial weighted average health care trend rate	6.62%	6.56%
Ultimate weighted average health care trend rate	4.70%	4.70%
Year ultimate rate reached	2030	2018

(All Amounts in $000s)

Change in Accrued Benefit Obligation	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Accrued benefit obligation at end of prior year	**$1,362,814**	**$1,809,942**
Current service cost	30,202	47,509
Interest cost	102,700	102,478
Employees' contributions	0	0
Benefits paid	(48,282)	(45,997)
Actuarial loss (gain)	197,140	(551,118)
Plan amendments	6,985	0
One-time adjustment for NWMO	(3,352)	0
Increase (decrease) in accrued benefit obligation due to curtailment	0	0
Reduction in accrued benefit obligation due to settlement	0	0
Special termination benefits	0	0
Net transfer in (out)	0	0
Accrued benefit obligation at end of year	**$1,648,207**	**$1,362,814**

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(All Amounts in $000s)

Change in Plan Assets	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Fair value of plan assets at end of prior year	**$0**	**$0**
Actual return on plan assets	0	0
Employer contributions	48,282	45,997
Employees' contributions	0	0
Benefits paid	(48,282)	(45,997)
Settlements	0	0
Net transfer in (out)	0	0
Fair value of plan assets at end of year	**$0**	**$0**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Surplus (Deficit) at end of year	**($1,648,207)**	**($1,362,814)**
Employer contributions during period from measurement date to fiscal year end	0	0
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	15,995	13,887
Unamortized net actuarial loss (gain)	129,748	(67,392)
Accrued benefit asset (liability)	**($1,502,464)**	**($1,416,319)**

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2009 Year-End Disclosure for Post Employment Benefits

(All Amounts in $000s)

Components of Net Periodic Benefit Cost	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Current service cost	$9,386	$11,705
Interest cost	15,444	13,249
Actual return on plan assets	0	0
Actuarial loss (gain)	28,290	(26,791)
Plan amendments	654	0
Curtailment loss (gain)	0	0
Settlement loss (gain)	0	0
Special termination benefits	0	0
Costs arising in the period	**$53,774**	**($1,837)**
Differences between costs arising in the period and costs recognized in the period in respect of:		
▪ Return on plan assets	0	0
▪ Actuarial loss (gain)	(28,290)	26,791
▪ Plan amendments	(266)	333
▪ Transitional obligation (asset)	0	0
Net periodic benefit cost recognized	**$25,218**	**$25,287**

Components of Net Periodic Benefit Cost	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
1. Current service cost	$9,386	$11,705
2. Interest cost	15,444	13,249
3. Expected return on plan assets	0	0
4. Amortizations		
a. Transitional obligation (asset)	0	0
b. Past service cost	388	333
c. Net actuarial loss (gain)	0	0
5. Net periodic benefit cost recognized (1. + 2. + 3. + 4.)	**$25,218**	**$25,287**

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Weighted-Average Assumptions for Net Periodic Benefit Cost	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Discount rate	7.25%	5.50%
Rate of compensation increase	2.00%	2.25%
Initial medical care trend rate	6.92%	7.20%
Ultimate medical care trend rate	4.50%	4.50%
Year ultimate rate reached	2018	2014
Initial dental care trend rate	5.50%	5.50%
Ultimate dental care trend rate	5.50%	5.50%
Year ultimate rate reached	N/A	N/A
Initial weighted average health care trend	6.70%	6.97%
Ultimate weighted average health care trend	4.65%	4.56%
Year ultimate rate reached	2018	2014

Weighted-Average Assumptions for Disclosure	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Discount rate	5.40%	7.25%
Rate of compensation increase	2.00%	2.00%
Initial medical care trend rate	6.79%	6.92%
Ultimate medical care trend rate	4.50%	4.50%
Year ultimate rate reached	2030	2018
Initial dental care trend rate	5.50%	5.50%
Ultimate dental care trend rate	5.50%	5.50%
Year ultimate rate reached	N/A	N/A
Initial weighted average health care trend	6.59%	6.70%
Ultimate weighted average health care trend	4.65%	4.65%
Year ultimate rate reached	2030	2018

(All Amounts in $000s)

Change in Accrued Benefit Obligation	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Accrued benefit obligation at end of prior year	**$227,960**	**$254,553**
Current service cost	9,386	11,705
Interest cost	15,444	13,249
Employees' contributions	0	0
Benefits paid	(26,102)	(24,756)
Actuarial loss (gain)	28,290	(26,791)
Plan amendments	654	0
Increase (decrease) in accrued benefit obligation due to curtailment	0	0
Reduction in accrued benefit obligation due to settlement	0	0
Special termination benefits	0	0
Net transfer in (out)	0	0
Accrued benefit obligation at end of year	**$255,632**	**$227,960**

Change in Plan Assets	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Fair value of plan assets at end of prior year	**$0**	**$0**
Actual return on plan assets	0	0
Employer contributions	26,102	24,756
Employees' contributions	0	0
Benefits paid	(26,102)	(24,756)
Settlements	0	0
Net transfer in (out)	0	0
Fair value of plan assets at end of year	**$0**	**$0**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Surplus (Deficit) at end of year	**($255,632)**	**($227,960)**
Employer contributions during period from measurement date to fiscal year end	0	0
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	2,363	2,097
Unamortized net actuarial loss (gain)	25,826	(2,464)
Accrued benefit asset (liability)	**($227,443)**	**($228,327)**

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Certification

We have prepared an actuarial valuation of OPG's non-pension post retirement benefit obligations for accounting purposes as at December 31, 2007 and extrapolated those results to December 31, 2008. In accordance with our mandate, the purpose of this valuation and extrapolation is to provide information to the Company to enable the Company to account for the costs of the non-pension post retirement benefit plan for the fiscal year beginning January 1, 2009 and ending December 31, 2009, in accordance with CICA 3461. The results of this valuation are summarized in our report dated January 30, 2009.

In addition, we have prepared another actuarial valuation of OPG's non-pension post retirement benefit obligations for accounting purposes as at December 31, 2008 and extrapolated those results to December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to provide information to enable the Company to satisfy the disclosure requirements under CICA 3461. This valuation and extrapolation was also used to determine the projected 2010 net periodic benefit cost of the non-pension post retirement benefit plan.

We have also prepared actuarial valuations of OPG's post employment benefit obligations for accounting purposes as at December 31, 2008 and December 31, 2009. In accordance with our mandate, the purpose of these valuations is to provide information to enable the Company to account for the costs of the post employment plan for the fiscal year beginning January 1, 2009 and ending December 31, 2009 and to satisfy the disclosure requirements under CICA 3461. The December 31, 2009 valuation was also used to determine the projected 2010 net periodic benefit cost of the post employment benefit plan.

This report has been prepared exclusively for OPG. This valuation report may not be relied upon for any purpose other than what is described in this report or by any party other than OPG and its auditors. Mercer is not responsible for the consequences of any other use.

Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other

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variables are uncertain and unknowable at the valuation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, actuarial assumptions, as described in Appendix C, are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of legislated changes to government coverages, plan experience, changes in expectations about the future and other factors.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

NWMO Spin-off

The liabilities in respect of 63 members of the OPG non-pension post retirement plan were assumed by NWMO in accordance with the Pension and Benefits Cost Allocation Agreement between OPG and NWMO dated January 1, 2009. NWMO established a new non-pension post retirement benefit plan, effective January 1, 2009 to accept the transfer of liabilities from the OPG Plan with respect to service accrued under the OPG Plan prior to January 1, 2009. As instructed by OPG we have recognized this transaction by removing the liabilities to be transferred to NWMO at January 1, 2009 and recognizing the transferred liabilities in net periodic benefit cost in 2009.

Plan Provisions

The results of the valuations set forth in this report reflect the provisions of the Plans as of the date of the valuations as reported to us by Management. The results of the valuations reflect the changes made to the Plans in 2009 with respect to the members represented by the PWU. These plan changes have resulted in an increase of $6,985,000 in the ABO as at January 1, 2009 for the non-pension post retirement plan and an increase of $654,000 in the ABO as at January 1, 2009 for the post employment plan. The increases in ABOs for these plan changes have been treated as a past service cost as at January 1, 2009.

The plan changes summarized below are applicable to the non-pension post retirement plan and the post employment plan, where applicable.

The plan changes for the members represented by the PWU are as follows:

- Continue life insurance coverage to those employees over the age of 65 who opt not to retire;
- Add in-vitro fertilization drugs and procedures to fertility drug coverage;
- Add coverage for osteopath services;

- Increase the paramedical service limit of $500 per person per year to $600 per person per year effective April 1, 2010 and $650 per person per year effective April 1, 2011;
- Extend wig coverage to those who have Alopecia Areata to a maximum of $500 every three years;
- Clarify the definitions of chronic care hospital/continuing complex care hospital;
- Increase the coverage for eyeglasses from $500 every two years to $550 every two years effective April 1, 2010 and $600 every two years effective April 1, 2011;
- Add Vesanoid (Atica) to the drug formulary; and
- Contribute up to $35 per year per PWU employee or pensioner toward a program of insurance for out-of-country coverage for personal travel.

There were no other amendments made to the Plans since the date of the last valuation for accounting purposes as at December 31, 2008.

A summary of the plan provisions is provided in Appendix D of this report. There was no substantive commitment as defined under CICA 3461 reported to us by Management.

Data

The non-pension post retirement fiscal 2009 net periodic benefit cost is based on a valuation using membership data as at December 31, 2007, and the 2009 year-end ABO is based on a valuation using membership data as at December 31, 2008.

The post employment fiscal 2009 net periodic benefit cost is based on a valuation as at December 31, 2008 and a valuation as at December 31, 2009. The valuation as at December 31, 2009 was also used to determine the year-end ABO.

The data were provided by Mercer (Canada) Limited - Pension Administration and OPG. The membership data as at December 31, 2007 is summarized in our report dated January 30, 2009. The membership data as at December 31, 2008 and December 31, 2009 is summarized in Appendix B of this report.

Subsequent Events

After checking with representatives of OPG, to our knowledge there have been no events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

Methods and Assumptions

The actuarial valuation methods, and OPG Management’s accounting policies and assumptions used in the valuations and determination of net periodic benefit cost are summarized in Appendix C of this report.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect future net periodic benefit cost. It should be noted that future health care cost trends are difficult to predict, and actual experience is likely to differ from expected.

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Actuarial computations under CICA 3461 are for purposes of fulfilling employer accounting requirements. Determination for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Accordingly, additional determinations may be needed for other purposes such as purchase price calculations or plan design costings.

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Statement of Opinion

The methods used in the valuations of benefit obligations and determination of plan costs were selected by Management in accordance with the requirements of CICA 3461.

The preparers of the financial statements have selected the assumptions used in the valuations of the plan obligations and determination of plan costs. They are Management's best-estimate assumptions, selected for accounting purposes, in accordance with CICA 3461. These assumptions are in accordance with accepted actuarial practice in Canada.

In my opinion,

- The data on which the valuations are based are sufficient and reliable for the purposes of the valuations, and
- The calculations have been made in accordance with the requirements of CICA 3461.

This report has been prepared and my opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,

February 4, 2010

Darryl Leach
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Date

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Appendix A

Development of Costs

This Appendix shows the financial position of the Plans and the calculation of the various components of plan costs.

Non-Pension Post Retirement

(All Amounts in $000s)

Financial Position of the Plan

		01.01.09[1]	01.01.08
1.	Accrued benefit obligation		
	a. Retirees, survivors, deferreds and non-RPP members	($644,096)	($770,354)
	b. Active fully eligible members	(306,035)	(388,947)
	c. Active not fully eligible members	(416,316)	(650,641)
	d. Total (a. + b. + c.)	**($1,366,447)**	**($1,809,942)**
2.	Fair value of plan assets	0	0
3.	**Surplus (Deficit) (1(d) + 2.)**	**($1,366,447)**	**($1,809,942)**
4.	Employer contributions during period from measurement date to fiscal year end	0	0
5.	Unamortized transitional obligation (asset)	0	0
6.	Unamortized past service cost	20,872	18,127
7.	Unamortized net actuarial loss (gain)	(67,392)	513,999
8.	**Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)**	**($1,412,967)**	**($1,277,816)**

[1] The financial position as of January 1, 2009 reflects the impact of the plan changes for members represented by the PWU as at January 1, 2009 ($6,985,000) and the spin-off of OPG's nuclear waste management division to NWMO as of January 1, 2009 ($3,352,000).

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(All Amounts in $000s)

Net Periodic Benefit Cost

	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
1. Current service cost	$30,202	$47,509
2. Interest cost	102,700	102,478
3. Expected return on plan assets	0	0
4. Amortizations		
a. Transitional obligation (asset)	0	0
b. Past service cost	4,877	4,240
c. Net actuarial loss (gain)	0	30,273
5. One-time adjustment for NWMO	(3,352)	0
6. Net periodic benefit cost (1. + 2. + 3. + 4. + 5.)	**$134,427**	**$184,500**

Components of these calculations are developed below.

Interest Cost

	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
1. Accrued benefit obligation	$1,359,462[2]	$1,809,942
2. a. Current service cost	30,202	47,509
b. Weighted for timing	30,202	47,509
3. a. Plan amendment	6,985	0
b. Weighted for timing	6,985	0
4. a. Expected distributions	54,636	54,976
b. Weighted for timing	27,318	27,488
5. Average accrued benefit obligation (1. + 2(b) + 3(b) – 4(b))	$1,369,331	$1,829,963
6. Discount rate	7.50%	5.60%
7. Interest cost (5. × 6.)	**$102,700**	**$102,478**

[2] Benefit obligations as of January 1, 2009 before reflecting the impact of the plan changes for members represented by the PWU as at January 1, 2009 ($6,985,000).

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(All Amounts in $000s)

Amortization Amounts

Amortizations		Unamortized Amount as of 01.01.09	Years Remaining	Annual Amortization Amount
1.	Transitional obligation (asset)	$0	N/A	$0
2.	Past service cost			
	a. 2000 plan changes	$2,619	1.0	$2,619
	b. 2001 plan changes	957	2.0	477
	c. 2005 plan changes	18	7.0	2
	d. 2006 plan changes	10,293	9.0	1,144
	e. 2009 plan changes	6,985	11.0	635
	f. Total	**$20,872**	N/A	**$4,877**
3.	Unamortized loss (gain) subject to amortization as of January 1, 2009			
	a. Unamortized net actuarial loss (gain)			($67,392)
	b. Accrued benefit obligation			1,366,447
	c. 10% of accrued benefit obligation (b.)			136,645
	d. Unamortized net actuarial loss (gain) subject to amortization (a. - c.)			0
	e. Expected average remaining service lifetime			11 years
	f. Amortization amount (d. ÷ e.)			**$0**

Analysis of Other Liability Loss (Gain)

Gains and Losses Due to:		Due to Remeasurement as of 31.12.09
1.	Change in discount rate	$139,538
2.	Change in trend rate assumptions	89,851
3.	Claims cost differing than expected	(39,644)
4.	Actual benefit payments differing from expected	(6,354)
5.	Change in retirement rate assumptions	(2,258)
6.	All other demographic (gain)/loss	16,007
7.	**Total**	**$197,140**

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(All Amounts in $000s)

Sensitivity to Change in Health Care Trend Rates

		ABO as of 31.12.09	Aggregate of Service Cost and Interest Cost for 2009	2009 Net Periodic Benefit Cost
1.	Valuation trend	$1,648,207	$132,902	$134,427
2.	Valuation trend + 1%	1,912,837	156,952	158,477
3.	**Difference (2. – 1.)**	**$264,630**	**$24,050**	**$24,050**
4.	Valuation trend – 1%	1,435,448	114,192	105,248
5.	**Difference (4. – 1.)**	**($212,759)**	**($18,710)**	**($29,179)**

Sensitivity to Change in Inflation Rate and Salary Scale

		ABO as of 31.12.09	Aggregate of Service Cost and Interest Cost for 2009	2009 Net Periodic Benefit Cost
1.	Valuation inflation rate and salary scale	$1,648,207	$132,902	$134,427
2.	Valuation inflation rate and salary scale + 0.25%	1,651,674	133,329	134,854
3.	**Difference (2. – 1.)**	**$3,467**	**$427**	**$427**
4.	Valuation inflation rate and salary scale – 0.25%	1,644,822	132,476	134,001
5.	**Difference (4. – 1.)**	**($3,385)**	**($426)**	**($426)**

Sensitivity to Change in Discount Rate

		ABO as of 31.12.09	Aggregate of Service Cost and Interest Cost for 2009	2009 Net Periodic Benefit Cost
1.	Valuation discount rate	$1,648,207	$132,902	$134,427
2.	Valuation discount rate + 0.25%	1,586,937	130,644	132,169
3.	**Difference (2. – 1.)**	**($61,270)**	**($2,258)**	**($2,258)**
4.	Valuation discount rate – 0.25%	1,713,315	135,206	136,731
5.	**Difference (4. – 1.)**	**$65,108**	**$2,304**	**$2,304**

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Post Employment

(All Amounts in $000s)

Financial Position of the Plan

		01.01.09[3]	01.01.08
1.	Accrued benefit obligation		
	a. LTD income benefits	($154,434)	($174,087)
	b. IBNR	(17,739)	(20,406)
	c. Health benefits	(39,385)	(42,320)
	d. Dental benefits	(6,916)	(6,816)
	e. Life insurance benefits	(2,909)	(3,790)
	f. Sick leave continuation	(7,231)	(7,134)
	g. Total (a. + b. + c. + d. + e. + f.)	**($228,614)**	**($254,553)**
2.	Fair value of plan assets	0	0
3.	**Surplus (Deficit) (1(g) + 2.)**	**($228,614)**	**($254,553)**
4.	Employer contributions during period from measurement date to fiscal year end	0	0
5.	Unamortized transitional obligation (asset)	0	0
6.	Unamortized past service cost	2,751	2,430
7.	Unamortized net actuarial loss (gain)	($2,464)	24,327
8.	**Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)**	**($228,327)**	**($227,796)**

Net Periodic Benefit Cost

		Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
1.	Current service cost	$9,386	$11,705
2.	Interest cost	15,444	13,249
3.	Expected return on plan assets	0	0
4.	Amortizations		
	a. Transitional obligation (asset)	0	0
	b. Past service cost	388	333
	c. Net actuarial loss (gain)	0	0
5.	**Net periodic benefit cost (1. + 2. + 3. + 4.)**	**$25,218**	**$25,287**

Components of these calculations are developed below.

[3] The financial position as of January 1, 2009 reflects the impact of the plan changes for members represented by the PWU as at January 1, 2009 ($654,000).

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Change in Obligation + Actual Benefit Payments = Current Service Cost + Interest Cost

OPG's practice has been to immediately expense the sum of: the change in obligation determined at the end of the year compared to the obligation determined at the beginning of the year (on the same economic basis) and actual benefit payments in the year. The change in the obligation as at the end of the year due to a change in the economic basis is deferred and amortized over the expected average disabled lifetime (approximately 12 years based on our valuation of the Plan as at December 31, 2008).

As the sum of the change in obligation plus actual benefit payments is equal to the sum of service cost and interest cost, this part of the post employment net periodic benefit cost has been allocated to these items for financial reporting purposes.

(All Amounts in $000s)

		Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
1.	Change in accrued benefit obligation (ABO)		
	a. ABO at end of period before assumption changes and plan amendments	$227,342	$254,751
	b. ABO at beginning of period	228,614	254,553
	c. Change (1(a) – 1(b))	**($1,272)**	**$198**
2.	Actual benefit payments (excluding sick leave)	26,102	24,756
3.	**Total (1(c) + 2.)**	**$24,830**	**$24,954**
1.	Interest cost		
	a. Accrued benefit obligation (less sick leave)	$221,383	$247,419
	b. Current service cost weighted for timing	4,693	5,852
	c. Expected distributions weighted for timing	13,051	12,378
	d. Average ABO (1(a) + 1(b) – 1(c))	**$213,025**	**$240,893**
2.	Discount rate	7.25%	5.50%
3.	Interest cost (1(d) x 2.)	15,444	13,249
4.	Current service cost	9,386	11,705
5.	**Total (3. + 4.)**	**$24,830**	**$24,954**

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(All Amounts in $000s)

Amortization Amounts

Amortizations	Unamortized Amount as of 01.01.09	Years Remaining	Annual Amortization Amount
1. Transitional obligation (asset)	$0	N/A	$0
2. Past service cost			
a. 2000 plan changes	$1,155	5.0	$230
b. 2005 plan changes	756	9.0	84
c. 2006 plan changes	186	10.0	19
d. 2009 plan changes	654	12.0	55
e. Total	**$2,751**	**N/A**	$388

3. Unamortized loss (gain) subject to amortization as of January 1, 2009	
a. Unamortized net actuarial loss (gain)	($2,464)
b. Accrued benefit obligation[4]	228,614
c. 10% of accrued benefit obligation b.	22,861
d. Unamortized net actuarial loss (gain) subject to amortization *[excess of a. over c.]*	0
e. Expected average remaining service lifetime	12 years
f. Amortization amount (d. ÷ e.)	**$0**

Analysis of Other Liability Loss (Gain)

Gains and Losses to be Expensed Immediately Due to:	Due to Remeasurement as of 31.12.09
1. Claims cost and administration rate differing than expected	($1,277)
2. All other demographic (gain)/loss	5
3. Total loss (gain)	**($1,272)**

Gains and Losses to be Deferred Due to:	Due to Remeasurement as of 31.12.09
1. Change in discount rate	$26,575
2. Change in trend rate assumption	1,715
3. Total loss (gain)	**$28,290**

[4] Based on results of new valuation as at December 31, 2008.

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(All Amounts in $000s)

Sensitivity to Change in Health Care Trend Rates

		ABO as of 31.12.09	Aggregate of Service Cost and Interest Cost for 2009
1.	Valuation trend	$255,632	$24,830
2.	Valuation trend + 1%	259,849	24,830
3.	**Difference (2. – 1.)**	**$4,217**	**$0**
4.	Valuation trend – 1%	251,849	24,830
5.	**Difference (4. – 1.)**	**($3,783)**	**($0)**

Sensitivity to Change in Inflation Rate and Salary Scale

		ABO as of 31.12.09	Aggregate of Service Cost and Interest Cost for 2009
1.	Valuation inflation rate and salary scale	$255,632	$24,830
2.	Valuation inflation rate and salary scale + 0.25%	258,750	24,830
3.	**Difference (2. – 1.)**	**$3,118**	**$0**
4.	Valuation inflation rate and salary scale – 0.25%	252,589	24,830
5.	**Difference (4. – 1.)**	**($3,043)**	**($0)**

Sensitivity to Change in Discount Rate

		ABO as of 31.12.09	Aggregate of Service Cost and Interest Cost for 2009
1.	Valuation discount rate	$255,632	$24,830
2.	Valuation discount rate + 0.25%	251,706	24,830
3.	**Difference (2. – 1.)**	**($3,926)**	**($0)**
4.	Valuation discount rate – 0.25%	259,675	24,830
5.	**Difference (4. – 1.)**	**$4,043**	**$0**

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Appendix B

Membership Data

The actuarial valuations as at December 31, 2008 are based on membership data as at December 31, 2008, provided by Mercer (Canada) Limited – Pension Administration and OPG. The post employment actuarial valuation as at December 31, 2009 is also based on additional membership data at December 31, 2009 provided by OPG.

One-hundred and fifty-eight individuals were added because they are not RPP members and thus were not in the base data provided by Mercer (Canada) Limited - Pension Administration. These include 120 former members who are entitled to health and dental benefits as a result of the Society Grievance No. 830 arbitration award, 27 former members entitled to GLI under the P-77 arbitration award, and 11 others (1 contract employee, 2 former employees, 3 spouses of former employees and 5 dependent children of former employees) entitled to post retirement health and dental as a result of special arrangements.

We have not independently verified the accuracy or completeness of the data except to the extent required by generally accepted professional standards and practices. Mercer will not be held responsible for any liability arising from the use of incomplete, inaccurate or not up-to-date data or documentation. We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), earnings, and service. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

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Analysis of Membership Data

	31.12.08	31.12.07
Active Members		
Number	11,964	11,603
Average basic earnings	$89,817	$88,732
Average years of eligibility service	15.4	15.9
Average age	45.5	45.6
Disabled Members		
Number	415	411
Average deemed basic earnings	$70,815	$68,436
Average years of eligibility service	24.1	23.6
Average age	53.9	53.2
RPP Retirees and Surviving Spouses and Dependent Children		
Number of retirees	6,849	6,715
Average age of retirees	68.7	68.4
Number of covered spouses	5,960	5,843
Number of surviving spouses and dependent children	1,667	1,629
Average age of surviving spouses and dependent children	74.7	74.2
Non-RPP Members, Surviving Spouses and Dependent Children		
Number of non-RPP members	150	105
Average age of non-RPP members	58.1	58.0
Number of covered spouses	120	85
Number of surviving spouses and dependent children	8	8
Average age of surviving spouses and dependent children	40.8	39.4
Deferred Vested Members (only those entitled to coverage)		
Number	46	50
Average age	54.1	53.6

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Active	Disabled Members	Deferred Vested Members[5]	Retirees[4]	Surviving Spouses and Dependent Children[4]	Total	Non-RPP Members Covered
Total at December 31, 2007	**11,603**	**411**	**50**	**6,715**	**1,629**	**20,408**	**113**
New Entrants	843			5		848	1
Change in Status							
▪ To Active	13	(12)	(1)				
▪ To LTD	(40)	40					
▪ To Deferred (with coverage)	(10)		10				
Terminations							
▪ With Coverage	(40)		(4)			(44)	44
▪ Without Coverage	(68)					(68)	
Retirements							
▪ With Coverage	(284)	(11)	(3)	298			
▪ Without Coverage	(1)		(3)			(4)	
Deaths	(5)	(13)	(2)	(169)	(72)	(261)	(1)
New Survivors					112	112	
Data Correction			(1)			(1)	1
Transfer to NWMO	(47)					(47)	
Adjustments for Health/Dental Coverage					(2)	(2)	
Total at December 31, 2008	**11,964**	**415**	**46**	**6,849**	**1,667**	**20,941**	**158**
New Entrants		37					
Terminations		(36)					
Total at December 31, 2009		**416**					

[5] Only those entitled to coverage.

The distribution of the active members by age and completed years of service as at December 31, 2008 is summarized as follows:

Distribution of Active Members

By Age Group and Completed Years of Service as at 31.12.08

	Years of Completed Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 20	1							1
20 - 24	292							292
25 - 29	729	191	1					921
30 - 34	448	478	23	1				950
35 - 39	426	383	65	147	14			1,035
40 - 44	436	399	76	565	396	4	42	1,918
45 - 49	343	390	84	535	600	511	438	2,901
50 - 54	194	312	56	381	311	601	406	2,261
55 - 59	74	192	42	284	221	272	123	1,208
60 - 64	25	86	25	125	71	98	8	438
65+	3	7	5	14	5	5	0	39
Total	**2,971**	**2,438**	**377**	**2,052**	**1,618**	**1,491**	**1,017**	**11,964**

Summary of Active Members

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management - Heritage	1,052	49.7	21.8	$124,213	988	990
Management - Millennium	204	44.3	3.8	111,223	201	202
Society	3,592	45.6	15.7	99,570	3,463	3,463
PWU	7,116	44.8	14.7	79,186	6,814	6,814
Total	**11,964**	**45.5**	**15.4**	**$89,817**	**11,466**	**11,469**

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The distribution of the disabled members by age and completed years of service as at December 31, 2008 is summarized as follows:

Distribution of Disabled Members

By Age Group and Completed Years of Service as at 31.12.08

	Years of Completed Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 20								
20 - 24								
25 - 29	1							1
30 - 34	1	1						2
35 - 39	1	4	1					6
40 - 44	3	7		13	7			30
45 - 49	3	13		17	27	12	1	73
50 - 54	1	12	3	16	19	26	32	109
55 - 59		3	4	17	20	18	38	100
60 - 64		2	3	12	16	21	40	94
65+								
Total	**10**	**42**	**11**	**75**	**89**	**77**	**111**	**415**

Summary of Disabled Members

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Average LTD Monthly Benefit	Number with Health and Dental Coverage
Management - Heritage	25	55.9	26.8	$87,087	$4,560	24
Management - Millennium	-	N/A	N/A	N/A	N/A	-
Society	60	53.0	24.4	91,752	4,953	58
PWU	330	53.9	23.8	65,776	3,298	315
Total	**415**	**53.9**	**24.1**	**$70,815**	**$3,613**	**397**

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The distribution of the retirees and surviving spouses by age as at December 31, 2008 is summarized as follows:

Distribution of RPP Retirees and Surviving Spouses and Dependent Children
By Age Group as at 31.12.08

Age	RPP Retirees	RPP Surviving Spouses and Dependent Children
Below 45	0	32
45 - 49	0	24
50 - 54	197	50
55 - 59	905	96
60 - 64	1,678	155
65 - 69	1,399	159
70 - 74	1,013	197
75 - 79	754	294
80+	903	660
Total	**6,849**	**1,667**

Summary of RPP Retirees

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management - Heritage	1,345	70.2	1,322	1,322	1,197
Management - Millennium	2	59.6	2	2	2
Society	2,300	67.3	2,267	2,267	2,088
PWU	3,202	69.0	3,086	3,087	2,673
Total	**6,849**	**68.7**	**6,677**	**6,678**	**5,960**

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Summary of RPP Surviving Spouses and Dependent Children with Medical and/or Dental Coverage

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage
Management - Heritage	330	78.7	330	330
Management - Millennium	-	N/A	-	-
Society	396	73.8	395	395
PWU	941	73.7	928	928
Total	**1,667**	**74.7**	**1,653**	**1,653**

Summary of Non-RPP Members, Surviving Spouses and Dependent Children

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management - Heritage	31	57.4	31	31	28
Management - Millennium	-	N/A	-	-	-
Society	94	58.1	94	94	91
PWU	33	54.7	6	6	1
Total	**158**	**57.2**	**131**	**131**	**120**

Summary of Deferred Vested Members with Medical and/or Dental Coverage

	Number	Average Age
Management - Heritage	20	54.1
Management - Millennium	-	N/A
Society	20	54.9
PWU	6	51.5
Total	**46**	**54.1**

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Appendix C

Valuation Methods and Assumptions

This appendix describes the methods and assumptions used to value the Plans as well as accounting policies used to calculate the net periodic benefit cost.

Cost Method

Non-Pension Post Retirement

Accrued benefit obligations shown in this report are computed using the Projected Benefit Method Pro Rated on Service, as defined in CICA 3461. The objective under this method is to expense each member's benefits under the plan taking into consideration projections of benefit costs to and during retirement. Under the Projected Benefit Method Pro Rated on Service, an equal portion of the total estimated future benefit is attributed to each year of service up to full eligibility.

The ABO is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

For retirees, spouses, surviving spouses, and dependent children, the ABO is the present value of all future projected benefits as at the beginning of the fiscal year.

For each active member, a "full eligibility" date is determined as the first date the member has or will have met the age and service requirements to qualify for all benefits after retirement.

Full eligibility is attained at:

▪ For active employees with NRA 65	Earliest of age 55, 84 points (82 points for PWU and Society members) and 35 years of service
▪ For active employees with NRA 60	Age 50

▪ For LTD members	Date of disability
▪ For deferred vested members with 25 or more years of eligibility service	Immediately

For active members who have reached "full eligibility", the ABO is the present value of all future projected benefits as at the beginning of the fiscal year. For these members, the service cost is zero.

For active members who have not yet reached "full eligibility", the ABO is the present value of all future projected benefits as at the beginning of the fiscal year, multiplied by the ratio of service at the valuation date to projected service at "full eligibility". For these members, the current service cost is the present value of benefits deemed to accrue in the fiscal year, and is determined as the present value of all future projected benefits divided by the projected service at "full eligibility".

The Plan's current service cost is the sum of the individual current service costs, and the Plan's ABO is the sum of the individual ABO for all members under the Plan.

Post Employment Benefits

The ABO for post employment benefits is determined on a terminal accounting basis. For each disabled employee on long-term disability, the ABO is equal to the present value of future benefit payments (including continuation of health, dental and life insurance coverage) until age 65.

In addition, the ABO includes a provision for future benefit payments for disabled employees who are in the waiting period for qualification for long-term disability benefits (referred to as unreported claims reserve).

Funding Policy

The non-pension post retirement benefits and post employment benefits are funded on a pay-as-you-go basis. The company funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide the non-pension post retirement benefits or post employment benefits.

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Accounting Policies

Management applied the recommendations of CICA 3461 retroactively when adopted. Therefore, there is no amortization of the transitional obligation

Non-Pension Post Retirement

The ABO for medical and life insurance benefits are aggregated for purposes of determining cumulative gains and losses. Cumulative gains and losses in excess of 10% of the beginning of year ABO are amortized over the expected average remaining service lifetime of active members expected to receive benefits under the Plan (11 years based on our valuation of the Plan as at December 31, 2007, for determining 2009 net periodic benefit cost; 11 years based on our valuation of the Plan as at December 31, 2008, for determining projected 2010 net periodic benefit cost).

The Company has elected to amortize past service costs resulting from plan amendments on a linear basis over the expected average remaining service lifetime (to full eligibility) of active members expected to receive benefits under the Plan (as at January 1, 2009, there are 1 year remaining for 2000 plan changes, 2 years remaining for 2001 plan changes, 7 years remaining for 2005 plan changes, 9 years remaining for 2006 plan changes, and 11 years remaining for 2009 plan changes). Based on our valuation of the Plan as at December 31, 2008, the expected average remaining service lifetime to full eligibility is 11 years for all groups combined.

Obligations are attributed to the period beginning on the member's date of hire, which is the beginning of the eligible service period. The end of the attribution period is the date of reaching full eligibility for benefits.

OPG's fiscal year-end is December 31 and the measurement date of the company's obligations is December 31.

The Company recognizes curtailments before settlements.

Post Employment Benefits

OPG's practice has been to immediately expense the sum of: the change in obligation determined at the end of the year compared to the obligation determined at the beginning of the year (on the same economic basis) and actual benefit payments in the year. The change in the obligation as at the end of the year due to a change in the economic basis is deferred and amortized over the expected average remaining disabled lifetime (12 years based on our valuation of the Plan as at December 31, 2008, for determining 2009 net periodic benefit cost, 11 years based on our valuation of the Plan as at December 31, 2009, for determining the projected 2010 net periodic benefit cost).

The Company has elected to amortize past service costs resulting from plan amendments on a linear basis over the expected average remaining disabled lifetime (as at January 1, 2009, there are 5 years remaining for 2000 plan changes, 9 years remaining for 2005 plan changes, 10 years remaining for 2006 plan changes, 12 years remaining for 2009 plan changes). The expected average remaining disabled lifetime is currently 11 years based on our valuation of the Plan as at December 31, 2009.

OPG's fiscal year-end is December 31 and the measurement date of the company's obligations is December 31.

The Company recognizes curtailments before settlements.

Summary of Assumptions

The following assumptions were used in valuing the benefit obligations under the Plan.

Measurement date	December 31	
Discount rate for non-pension post retirement	▪ 7.50% per annum for purposes of determining 2009 net periodic benefit cost ▪ 6.90% per annum for purposes of determining year end 2009 ABO	
Discount rate for post employment	▪ 7.25% per annum for purposes of determining 2009 net periodic benefit cost ▪ 5.40% per annum for purposes of determining year end 2009 ABO	
Salary increases – non-LTD members	3.00% per annum plus PPM (promotion, progression and merit, age and service-related scale)	
Salary increases – LTD members	100% of CPI (assumed to be 2.00% per annum)	
Post retirement health care cost trend rates for determining 2009 net periodic benefit cost	Hospital	4.50% per annum
	Prescription drugs	7.80% per annum in 2009 grading down to 4.50% per annum in and after 2018
	Other medical	7.80% per annum in 2009 grading down to 4.50% per annum in and after 2018
	Vision care	2.00% per annum
	Dental	7.06% per annum in 2009 grading down to 5.50% per annum in and after 2014
Post retirement health care cost trend rates for determining December 31, 2009 ABO	Hospital	4.50% per annum
	Prescription drugs	7.43% per annum in 2010 grading down to 4.50% per annum in and after 2030
	Other medical	7.43% per annum in 2010 grading down to 4.50% per annum in and after 2030
	Vision care	2.00% per annum
	Dental	6.75% per annum in 2010 grading down to 5.50% per annum in and after 2030

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Post employment medical and dental cost increases for determining 2009 net periodic benefit cost	Medical	7.20% per annum in 2009 grading down to 4.5% per annum in and after 2018
	Dental	5.5% per annum
Post employment medical and dental cost increases for determining December 31, 2009 ABO	Medical	6.92% per annum in 2010 grading down to 4.5% per annum in and after 2030
	Dental	5.5% per annum
Mortality rate	85% of Uninsured Pensioners 1994 Mortality Table with generational mortality	

Withdrawal (sample rates)

Rates at sample ages are shown below:

Age	Male	Female
20	2.9%	4.4%
30	1.6%	2.4%
40	0.8%	1.2%
50	0.7%	1.1%
55+	Nil	Nil

No recovery or termination is assumed for LTD members, other than by death.

Employees projected to terminate after having 25 years of eligibility service, are assumed to start collecting health and dental benefits at age 55.

Disability rates (sample rates)

Rates at sample ages are shown below:

Age	Rate per 1,000
30	1.05
35	1.10
40	1.15
45	1.20
50	2.95
55	10.00
60	18.78

Retirement rates for determining 2009 net periodic benefit cost

	If Eligible for Reduced Pension		If Eligible for Unreduced Pension
Age	Male	Female	
<55	0.0%	0.0%	20.0%
55 – 58	2.5%	5.0%	20.0%
59	2.5%	7.0%	20.0%
60 – 61	2.5%	7.0%	25.0%
62 – 64	7.0%	7.0%	25.0%
65	100.0%	100.0%	100.0%

LTD members are assumed to retire at age 65. Deferred members entitled to benefits are assumed to start collecting benefits at age 55.

Retirement rates for determining December 31, 2009 ABO

Age	If Eligible for Reduced Pension: Male	If Eligible for Reduced Pension: Female	If Eligible for Unreduced Pension
<55	0.0%	0.0%	20.0%
55 – 60	2.0%	5.0%	20.0%
61 – 64	7.0%	10.0%	25.0%
65	100.0%	100.0%	100.0%

LTD members are assumed to retire at age 65. Deferred members entitled to benefits are assumed to start collecting benefits at age 55.

Marital status

For active members, 90% are assumed to be married at retirement with males assumed to be 4 years older than their female spouses.

For current retirees, the actual number of spouses was provided for current retirees.

Post retirement benefits 2008 per covered person claim costs (at age 65) with administration expenses and taxes (based on actual 2006/2007 experience) for determining 2009 net periodic benefit cost

	Society	PWU	Management (Heritage)	Management (Millennium)
Hospital	$114	$124	$78	$107
Prescription drugs	652	834	628	573
Vision care	229	161	149	81
Other medical	465	329	360	84
Dental care	921	742	951	590
Total	**$2,381**	**$2,190**	**$2,166**	**$1,435**

Post retirement benefits 2009 per covered person claim costs (at age 65) with administration expenses and taxes (based on actual 2007/2008 experience) for determining December 31, 2009 ABO

	Society	PWU	Management (Heritage)	Management (Millennium)
Hospital	$93	$103	$90	$86
Prescription drugs	585	799	593	558
Vision care	216	173	162	94
Other medical	497	358	465	104
Dental care	942	775	932	646
Total	**$2,333**	**$2,208**	**$2,242**	**$1,488**

Post employment benefits 2008 per covered disabled member claim costs with administration expenses and taxes (based on actual 2006/2007 experience) for determining January 1, 2009 ABO

	Society	PWU	Management (Heritage)	Management (Millennium)
Medical	$8,621	$9,002	$7,555	$5,497
Dental	2,048	1,608	2,023	1,481
Total	**$10,669**	**$10,610**	**$9,578**	**$6,978**

		Society	PWU	Management (Heritage)	Management (Millennium)
Post employment benefits 2009 per covered disabled member claim costs with administration and taxes (based on actual 2007/2008 experience) for determining December 31, 2009 ABO	Medical	$8,574	$9,590	$8,355	$6,028
	Dental	2,147	1,765	2,125	1,537
	Total	**$10,721**	**$11,355**	**$10,480**	**$7,565**

Ontario Health Premium Tax	Claim cost	1% of projected (OPG) pension income

		Cost at Age						
Increase in utilization by age	**Benefit**	**55**	**60**	**65**	**70**	**75**	**80**	**85**
	Hospital	45%	64%	100%	161%	253%	388%	562%
	Prescription drugs	75%	88%	100%	109%	113%	114%	113%
	Other medical	106%	103%	100%	102%	110%	121%	135%
	Vision care	106%	103%	100%	97%	95%	92%	89%
	Dental care	107%	104%	100%	95%	90%	83%	74%

Prescription drug offset assumption at age 65 and after due to provincial government plans	65% of claims	
Sick leave benefits in payment	▪ 16.67% of annual sick leave payments ▪ 25% increase for health, dental and life insurance benefits for members on sick leave	
Administration expenses as a percentage of paid claims (including 5% GST) for determining 2009 net periodic benefit cost	Medical (excluding prescription drugs)	4.42%
	Prescription drugs	3.21%
	Dental	2.95%
	Life	1.95%
	LTD	7.03%
Administration expenses as a percentage of paid claims for determining December 31, 2009 ABO	Medical (excluding prescription drugs)	4.27%
	Prescription drugs	3.16%
	Dental	2.91%
	Life	2.05%
	LTD	6.89%
Taxes for determining 2009 net periodic benefit cost	10.00% of claims and administration expenses for medical, dental and life insurance benefits. 1.95% of claims and administration expenses for LTD benefits. 5.00% of administration expenses for medical and dental benefits. 13.00% of administration expenses for LTD benefits.	

Taxes for determining December 31, 2009 ABO	10.00% of claims and administration expenses for medical, dental and life insurance benefits. 1.95% of claims and administration expenses for LTD benefits. 8.00% of administration expenses for LTD benefits.

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Claims Cost Development

Non-Pension Post Retirement

The per covered person claim costs used in the December 31, 2007 valuation and extrapolated for purposes of determining the 2009 net periodic benefit cost were based on actual retiree and dependent claims experience for the period January 1, 2007 to December 31, 2007, increased with health care trend to 2008. The hospital and vision care claim cost was based on an average of the 2006 and 2007 claims experience. The claims cost assumptions include administration costs and taxes as well as all OPG plan changes for Society and PWU. The analysis for these claims cost assumptions is outlined in our January 30, 2009 report.

The per covered person claim costs used in the December 31, 2008 valuation and extrapolated for purposes of determining the December 31, 2009 ABO were based on the actual retiree and dependent claims information for the period January 1, 2008 to December 31, 2008, increased with health care trend to 2009. This claims experience was collected and analysed separately for Hospital, Prescription Drug, Vision Care, Other Medical and Dental benefits. The hospital and vision care claim cost was based on an average of the 2007 and 2008 claims experience. The claims cost assumptions include administration costs and taxes, as well as all OPG plan changes for PWU. The analysis of the claims cost assumptions is outlined on the following pages.

As insurers are unable to provide the necessary claims information on the costs paid due to Bill 26 ($100 deductible and $6.11 dispensing fee) separately from other prescription drug costs, we are implicitly determining the impact of these additional costs through the drug offset at age 65 assumption. As these Bill 26 costs are not increased by inflation, we have made a modification to our net prescription drug trend rates after age 65 to adjust for this.

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Development of Non-Pension Post Retirement Claims Costs Assumptions for 2009 Per Covered Person Claim Costs at Age 65

	January 1, 2008 to December 31, 2008			January 1, 2007 to December 31, 2007		
	Society	PWU	Management	Society	PWU	Management
Actual OPG Retirees' Paid Claims (Before Administration Costs and Taxes)						
Hospital	552,060	1,008,810	473,825	501,912	1,046,957	416,027
Drugs (including ODB Bill 26)	4,389,415	7,165,017	2,360,695	4,168,167	6,706,091	2,194,966
Vision	868,944	1,012,348	366,855	812,810	738,429	388,535
Other Medical Benefits	2,079,754	2,026,564	1,192,308	1,825,252	1,863,614	885,614
Dental	3,695,220	4,043,565	2,065,937	3,414,543	3,800,852	2,041,053
Total	**11,585,393**	**15,256,304**	**6,459,620**	**10,722,684**	**14,155,943**	**5,926,195**
Number of OPG Retirees, Spouses and Surviving Spouses						
• Eligible for Hospital Benefits	4,859	6,634	2,864	4,585	6,500	2,774
• Eligible for Extended Health Care Benefits	4,859	6,634	2,864	4,585	6,500	2,774
• Eligible for Dental Benefits	4,859	6,635	2,864	4,585	6,501	2,774
Per Covered Person Costs						
Hospital	114	152	165	109	161	150
Drugs	903	1,080	824	909	1,032	791
Vision	179	153	128	177	114	140
Other Medical Benefits	428	305	416	398	287	319
Dental	761	609	721	745	585	736
Total	**2,385**	**2,300**	**2,255**	**2,339**	**2,178**	**2,137**
Trend to July 1, 2009						
Hospital	1.045	1.045	1.045	1.092	1.092	1.092
Drugs	1.078	1.078	1.078	1.166	1.166	1.166
Vision	1.020	1.020	1.020	1.040	1.040	1.040
Other Medical Benefits	1.078	1.078	1.078	1.166	1.166	1.166
Dental	1.071	1.071	1.071	1.150	1.150	1.150
Total						
2009 Per Covered Person Costs						
Hospital	119	159	173	120	176	164
Drugs	974	1,164	889	1,060	1,203	923
Vision	182	156	131	184	118	146
Other Medical Benefits	461	329	449	464	334	372
Dental	814	652	772	856	672	846
Total	**2,551**	**2,461**	**2,413**	**2,685**	**2,504**	**2,451**
Adjustment Factors to Convert Per Covered Person Costs into Age 65 Costs						
Hospital	0.6735	0.5306	0.4639	0.6934	0.5419	0.4694
Drugs	1.6294	1.7276	1.8084	1.5406	1.6351	1.6978
Vision	1.0018	1.0151	1.0224	1.0512	1.0649	1.0222
Other Medical Benefits	0.9397	0.9208	0.9037	0.9403	0.9232	0.9056
Dental	1.0219	1.0489	1.0666	1.0186	1.0468	1.0651
Per Covered Person Age 65 Claims Costs (Per Covered Person Costs x Adjustment Factors)						
Hospital	80	84	80	83	95	77
Drugs	1,587	2,011	1,607	1,633	1,967	1,567
Vision	183	158	134	194	126	149
Other Medical Benefits	434	303	406	437	309	337
Dental	832	684	824	872	704	901
Total	**3,115**	**3,241**	**3,050**	**3,219**	**3,201**	**3,031**
Weighting for all benefits except Hospital & Vision	**100%**	**100%**	**100%**	**0%**	**0%**	**0%**
Weighting for Hospital & Vision	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**

Weighted 2009 Per Capita Age 65 Claims Costs	**Society**	**PWU**	**Management**
Hospital	81	90	79
Drugs	1,587	2,011	1,607
Vision	188	142	141
Other Medical Benefits	434	303	406
Dental	832	684	824
Total	**3,122**	**3,231**	**3,056**

Administration Costs and Taxes		
• Administration Costs for Medical (not including Drugs)	4.27%	of claims
• Administration Costs Drugs	3.16%	of claims
• Premium and Sales Taxes	10.00%	of claims
Total Administration Costs and Taxes for Medical (not incl. Drugs)	**14.70%**	**of claims**
Total Administration Costs and Taxes for Drugs	**13.48%**	**of claims**

Administration Costs and Taxes		
• Administration Costs for Dental	2.91%	of claims
• Premium and Sales Taxes	10.00%	of claims
Total Administration Costs and Taxes	**13.20%**	**of claims**

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	January 1, 2008 to December 31, 2008		
	Society	PWU	Management
Per Covered Person Age 65 Claims Costs with Administration Costs and Taxes			
Hospital	93	103	90
Drugs	1,801	2,282	1,823
Vision	216	163	162
Other Medical Benefits	497	348	465
Dental	942	775	932
Total	**3,549**	**3,671**	**3,473**

Benefit Adjustment Factors	**Society**	**PWU**	**Management Heritage**	**Management Millenium**
Hospital	1.0000	1.0000	1.0000	0.9500
Drugs	1.0000	1.0000	1.0000	0.8739
Vision	1.0000	1.0600	1.0000	0.5813
Other Medical Benefits	1.0000	1.0303	1.0000	0.2226
Dental	1.0000	1.0000	1.0000	0.6931
2009 Per Capita Age 65 Claims Costs with Administration Costs and Taxes (before drug offset)				
Hospital	93	103	90	86
Drugs	1,801	2,282	1,823	1,594
Vision	216	173	162	94
Other Medical Benefits	497	358	465	104
Dental	942	775	932	646
Total	**3,549**	**3,691**	**3,473**	**2,523**
Drug Offset Assumption at Age 65	**67.5%**	**65.0%**	**67.5%**	**65.0%**
2009 Per Capita Age 65 Claims Costs with Administration Costs and Taxes (with drug offset)				
Hospital	93	103	90	86
Drugs-incorporating drug offset	585	799	593	558
Vision	216	173	162	94
Other Medical Benefits	497	358	465	104
Dental	942	775	932	646
Total	**2,333**	**2,208**	**2,242**	**1,488**

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Post Employment

The per disabled member claim costs used in the December 31, 2008 valuation for purposes of determining the 2009 net periodic benefit cost were based on the actual disabled member and dependents' claims experience for the period January 1, 2007 to December 31, 2007, increased with health care trend to 2008. The hospital and vision care claim cost was based on an average of the 2006 and 2007 claims experience increased with health care trend to 2008. The claims cost assumptions include administration costs and taxes, as well as all OPG plan changes for Society and PWU.

The per disabled member claim costs used in this December 31, 2009 valuation for purposes of determining the 2009 net periodic benefit cost and December 31, 2009 ABO were based on the actual disabled member and dependents' claims experience for the period January 1, 2008 to December 31, 2008 increased with health care trend to 2009. The hospital and vision care claim cost was based on an average of the 2007 and 2008 claims experience, increased with health care trend to 2009. As well, the claims costs used to determine the year end ABO have also been adjusted to reflect the plan changes made for PWU.

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Development of Post Employment Claims Costs Assumptions for 2009 Per Covered Disabled Member Costs

	January 1, 2008 to December 31, 2008	January 1, 2007 to December 31, 2007
Actual OPG Disabled Members' Paid Claims (Before Administration Costs and Taxes)		
Hospital	173,784	113,960
Drug	2,303,516	2,194,560
Vision	101,655	85,552
Other Medical	412,042	320,579
Dental	597,480	544,411
Total	**3,588,477**	**3,259,062**
Number of OPG Disabled Members		
Medical	393	390
Dental	393	390
Per Covered Disabled Member Costs		
Hospital	442	292
Drug	5,861	5,627
Vision	259	219
Other Medical	1,048	822
Dental	1,520	1,396
Total	**9,131**	**8,357**
Administration Costs and Taxes		
▪ Administration Costs for Medical other than Drugs (including GST on admin)	4.27%	4.42%
▪ Administration Costs for Drugs (including GST on admin)	3.16%	3.21%
▪ Premium and Sales Taxes	10.00%	10.00%
Total Administration Costs and Taxes - Medical not incl. Drugs	**14.70%**	**14.86%**
Total Administration Costs and Taxes - Drugs	**13.48%**	**13.53%**
Administration Costs and Taxes		
▪ Administration Costs for Dental (including GST on admin)	2.91%	2.95%
▪ Premium and Sales Taxes	10.00%	10.00%
Total Administration Costs and Taxes	**13.20%**	**13.25%**
Per Covered Disabled Member Claims Costs with Administration Costs and Taxes		
Hospital	507	336
Drug	6,651	6,389
Vision	297	252
Other Medical	1,203	944
Dental	1,721	1,581
Total	**10,379**	**9,501**
Trend to July 1, 2009		
Hospital	1.045	1.092
Drug	1.078	1.166
Vision	1.020	1.040
Other Medical	1.078	1.166
Dental	1.071	1.150
Weighting for all benefits except Hospital and Vision	**100%**	**0%**
Weighting for Hospital and Vision	**50%**	**50%**
2009 Per Capita Claims Costs with Administration Costs and Taxes		
Hospital	448	
Drug	7,170	
Vision	282	
Other Medical	1,296	
Dental	1,843	
Total	**11,040**	

Benefit Adjustment & Allocation Factors

	Society	PWU	Management Heritage	Management Millenium
Hospital	0.906	1.013	0.882	0.637
Drug	0.915	1.024	0.892	0.644
Vision	1.059	1.184	1.032	0.745
Other Medical	1.007	1.127	0.981	0.708
Dental	1.165	0.958	1.153	0.834

2009 Per Capita Claims Costs with Administration Costs and Taxes	Society	PWU	Management Heritage	Management Millenium
Hospital	406	454	396	285
Drug	6,563	7,342	6,396	4,615
Vision	299	334	291	210
Other Medical	1,306	1,460	1,272	918
Dental	2,147	1,765	2,125	1,537
Total	**10,721**	**11,356**	**10,480**	**7,565**

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Appendix D

Summary of Plan Provisions

This appendix provides a summary of the benefits (including the 2009 amendments), which have been valued for this report.

Non-Pension Post Retirement

Eligibility

Retirees entitled to a pension are eligible for life insurance, retirement bonus, medical and dental coverage as described later.

Normal retirement age is 65. For females hired before January 1, 1976, the normal retirement age is 60.

An employee may retire and be eligible for benefits at the earliest of:

- 10 years prior to normal retirement age and two years of pension plan membership;
- 35 years of service; and
- The date at which age plus service equals 84 for Management members and 82 for PWU and Society members

Deferred vested members with 25 or more years of service are eligible for medical and dental coverage at the time they receive a pension from the company. Society and Management Group members with 25 or more years of service who commuted 100% of their pension are eligible for medical and dental benefits at the date they would be eligible to retire had they deferred their pension benefit in the OPG Plan. Society and Management Group members, who are eligible to retire but elect to terminate and fully or partially divest their pension, are eligible for medical and dental benefits. PWU members who are eligible to retire, but elect to terminate and fully or partially divest their pension, are entitled to group life coverage on the same basis as provided to retirees.

Spouses and dependents are eligible for medical and dental coverage while the retiree is alive. After the retiree's death, spouses and dependents are eligible for coverage if the spouse is in receipt of a pension. Surviving spouses and dependents of an employee who died in active employment or a disabled employee who dies while disabled are also eligible for medical and dental coverage if the spouse is in receipt of a pension. Spouses and dependents of a deferred vested member with 25 or more years of service who dies while deferred are eligible for benefits.

Benefits

Life Insurance

Life insurance coverage equal to 50% of base annual earnings at retirement is provided in the first 10 years of retirement, reducing to 25% of base annual earnings 10 years after retirement.

Retirement Bonus

Employees with 10 or more years' continuous service receive a lump sum payment of one month's earnings at retirement (three months' earnings for Management plan members who meet an unreduced pension milestone).

Medical and Dental

Medical and dental benefits vary depending on the employee group the retiree was in as an active employee.

Semi-Private Hospital Accommodation Plan

This plan covers:

- the semi-private differential between ward accommodation and semi-private accommodation in an active treatment hospital, and
- up to $40 per day for a maximum of 120 days in any period of 365 consecutive days towards semi-private or private room accommodation in a hospital for the chronically ill or a chronic care unit of a general hospital (no private room accommodation for Management Millennium group).

Extended Health Care Benefits Plan

This plan covers:

- the differential between semi-private and private room accommodation in an active treatment hospital (no private room accommodation for Management Millennium group)
- semi-private room accommodation in a contract (private) hospital or a convalescent/ rehabilitative hospital up to 365 days per lifetime

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- prescription drugs (as listed in the company's Formulary Drug List — including Lactaid), medicines, sera and vaccines, etc. subject to the following:

  (a) 80% coinsurance for the Management Millennium group, and 100% coinsurance for all other groups
  (b) a maximum dispensing fee of $5 per prescription for drugs that require a prescription by law for Management Heritage and Society members, and no maximum for Management Millennium or PWU members
  (c) generic substitution unless the physician requests no substitution
  (d) over-the-counter drugs that do not require a prescription by law are covered where medically required (a dispensing fee of up to $6.11 is covered for electronic claims only). For the Management Heritage, Management Millenium, and Society groups, non-life sustaining over-the-counter drugs are not covered.

- blood and blood products
- private-duty nursing, subject to a maximum fee as set by the largest Nursing Registry in Ontario (cap of $50,000 per calendar year and a lifetime maximum of $150,000 for PWU members)
- ambulance services
- miscellaneous items such as prosthetic appliances, equipment rental, support stockings
- dental treatment as the result of an accident
- hearing aids
- eyeglasses and contact lenses currently covered up to:

  – $400 per person every two calendar years for Management Heritage plan
  – $600 per person every two calendar years for Society plan
  – $250 per person every two calendar years for Management Millennium plan
  – $500 per person every two calendar years for PWU plan (effective April 1, 2010 and April 1, 2011 this amount will increase to $550 and $600, respectively)

- Laser Eye Surgery is covered up to a lifetime maximum of $3,000 per person (benefit not provided under the Management Millennium plan).
- services of clinical psychologists, physiotherapists, masseurs, speech therapists, chiropractors, podiatrists, chiropodists, naturopaths, osteopaths subject to certain per person calendar year maximums which may vary by employee group.

The annual deductibles are $10 single/$20 family for the Society plan. The deductibles do not apply to vision care and hearing aids. There are no deductibles for the other plans.

Out-of-Province Health Coverage

For retirees of the Society and Management Millennium plans, the plans do not cover any service or supply provided outside Ontario for an amount greater than it would pay for such benefit if supplied in Ontario.

For retirees of the PWU plan, OPG will contribute up to $35 per year per PWU employee or pensioner toward a program of insurance for out-of-country coverage for personal travel.

For retirees of the Management Heritage plan, the coverage is the following additional benefits for emergency situations only:

- costs in excess of the amount paid by the provincial health plan
- doctor bills in excess of the amount paid by the provincial health plan
- paramedical services to a maximum of $10 per treatment date, excluding x-rays
- up to $1,000 for dental treatment due to an accident
- emergency travel assistance as provided by Travel Assistance International

No deductible applies under Out-of-Province Health Coverage.

Ontario Health Premium

The PWU plan also provides for reimbursement of the Ontario Health Premium (OHP) tax to residents of Ontario[6] based on the individual's income from OPG or the OPG pension fund.

Dental Benefits

This plan pays 100% of Class A Services (80% for the Management Millennium Group). Class A Services include examinations, x-rays, preventive services, periodontal services, endodontic services and extensive oral surgery.

This plan pays 85% of Class B Services (50% for the Management Millennium Group). Class B Services include dentures, crowns, bridges and temporomandibular joint appliances.

For all employee groups, the current ODA Fee Guide applies.

No deductibles or annual or lifetime maximums apply with the exception of a $1,300 lifetime maximum per person on temporomandibular joint appliances for all plans and a $1,500 annual maximum per person on major procedures for the Management Millennium Group.

This plan also pays 75% of eligible charges related to Orthodontic Benefits subject to a $4,000 lifetime maximum per individual (75% and $5,000 respectively for Society members; 50% and $1,500 respectively for the Management Millennium Group).

Dental recall, polishing and scaling is permitted for members every 9 months.

6 The individual has to be a resident of Ontario at year end.

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Post Employment

Disabled employees are eligible for the following benefits:

Sick Leave Plan Benefits

Each member of the Society and PWU groups is entitled to 23 days sick leave each year, eight days at full pay and 15 at 75% of pay. Sick leave credits accumulate if they are not used. The number of days at 75% of pay that can be accumulated is limited to 200. Five years after sick leave is used, it is restored to the employee's total for use if required at a later date. For employees with more than 15 years of service, used sick leave is restored after two years. This sick leave plan has been replaced by a 6 month STD plan for employees hired on or after January 1, 2001.

For Management employees, the STD plan provides 100% pay to a maximum of 6 months continuous absence, which is the qualifying period for LTD. Existing employees prior to the plan change effective July 1, 2001, with 100% sick days in excess of 130 days had these days frozen to provide them with a sick leave bank that they can draw from to top-up their LTD benefit when LTD starts.

Long-Term Disability Benefits

Long-term disability benefits begin at the later of 6 months of disability or the exhaustion of sick leave credits. For Management members, long-term disability begins after 6 months of disability.

LTD benefits are the lesser of 65% of base earnings or 75% of base earnings less benefits received from the Canada Pension Plan or Workers' Compensation benefits. Benefits are indexed at 100% of the Consumers Price Index.

Benefits cease at the earlier of death, recovery, retirement or age 65.

Medical and Dental Benefits

Medical and dental coverage is continued for the disabled employee and his dependents. Benefit provisions are similar to that of the non-pension post retirement plan.

Life Insurance Benefits

Life insurance coverage of two or three times base annual salary (depending on the option chosen) is continued.

SUB Plan

OPG also provides a supplementary unemployment plan to their employees. The liability for this plan has not been included in the results presented here.

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Appendix E

Employer Certification – Data and Plan Provisions

With respect to the Report on Non-Pension Post Retirement and Post Employment Benefit Expense for the Fiscal Year Ending December 31, 2009 Under CICA 3461 of OPG's non-pension post retirement and post employment benefit plans, I hereby certify that, to the best of my knowledge and belief:

- The membership data supplied to the actuary provides a complete and accurate description of all persons who are entitled to benefits under the terms of the Plans for service up to the date of the valuations, December 31, 2008 (and December 31, 2009 for post employment benefits);
- A copy of the plan documents and of all amendments made up to December 31, 2009 were supplied to the actuary;
- All substantive commitments (as defined under CICA 3461) have been communicated to the actuary; and
- All events subsequent to the valuation that may have an impact on the results of the valuation or a future valuation have been communicated to the actuary.

Feb. 2, 2010
Date

Lorraine Irvine
Signed

Lorraine Irvine
Name

Vice President, Safety, Wellness and Total Compensation
Title

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Appendix F

Employer Certification – Methods and Assumptions

With respect to the Report on Non-Pension Post Retirement and Post Employment Benefit Expense for the Fiscal Year Ending December 31, 2009 Under CICA 3461 of OPG's non-pension post retirement and post employment benefit plans, I hereby certify that, to the best of my knowledge and belief:

- Accounting policies as adopted by the Company are those described in this report;
- The actuarial methods, amortization method and amortization periods to be used for the purposes of the valuation are those described in this report;
- Management's best-estimate assumptions for purposes of the valuations of the Plans and the extrapolation of the financial position of the Plans as of the fiscal year end December 31, 2009 are those described in this report; and
- All events subsequent to the valuation that may have an impact on the results of the valuation or a future valuation have been communicated to the actuary.

February 3, 2010
Date

Signed

Nathan Reeve
Name

Vice President, Financial Services
Title

MERCER

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Board Staff Interrogatory #085

Ref: Ex. F4-T3-S1

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Benefit costs are identified but it is not clear how accounting estimates of future benefits are included in total current compensation. Please provide a schedule that shows how the forecast pension and post-employment benefit expense is allocated to compensation expense categories for historic, bridge and test periods. Please separate the historic, bridge, and test period cash benefits expense from the non-cash or accounting estimates by year, and provide totals.

Response

OPG understands the question to pertain to accounting for future pension and other post employment benefit ("OPEB") obligations in the current period, as OPG recovers its pension and OPEB benefit costs through the regulated payment amounts on an accounting basis in accordance with Generally Accepted Accounting Principles ("GAAP").

The costs for pension and OPEB for the historic, bridge and test periods (attributable to regulated operations) are determined as described in Section 6.3.1 of Ex. F4-T3-S1 and shown in Chart 9 of Ex. F4-T3-S1.

The cash amounts for the registered pension plan are OPG's contributions to the pension fund. The cash amounts for OPEB, as well as the supplementary pension plans, are the actual benefit payments. These cash amounts are neither recorded as costs for accounting purposes nor included in the revenue requirement as compensation expense for regulatory purposes. This approach has not changed from OPG's submission in EB-2007-0905.

The cash amounts for pension and OPEB attributable to regulated operations for the historic, bridge and test periods are provided below.

1 **Pension and OPEB Cash Amounts ($M) [(1)]**

2

	Nuclear					
	2007 Actual	**2008 Actual**	**2009 Actual [(3)]**	**2010 Budget**	**2011 Plan**	**2012 Plan**
Contribution to Registered Pension Plan Fund	202.1	189.5	203.2	196.2	196.2	196.2
OPEB Benefit Payments [(2)]	54.9	60.7	60.5	67.2	71.9	76.9

	Regulated Hydroelectric					
	2007 Actual	**2008 Actual**	**2009 Actual**	**2010 Budget**	**2011 Plan**	**2012 Plan**
Contribution to Registered Pension Plan Fund	9.2	9.1	9.9	9.9	9.9	9.9
OPEB Benefit Payments [(2)]	2.5	2.9	3.0	3.4	3.6	3.9

[1] Pension and OPEB cash amounts include amounts allocated to Corporate Support Functions.
[2] Supplementary pension plans cash amounts are included with OPEB cash amounts.
[3] Includes amounts totalling $2M, related to the Nuclear Waste Management Organization consolidated into OPG's financial statements effective January 1, 2009.

3

CCC Interrogatory #030

Ref: Ex. F4-T3-S1, page 2

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Please indicate how many, of the total employee headcounts set out in Chart 1 earn over $100,000 on an annual basis.

Response

Below is a chart indicating how many of the employees listed in Chart 1 on page 2 of Ex. F4-T3-S1 are also part of the Public Sector Salary Disclosure Act ("PSSDA") filing for 2009. The PSSDA requires OPG to list those employees whose T4 earnings reached or exceeded $100,000 in any given year.

2009 PSSDA Staff Numbers by Representation - Regulated Business - Year End 2009

	# of Employees [1]				
	Nuclear [2]		Regulated Hydro [2]		
Representation	Regular	Non-Regular [3]	Regular	Non-Regular [3]	Totals
Management Group	751	3	47	0	802
Power Workers Union	2794	66	138	0	2997
Society of Energy Professionals	2275	12	80	1	2368
Totals	5820	81	265	1	6167

[1] Based on 2009 year end payroll data for active PSSDA employees with a base salary payment in their home base positions

[2] Includes 2009 allocation (61% to Nuclear and 5.2% to Hydro) of corporate support functions staff to both regulated business areas as well as allocation (29.5%) of Hydrolectric Central Support staff to the Regulated Hydro business.

[3] Non-Regular includes External Service Contractors assigned to appropriate representations

CCC Interrogatory #031

Ref: Ex. F4-T3-S1, page 2

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Please provide Charts in the same format as Chart 1 for the years 2007 and 2008 (Headcount)

Response

Below are the Charts for 2007 and 2008.

2007 Staff Numbers by Representation - Regulated Business - Year End 2007

	# of Employees [1]				
	Nuclear [2]		Regulated Hydro [2]		
Representation	Regular	Non-Regular [3]	Regular	Non-Regular [3]	Totals
Management Group	879	16	55	1	951
Power Workers Union	4936	613	260	10	5819
Society of Energy Professionals	2864	28	98	1	2991
Totals	8679	656	413	12	9760

1 Based on 2007 year end payroll data for active employees with a base salary payment in their home base

2 Includes allocation (61.2% to Nuclear and 5.6% to Hydro) of corporate support functions staff to both regulated business areas as well as allocation (23.2%) of Hydrolectric Central Support staff to the Regulated Hydro business.

3 Non-Regular includes External Service Contractors assigned to appropriate representations.

2008 Staff Numbers by Representation - Regulated Business - Year End 2008

	# of Employees [1]				
	Nuclear [2]		Regulated Hydro [2]		
Representation	Regular	Non-Regular [3]	Regular	Non-Regular [3]	Totals
Management Group	927	16	65	1	1008
Power Workers Union	5051	655	279	12	5997
Society of Energy Professionals	2929	44	118	2	3093
Totals	8907	714	462	15	10098

[1] Based on 2008 year end payroll data for active employees with a base salary payment in their home base positions

[2] Includes allocation (61.0% to Nuclear and 6.7% to Hydro) of corporate support functions staff to both regulated business areas as well as allocation (30%) of Hydrolectric Central Support staff to the Regulated Hydro business.

[3] Non-Regular includes External Service Contractors assigned to appropriate representations

Energy Probe Interrogatory #004

Ref: Ex. F1-T1-S1, Attachment 1 - Regulated Hydroelectric 2010 - 2014 Business Plan

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Page 18 of the business plan refers to "Strategic Complement" – Strategy of "over hiring" to account for unexpected attrition, high turnover, and long lead times required to hire staff.

a) Please describe the "over hiring" strategy in more detail.

b) How many extra staff have been hired using this strategy? How many are attributed to the prescribed Hydro Electric facilities?

c) Please describe any incidents of "unexpected attrition" and "high turnover" that OPG has experienced in the recent past.

d) What are the reasons for "long lead times to hire staff"?

Response

a) "Strategic over hiring", or pre-hiring, refers to hiring more staff than vacant positions available in anticipation of attrition. Pre-hiring has been used at R.H. Saunders Generating Station in order to accommodate the necessary time for new hires to acquire the training and experience to replace retiring employees. The Niagara Plant Group does not hire for positions that are not vacant. However, the Niagara Plant Group does have a succession plan to deal with demographic concerns that is part of its approved business plan. The succession plan is discussed in Board staff interrogatory L-01-041.

b) Currently two staff have been pre-hired for the R.H. Saunders Generating Station.

c) The Niagara Plant Group is currently experiencing high rates of attrition. The majority of the attrition is related to retirements. Due to attrition, the Niagara Pump Generating Station lost 17 regular staff in 2008, 22 regular staff in 2009, and 19 regular staff through mid-year 2010. This represents an annual loss of approximately 7 - 10 per cent of the total regular staff complement. R.H. Saunders Generating Station has not experienced unusual rates of attrition recently.

d) The hiring process for a vacant position can be lengthy. When hiring for vacancies the Hydroelectric plant groups are required to abide by collective agreements and OPG's hiring policies and procedures. The hiring process typically takes between three to six months, but can occasionally take longer, depending on whether an internal posting is successful or external recruitment is required. The process includes: approval, posting, screening, interview, testing, selection, security clearance (for external hires), offer, acceptance and the relocation process. Release times between OPG work locations can be considerable, up to six months. Security clearance lead times range from two weeks to six months.

PWU Interrogatory #021

Ref: (a) Ex. F4-T3-S1, page 8, lines 16-18 states:

> As a result of collective bargaining, the general wage increases for the PWU have been between 2 per cent and 3 per cent for the past number of years, and this trend continues for the years 2008-2012.

(b): Ex. F4-T3-S1, page 9, lines 7-9 states:

> As a result of a collective bargaining, the general wage increases for the Society have been between 2 per cent and 3 per cent for the past number of years, and this trend continues through 2010, the end of the current contract for the Society.

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

a) Has OPG compared the wage escalations contained in its current collective agreements to data regarding the escalations contained in other Ontario and collective agreements (e.g. major public sector settlements, all public sector settlements, and the Transportation, Communication and Utilities sector) entered into at or about the same time as compiled by, for example, the Ministry of Labour or Statistics Canada?

b) if the response to a) is yes, please provide the results of such comparisons.

Response

a) In preparation for collective bargaining, OPG gathers wage settlement information for Ontario Hydro successor companies. In addition, OPG monitors Ontario wage settlements for the broader public sector as provided by the Ministry of Labour.

b) The information for the Ontario Hydro successor companies is found on Charts 5 and 6 on page 9 of the pre-filed evidence.

Attachment 1 contains the external data collected on Ontario wage escalations.

Collective Bargaining Highlights
December 2009

Ontario

At A Glance

Average Annual Wage Increase

	Nov %	Dec %
Private Sector	0.9	1.8
Public Sector	2.6	2.4
All Settlements	**1.5**	**2.0**

In This Issue

For further information, contact:
Collective Bargaining Information Services
400 University Avenue, 8th Floor
Toronto ON M7A 1T7
Telephone: 416-326-1260
Facsimile: 416-326-1277
E-mail: cbis@ontario.ca

Agreements Settled in December

In December, 18 collective agreements were ratified, each covering 200 or more employees. These agreements covered 9,798 employees, 73% of whom were in the private sector. By industry, the majority of employees were in communications.

The overall average annual increase in base wage rates in December was 2%, an increase from 1.5% reported in the previous month. In the public sector, eight agreements were settled for an average annual wage increase of 2.4%, a slight decrease from 2.6% in the last month. In the private sector, 10 agreements were settled, providing an average annual wage increase of 1.8%, compared to 0.9% in November.

Major settlements in December included an agreement between Bell Canada and the Communications, Energy and Paperworkers Union of Canada (CEP). The four-year settlement, covering 4,190 Ontario-based employees, provided an average annual wage increase of 1.9%. Serco Des Inc (Drivetest) reached a settlement with the United Steelworkers, representing 560 employees. The 48-month agreement provides an average annual wage increase of 1.5%. The London Transit Commission and the Amalgamated Transit Union reached a 45-month agreement, providing 410 employees with an average annual wage increase of 3.2%.

Wage Settlements - December

Average Annual Increase, Current Month

	Agmts	Empls	Increase %
Private Sector	10	7,136	1.8
Public Sector	8	2,662	2.4
All Settlements	**18**	**9,798**	**2.0**

Average Annual Increase, Current Three Years

	2009 %	2008 %	2007 %
Private Sector	1.3	2.0	2.9
Public Sector	2.4	3.1	3.1
All Settlements	**2.1**	**2.7**	**3.0**

Average Annual Increase by Industry, Current Month

	Agmts	Empls	Increase %
Manufacturing	4	1,312	1.1
Trade & Finance	1	217	2.0
Transportation, Communications & Utilities	4	5,173	2.1
Public Administration	3	1,154	2.1
Health & Social Services	4	1,098	2.4
Other Services	2	844	1.7
All Settlements	**18**	**9,798**	**2.0**

Average Annual Increase by Industry, Current Three Years

	2009 %	2008 %	2007 %
Primary	3.4	4.1	2.7
Manufacturing	0.7	1.2	2.4
Construction	2.5	3.4	3.2
Trade & Finance	1.6	2.1	1.9
Transportation, Communications & Utilities	1.8	2.9	3.2
Public Administration	2.0	3.1	2.9
Education & Related Services	3.0	3.1	3.4
Health & Social Services	2.4	3.0	3.0
Other Services	2.2	2.6	3.0
All Settlements	**2.1**	**2.7**	**3.0**

December Settlements

Employer	Union	Average Annual Wage Incr. %	1st 12 months %	Approx. Number of Empls. (Ontario)	Duration of Wage Schedule (months)	Agmt. Expiry Date
Manufacturing						
Autoliv Electronics Canada	Machinists	1.7[2]	0.0	242	36	2013-01-11
Horizon Plastics	Food & Commercial Workers	0.5	0.0	225	48	2013-11-01
Maple Leaf Foods	Food & Commercial Workers	1.5	0.0	220	48	2013-08-31
Molson Coors Canada	Brewery & General Workers	1.0[1,2]	1.0	625	84	2016-12-31
Trade & Finance						
HDS Retail North America (Pearson Intl Airport)	Teamsters	2.0	2.1	217	36	2012-10-31
Transportation, Communications & Utilities						
Bell Canada (clerical/associated)	Communications Energy Paperworkers	1.9	1.5	4,190	48	2013-05-31
Independent Electricity System Operator	Energy Prof Society	2.7	2.6	310	36	2012-12-31
Jazz Air LP (Air Canada Jazz) (customer service)	Cdn Auto Workers	1.7[1]	2.0	263	42	2013-01-13
London Transit Commission	Amalgamated Transit (ATU-Intl)	3.2	3.0	410	45	2013-03-31
Public Administration						
City of Peterborough (inside)	Cdn Public Empls	2.1	2.0	221	36	2012-12-31
Treasury Board of Canada (Foreign Service)	Foreign Service Officers	1.7	2.3	643	48	2011-06-30
City of Windsor (Firefighters)	Ont Firefighters	3.2[3]	3.2	290	48	2009-12-31
Health & Social Services						
Municipality of Chatham-Kent (Riverview Gardens)(service/RPN)	Cdn Auto Workers	2.0	2.0	335	36	2011-12-31
Hotel-Dieu Grace Hospital (office)	Cdn Auto Workers	2.0	2.0	212	36	2012-03-31
Hotel-Dieu Grace Hospital (service)	Cdn Auto Workers	2.0	2.0	248	36	2012-03-31
Rygiel Supports for Community Living	Cdn Public Empls	3.4	3.8	303	24	2011-03-31
Other Services						
Ontario Public Service Employees Union	Ont Public Service Staff	2.2	2.0	284	36	2012-06-30
Serco Des Inc (Drivetest)	United Steelworkers (USW)	1.5	1.0	560	48	2013-03-01

1 Wage restructuring
2 Two-tier wage schedule
3 Interim Arbitration Award

Selected Settlement Summaries

(Based on available information)

Bell Canada and Communications, Energy and Paperworkers Union of Canada (4,190 Ontario-based clerical and associated employees)

a four-year renewal agreement, effective June 1, 2009, expiring May 31, 2013

- wage increases of 1.5% on November 1, 2009, and 2.1% in each of the second, third and fourth years for eligible employees
- modifications to various leaves
- improvements to job security provisions
- letters of intent regarding job evaluation, reclassification, and wage protection
- creation of a joint committee to provide recommendations regarding post retirement benefits and flex dollars
- introduction of the CEP Humanity Fund via the Employee giving fund

Molson Coors Canada and Canadian Union of Brewery and General Workers, Local 325 (625 employees)

a seven-year renewal agreement, effective January 1, 2010, expiring December 31, 2016

- wage increases of 1% in each year; wage restructuring and implementation of a graduated wage progression scale for specific classifications effective January 1, 2010
- modifications to provisions related to regular hours of employment, overtime, and joint and survivor pension plan
- improvements to health and welfare benefits
- increased meal allowance
- letters of agreement and intent regarding World Class Manufacturing (WCM), retirement incentives, leaves of absence, and compressed work week

Fourth Quarter 2009 Summary

During the fourth quarter of 2009, 93 collective agreements were ratified, each covering 200 or more Ontario-based employees. These agreements covered 71,337 employees, 57% of whom were in the public sector. By industry, the majority of employees affected were in health and social services (25,605), followed by retail trade (11,632), education and related services (6,375), and communications (5,548).

Wage Trends - Last Three Years
Average Annual Increase in Base Wage Rates and Consumer Price Index

	2007				2008				2009			
Sector and CPI	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Private Sector	2.6	3.0	3.3	1.9	2.0	1.7	2.5	2.6	2.0	1.2	1.2	1.2
Public Sector	3.0	3.2	3.4	2.9	3.1	3.0	3.0	3.1	2.4	2.6	2.2	2.3
All Settlements	2.9	3.0	3.4	2.7	2.9	2.0	2.9	3.0	2.4	2.2	1.9	1.8
Consumer Price Index	1.3	1.8	2.0	2.3	1.5	1.9	3.6	2.0	1.6	0.3	-1.1	0.8

Wage Adjustments

Fourth quarter settlements provided an overall average annual wage increase of 1.8%, a slight decrease from 1.9% in the previous quarter. In the public sector, the average annual wage increase was 2.3%, a slight increase from 2.2% in the third quarter. The private sector remained unchanged from the third quarter at 1.2%. During the fourth quarter of 2009, average annual wage increases were affected by settlements in health and social services (2.2%), retail trade (1.4%), education and related services (2.8%), and communications (1.9%).

In the fourth quarter of 2009, approximately 40% of all employees received average annual wage increases ranging from 2% to 2.9%, compared to 38% who received average annual wage increases ranging from 1% to 1.9%. In the public sector, 64% of employees were covered by agreements with average annual wage increases ranging from 2% to 2.9%, compared to 9% of private sector employees. The majority of private sector employees (59%) received average annual wage increases ranging from 1% to 1.9%.

Of the total number of employees, 39% were covered by four-year agreements. Approximately 52% of public sector employees and 22% of private sector employees were covered by four-year agreements, compared to 22% of public sector employees and 17% of private sector employees covered by three-year agreements. Approximately 36% of private sector employees, and 22% of public sector employees were covered by 24-month agreements. In manufacturing, 61% of employees were covered by one-year agreements, compared to less than 1% of non-manufacturing employees. Approximately 44% of non-manufacturing employees and 14% of manufacturing employees were covered by four-year agreements.

Table 1: Average Annual Increases in Base Wage Rates by Sector (public and private), Fourth Quarter 2008 to Fourth Quarter 2009

	All Agreements			Agreements with COLA			Agreements without COLA		
	Agmts	*Empls*	*%*	*Agmts*	*Empls*	*%*	*Agmts*	*Empls*	*%*
Fourth Quarter 2008									
Private Sector	21	27,545	2.6	8	3,088	1.8	13	24,457	2.8
Public Sector	191	160,413	3.1	1	918	2.6	190	159,495	3.1
All agreements	212	187,958	3.0	9	4,006	2.0	203	183,952	3.0
First Quarter 2009									
Private Sector	21	8,234	2.0	1	275	2.0	20	7,959	2.0
Public Sector	83	154,641	2.4	2	1,265	3.0	81	153,376	2.4
All agreements	104	162,875	2.4	3	1,540	2.8	101	161,335	2.4
Second Quarter 2009									
Private Sector	43	55,780	1.2	8	22,735	0.4	35	33,045	1.9
Public Sector	94	134,124	2.6	2	7,705	3.0	92	126,419	2.5
All agreements	137	189,904	2.2	10	30,440	1.0	127	159,464	2.4
Third Quarter 2009									
Private Sector	28	25,783	1.2	7	6,442	1.0	21	19,341	1.2
Public Sector	35	62,278	2.2	-	-	-	35	62,278	2.2
All agreements	63	88,061	1.9	7	6,442	1.0	56	81,619	2.0
Fourth Quarter 2009									
Private Sector	24	30,666	1.2	3	7,926	0.1	21	22,740	1.6
Public Sector	69	40,671	2.3	1	1,358	1.9	68	39,313	2.3
All agreements	93	71,337	1.8	4	9,284	0.3	89	62,053	2.0

Table 2: Average Annual Increases in Base Wage Rates by Sector (manufacturing and non-manufacturing), Fourth Quarter 2008 to Fourth Quarter 2009

	All Agreements			Agreements with COLA			Agreements without COLA		
	Agmts	*Empls*	*%*	*Agmts*	*Empls*	*%*	*Agmts*	*Empls*	*%*
Fourth Quarter 2008									
Manufacturing	12	3,985	1.1	6	2,031	1.2	6	1,954	1.0
Non-Manufacturing	199	173,973	3.0	3	1,975	2.8	196	171,998	3.1
Construction	1	10,000	3.4	-	-	-	1	10,000	3.4
All agreements	212	187,958	3.0	9	4,006	2.0	203	183,952	3.0
First Quarter 2009									
Manufacturing	13	4,024	1.7	1	275	2.0	12	3,749	1.7
Non-Manufacturing	91	158,851	2.4	2	1,265	3.0	89	157,586	2.4
All agreements	104	162,875	2.4	3	1,540	2.8	101	161,335	2.4
Second Quarter 2009									
Manufacturing	24	30,626	0.6	7	22,535	0.3	17	8,091	1.4
Non-Manufacturing	112	158,636	2.5	3	7,905	3.0	109	150,731	2.5
Construction	1	642	2.5	-	-	-	1	642	2.5
All agreements	137	189,904	2.2	10	30,440	1.0	127	159,464	2.4
Third Quarter 2009									
Manufacturing	11	5,611	0.5	6	4,086	-0.2	5	1,525	2.3
Non-Manufacturing	52	82,450	2.0	1	2,356	3.0	51	80,094	2.0
All agreements	63	88,061	1.9	7	6,442	1.0	56	81,619	2.0
Fourth Quarter 2009									
Manufacturing	13	11,827	0.5	2	7,276	0.0	11	4,551	1.3
Non-Manufacturing	80	59,510	2.1	2	2,008	1.6	78	57,502	2.1
All agreements	93	71,337	1.8	4	9,284	0.3	89	62,053	2.0

Table 3: Average Annual Increases in Base Wage Rates, Manufacturing, Fourth Quarter 2009

	All agreements			Agreements with COLA			Agreements without COLA		
	Agmts	*Empls*	*%*	*Agmts*	*Empls*	*%*	*Agmts*	*Empls*	*%*
Food, Beverage	5	2 732	1.1	-	-	-	5	2,732	1.1
Rubber, Plastics	2	432	0.3	-	-	-	2	432	0.3
Transportation Equipment	4	7,802	0.1	2	7,276	0.0	2	526	1.7
Electrical Products	1	242	1.7	-	-	-	1	242	1.7
Chemicals	1	619	2.7	-	-	-	1	619	2.7
Total Manufacturing	**13**	**11,827**	**0.5**	**2**	**7,276**	**0.0**	**11**	**4,551**	**1.3**

Table 4: Average Annual Increases in Base Wage Rates, Non-Manufacturing, Fourth Quarter 2009

	All agreements			Agreements with COLA			Agreements without COLA		
	Agmts	*Empls*	*%*	*Agmts*	*Empls*	*%*	*Agmts*	*Empls*	*%*
Transportation	5	3,897	2.4	1	650	1.0	4	3,247	2.7
Communications	2	5,548	1.9	1	1,358	1.9	1	4,190	1.9
Electric, Gas, Water	1	310	2.7	-	-	-	1	310	2.7
Retail Trade	4	11,632	1.4	-	-	-	4	11,632	1.4
Education & Related Services	3	6,375	2.8	-	-	-	3	6,375	2.8
Health & Social Services	57	25,605	2.2	-	-	-	57	25,605	2.2
Recreational Services	1	950	2.0	-	-	-	1	950	2.0
Other Services	2	844	1.7	-	-	-	2	844	1.7
Federal Government	2	3,443	1.7	-	-	-	2	3,443	1.7
Local Government	3	906	2.9	-	-	-	3	906	2.9
Total Non-Manufacturing	**80**	**59,510**	**2.1**	**2**	**2,008**	**1.6**	**78**	**57,502**	**2.1**

Table 5: Average Annual Increases in Base Wage Rates, All Industries, Fourth Quarter 2009

	All agreements			Agreements with COLA			Agreements without COLA		
Manufacturing	13	11,827	0.5	2	7,276	0.0	11	4,551	1.3
Non-manufacturing	80	59,510	2.1	2	2,008	1.6	78	57,502	2.1
All Industries	93	71,337	1.8	4	9,284	0.3	89	62,053	2.0

Table 6: Average Annual Increases in Base Wage Rates by Duration and Sector, Fourth Quarter 2009

	All Agreements			Private Sector			Public Sector		
	Agmts	*Empls*	*%*	*Agmts*	*Empls*	*%*	*Agmts*	*Empls*	*%*
One-year agreements	3	7,607	0.3	2	7,207	0.0	1	400	5.8
Two-year agreements	19	19,768	2.1	2	10,950	1.4	17	8,818	2.8
Three-year agreements	23	14,264	2.1	10	5,163	1.4	13	9,101	2.4
Four-year agreements	46	27,715	2.0	9	6,721	1.8	37	20,994	2.0
Five-year agreements	1	1,358	1.9	-	-	-	1	1,358	1.9
Seven-year agreements	1	625	1.0	1	625	1.0	-	-	-
All Agreements	**93**	**71,337**	**1.8**	**24**	**30,666**	**1.2**	**69**	**40,671**	**2.3**

Table 7: Average Annual Increases in Base Wage Rates by Duration (Manufacturing and Non-Manufacturing), Fourth Quarter 2009

	Manufacturing			Non-manufacturing			Construction		
	Agmts	*Empls*	*%*	*Agmts*	*Empls*	*%*	*Agmts*	*Empls*	*%*
One-year agreements	2	7,207	0.0	1	400	5.8	-	-	-
Two-year agreements	-	-	-	19	19,768	2.1	-	-	-
Three-year agreements	4	2,287	1.1	19	11,977	2.3	-	-	-
Four-year agreements	6	1,708	1.7	40	26,007	2.0	-	-	-
Five-year agreements	-	-	-	1	1,358	1.9	-	-	-
Seven-year agreements	1	625	1.0	-	-	-	-	-	-
All Agreements	**13**	**11,827**	**0.5**	**80**	**59,510**	**2.1**	-	-	-

Negotiations

On average, private sector agreements were ratified within 3.8 months from the start of negotiations, compared to 8.7 months in the public sector.

Of all settlements reached during the fourth quarter of 2009, 11 agreements involving 16% of employees were negotiated directly by the parties, compared to 58 agreements, covering 64% of employees, settled in conciliation or mediation. The arbitration process settled 18 agreements, and six agreements were settled following work stoppages.

In the public sector, approximately 66% of employees reached settlements through conciliation or mediation, and 2% settled by direct bargaining. In the private sector, 62% of employees reached agreements through conciliation or mediation, compared to 33% who settled by direct bargaining.

Upcoming Bargaining

Major negotiations continuing into the first quarter of 2010 involve the federal government, municipalities, police services boards, hospitals, nursing homes and homes for the aged, universities and the College Compensation and Appointments Council (academic staff).

Major agreements expiring during the first quarter of 2010 will include hospitals, nursing homes and homes for the aged, community services, and the municipal sector.

Table 8: Duration of Negotiations, Fourth Quarter 2009

	Total		**Private Sector**		**Public Sector**	
	Agmts	*Empls*	*Agmts*	*Empls*	*Agmts*	*Empls*
1 – 3 months	15	22,532	13	22,091	2	441
4 – 6 months	15	11,411	8	3,562	7	7,849
7 – 9 months	56	29,219	3	5,013	53	24,206
10 – 12 months	2	1,693	-	-	2	1,693
13 months and over	5	6,482	-	-	5	6,482
Total	**93**	**71,337**	24	30,666	**69**	**40,671**

Table 9: Average Duration of Negotiations by Sector, Fourth Quarter 2009

	Average Duration of Negotiations
	months
Private sector	3.8
Public sector	8.7
Total	7.4

Table 10: Stage of Settlement by Sector, Fourth Quarter 2009

	Total		Private Sector		Public Sector	
	Agmts	*Empls*	*Agmts*	*Empls*	*Agmts*	*Empls*
Direct bargaining	11	11,211	8	10,214	3	997
Conciliation	11	8,137	5	5,614	6	2,523
Post-conciliation bargaining	3	1,103	-	-	3	1,103
Mediation	43	33,743	7	13,422	36	20,321
Post-mediation bargaining	1	2,800	-	-	1	2,800
Arbitration	18	7,298	1	310	17	6,988
Work stoppage	6	7,045	3	1,106	3	5,939
Total	**93**	**71,337**	**24**	**30,666**	**69**	**40,671**

Work Stoppages

During 2009, 64 work stoppages under Ontario jurisdiction were reported; the number of reported work stoppages in 2009 remained unchanged from 2008. Work stoppages in 2009 involved 42,573 employees and resulted in 1,550,730 person-days lost, compared to 19,118 employees and 281,770 person-days lost reported for 2008.

For 2009, 25 work stoppages were reported in the manufacturing sector, unchanged from 2008. The non-manufacturing sector reported 39 work stoppages during 2009, a slight increase from 38 in 2008. During 2009, 0.11% of the estimated working time in Ontario was lost due to work stoppages.

Table 11: Work Stoppages, 2008 and 2009

	2009	2008
Manufacturing	25	25
Non-manufacturing	39	38
Construction	-	1
All Industries	**64**	**64**

Table 12: Person-Days Lost, 2008 and 2009

	2009	2008
Manufacturing	317,270	122,280
Non-manufacturing	1,233,460	159,460
Construction	-	30
All Industries	**1,550,730**	**281,770**

As of December 31, 2009, 20 work stoppages, covering a total of 5,566 employees, were carried over to January 2010.
(Data are collected for all work stoppages involving two or more employees under Ontario jurisdiction.)

Table 13: Work Stoppages under Ontario Jurisdiction, 1988 to 2009

Year	Number of Work Stoppages	Number of Employees Involved	Number of Employees Per Work Stoppage	Number of Person-Days Lost	Number of Person-Days Lost Per Employee Involved	Average Duration of Work Stoppages (Days Out)	Person-Days Lost as % of Estimated Working Time
1988	180	62,082	345	1,362,150	21.9	35	0.12
1989	190	45,679	240	868,630	19.0	35	0.08
1990	218	81,022	372	2,957,640	36.5	43	0.26
1991	153	25,448	166	453,520	17.8	43	0.04
1992	121	38,160	315	577,710	15.1	39	0.05
1993	81	15,620	193	371,150	23.8	42	0.03
1994	130	25,456	196	488,320	19.2	34	0.05
1995	136	57,318	421	476,960	8.3	39	0.04
1996	135	216,917	1,607	1,914,900	8.8	39	0.16
1997	113	176,029	1,558	1,904,210	10.8	50	0.16
1998	156	69,411	445	1,060,990	15.3	38	0.09
1999	143	44,980	315	651,100	14.5	39	0.05
2000	146	55,267	379	649,730	11.8	39	0.05
2001	144	34,652	241	671,990	19.4	35	0.05
2002	117	66,572	569	1,510,580	22.7	40	0.11
2003	94	23,807	253	494,880	20.8	38	0.04
2004	99	20,952	212	486,840	23.2	37	0.03
2005	76	12,239	161	403,210	32.9	45	0.03
2006	70	30,240	432	394,600	13.0	48	0.03
2007	75	25,257	337	389,130	15.4	39	0.03
2008	64	19,118	299	281,770	14.7	48	0.02
2009*	64	42,573	665	1,550,730	36.4	72	0.11

* preliminary

Major Negotiations Underway

Employer	Union	Location	Approx. Number Empls.	Expiry Date
Federal Government	Various unions	Canada-wide	2,800	Various dates
Various Municipalities (excluding Police Services Boards)	Various unions	Various locations	18,700	Various dates
Police Services Boards	Police Associations	Various locations	10,200	Various dates
Hospitals	Various unions	Various locations	48,300	Various dates
Nursing Homes/Homes for the Aged	Various unions	Various locations	37,400	Various dates
Universities	Various unions	Various locations	2,180	Various dates
Vale Inco	USW	Sudbury	3,000	2009-05-31
College Compensation and Appointments Council (academic staff)	OPSEU	Province-wide	8,750	2009-08-31
Pulp and Paper	Various unions	Various locations	6,200	Various dates

As of December 31, 2009, there were 208 agreements, each covering 200 or more employees, that have expired and not been renewed.

Consumer Price Index (2002=100)*

	2006	2007	2008	2009	October 2009	November 2009	December 2009
Canada	2.0	2.1	2.4	0.3	0.1	1.0	1.3
Ontario	**1.8**	**1.8**	**2.3**	**0.4**	**0.2**	**1.0**	**1.2**
Toronto	1.6	1.9	2.4	0.5	0.3	0.8	0.8
Ottawa-Gatineau (Ont. part)	1.7	1.9	2.2	0.6	0.4	1.1	1.2
Thunder Bay	1.5	1.0	2.2	0.1	-0.6	0.1	0.3

* Percentage change from previous year
Source: Statistics Canada

Data for the months of March, June, September and December include quarterly information.

Information in this report is based on collective agreements covering 200 or more employees, a sample that represents 76% of unionized employees in Ontario. Wage data in this report are derived exclusively from information reported to Collective Bargaining Information Services. Data for the current month are preliminary. All percentage wage data are calculated on the base rate, weighted by the number of employees, and include cost-of-living adjustments (COLA) where applicable, calculated at projected rates of inflation. The increases do not necessarily reflect the average increase for each member of the bargaining unit.

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PWU Interrogatory #022

Ref: Ex. F4-T3-S1, page 5, line 29 to page 6, line 5 states:

> Pursuant to the Ontario Labour Relations Act, OPG was required, as a successor employer to Ontario Hydro, to adopt collective agreements covering the employees transferred to OPG from Ontario Hydro on April 1, 1999. For the majority of employees within OPG that are unionized, items such as wages, pensions, and benefits can only be changed through the collective bargaining process. In this environment, it is necessary to balance the business requirements and long-term company interests related to maintaining a positive relationship with its unions, while recognizing that the unions, in most cases, have the right to strike. Since OPG was created, new collective agreements have been negotiated by OPG with both the PWU and the Society.

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

a) Please confirm that OPG's Collective Agreements with the PWU and the Society are binding legal contracts.

b) Please describe the processes and steps involved in collective bargaining with unions and all the relevant context considerations (factors), internal or external to OPG and the unions that are applied to arrive at the final collective agreement.

c) If the levels of compensation in comparable firms is a factor in b), please comment on how the levels of compensation within OPG might be affected by levels of compensation in comparable firms.

Response

a) Yes. OPG's collective agreements with the PWU and the Society are legal contracts.

b) The Collective Bargaining process involves the following:

- Establish OPG's bargaining mandate. The mandate is established based on a number of factors: the financial position of the company, OPG's business objectives, general economic conditions, internal and external wage relativities, costs of benefits, etc. The mandate provides the strategic objectives for bargaining and the cost envelope.

- Develop the detailed bargaining agenda. The bargaining agenda provides all of OPG's items that it wishes to pursue in bargaining, consistent with the bargaining mandate. The union also prepares an agenda. These agendas are exchanged at the opening of negotiations.

- Negotiations. Based on the bargaining agenda of each party, the parties work towards a collective agreement to meet their interests. The parties strive to find mutual interests and areas to trade off in order to ensure the best possible agreement. Once an agreement is reached, it must be ratified (voted on and accepted) by the union membership. In the event that an agreement cannot be reached, either party could engage the services of a Ministry of Labour conciliator. A continued impasse could lead to a strike (by the union) or a lock-out (by management). In the case of the Society of Energy Professionals, there is a "no strike/no lock-out" clause in the collective agreement. In the event of an impasse, the parties are driven to a binding mediation/arbitration process where an arbitrator will ultimately award the terms of the new agreement.

  Internal and external factors that influence the final collective agreement include:
  - general economic conditions
  - internal and external wage comparisons
  - the economic position of the company
  - the relationship between the union and the company
  - the interests, positions and philosophies of the two parties

c) In order to remain competitive, OPG monitors compensation levels in the industry for benchmarking purposes. This helps calibrate expectations and allows OPG to contain wage increases while continuing to attract highly skilled staff.

In the case where mediation/arbitration is applied (as with the Society of Energy Professionals), an arbitrator will consider the following with regards to monetary issues:

- a balanced assessment of internal relativities, external relativities and general economic conditions
- OPG's need to retain, motivate and recruit qualified staff
- the cost of changes and their impact on total compensation
- the financial soundness of OPG and its ability to pay

SEC Interrogatory #036

Ref: Ex. F4-T3-S1, page 31

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Please revise Chart 1 on page 31 to show OPG variance from the 50th percentile.

Response

Below is the comparison of the same occupations in the Chart 11 on page 31 to the 50th percentile of the market. As noted in the evidence, OPG believes that the 75th percentile is a more accurate market considering the high technical skills required by nuclear staff, who are under-represented in the market data. Even at the 50th percentile one-third of the occupations are at market.

Salary % Variance from the 50th Percentile	
Operation Technician - Senior	2%
Operating Technician - Entry	-3%
Senior Business Developer	2%
Project Financial Analyst - Senior	2%
Project Financial Analyst - Fully Qualified	1%
Engineer - Specialist or Group Leader	15%
Engineer - Fully Qualified	21%
Engineer - Developmental	22%
Engineer - Entry	20%
Technologist - Advanced Specialist or Supervisor	15%
Technologist - Fully Qualified	17%
Technologist - Developmental	16%
Technologist - Entry	25%
Senior Daily Trader/Power Trader	29%
Environment - Advanced Specialist or Supervisor	22%
Environment - Fully Qualified	35%
Industrial Nurse	-3%
Safety - Advanced Specialist or Supervisor	11%
Safety - Specialist or Group Leader	20%
Puchasing Supervisor	17%
Junior Buyer	23%
Fleet Manager	10%
Regulatory Analyst - Advanced Specialist or Supervisor	10%
Regulatory Analyst - Specialist or Group Leader	17%
Regulatory Analyst - Fully Qualified	5%
Warehouse Supervisor	30%
Maintenance Supervisor	21%
Maintenance Techician - Dual Trade	7%
Maintenance Planner	38%
Labourer	21%

SEC Interrogatory #037

Ref: Ex. F4-T3-S1

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

a) Please provide a list of the corporate attributes that were used by Mercer Consulting to choose the OPG Comparator group.

b) Were the prospective comparator groups discussed with OPG management. If so did OPG request any changes to the originally proposed comparator group. If so please provide the original comparator group proposed by Mercer.

c) Please explain the reasons for using a Comparator group composed of 50 per cent public companies.

d) Please explain why no U.S. nuclear operators were included in the study.

e) Please explain the 50% weighting for health sector employers and the absence of other larger public employers like Universities and Provincial and Federal Governments or agencies.

Response

a) The corporate attributes used were as per the recommendation from the Agency Review Panel as found in their 2007 report. The Agency Review Panel further suggested that the comparators be 50 per cent from the public sector and 50 per cent from the private and that the target market level should be the 50th percentile. The recommendation is as follows:

> Have careful regard for appropriate comparator organizations in the public and private sectors of similar size, scope and complexity. (p. 19)

b) The comparators used in the 2009 benchmarking study were provided to Mercer by OPG.

c) Following the Agency Review Panel's recommendation, 50 per cent public companies was used to structure the comparator group.

d) Only organizations in Ontario were used as comparators in keeping with the Agency Review Panel's recommendations.

e) There are few public sector organizations in Ontario that are large, unionized, require highly technical skills and operate on a 24/7/365 basis. Some organizations in the health care sector do meet these conditions.

VECC Interrogatory #021

Ref: Ex. F4-T3-S1, page 7, Chart 3

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

Please provide similar charts for the years 2010, 2011, and 2012.

Response

The requested tables are provided below.

2010 created from 2009 adjusted base using escalation of 4,4,3

2010		**PWU**		**Society**		**Management Group**	
		Regular	**Non-Regular[2]**	**Regular**	**Non-Regular[2]**	**Regular**	**Non-Regular[2]**
Nuclear	**Total Wages**	**109.1**	**63.1**	**122.6**	**80.5**	**161.6**	**92.0**
	Base Salary[1]	81.5	42.9	100.5	56.3	131.1	79.4
	Overtime	18.0	11.8	15.7	10.5	0.9	0.0
	Incentives	2.5	0.1	3.4	2.0	18.6	7.6
	Other	7.1	8.3	2.9	11.8	10.9	4.9
	Benefits[4]	4.7	0.0	5.7	0.0	7.3	0.0
	Pension/OPEB[5]	12.6	0.0	15.3	0.0	19.7	0.0
Regulated Hydro	**Total Wages[3]**	**98.4**	**40.8**	**104.9**	**71.9**	**156.9**	**0.0**
	Base Salary[1]	84.6	35.8	95.6	68.5	125.6	0.0
	Overtime	8.3	3.4	4.9	1.7	0.7	0.0
	Incentives	1.0	0.0	2.2	0.0	19.5	0.0
	Other	4.5	1.7	2.2	1.7	11.1	0.0
	Benefits[4]	4.0	0.0	4.6	0.0	6.3	0.0
	Pension/OPEB[5]	10.6	0.0	12.3	0.0	17.1	0.0
Corporate Support	**Total Wages**	**70.7**	**19.7**	**108.7**	**66.0**	**143.5**	**58.1**
	Base Salary[1]	65.6	18.3	101.5	61.2	119.2	57.3
	Overtime	2.1	0.7	2.3	2.0	0.0	0.0
	Incentives	1.1	0.0	2.5	0.0	18.4	0.0
	Other	1.9	0.6	2.5	2.8	5.9	0.8
	Benefits[4]	4.0	0.0	6.1	0.0	7.3	0.0
	Pension/OPEB[5]	10.7	0.0	16.5	0.0	19.7	0.0

1 Based on 2009 year end payroll data for employees in their home-base positions

2 Non-regular includes external service contractors assigned to appropriate representations.

3 Includes an allocation of 29.5 per cent of Hydroelectric Central Support staff to the regulated hydroelectic facilities.

4 Benefits includes group life Insurance, dental, health, maternity and the Employee Family Assistance Program.

5 Represents the current service cost component of total pension/OPEB costs. Current service cost is the only component of the pension/OPEB costs (Discussed in section 6.3.1 Ex. F4-T3-S1) that relates solely to current employees. Current service cost represented the costs of the Pension/OPEB benefit deemed to be accrued by current employees in the year.

2011 created from 2010 using escalation of 4,4,3

2011		PWU		Society		Management Group	
		Regular	Non-Regular[2]	Regular	Non-Regular[2]	Regular	Non-Regular[2]
Nuclear	**Total Wages**	**113.5**	**65.6**	**127.5**	**83.7**	**166.5**	**94.7**
	Base Salary[1]	84.8	44.6	104.6	58.5	135.1	81.8
	Overtime	18.7	12.3	16.4	10.9	1.0	0.0
	Incentives	2.6	0.1	3.6	2.1	19.2	7.9
	Other	7.4	8.7	3.0	12.2	11.2	5.1
	Benefits[4]	4.9	0.0	5.9	0.0	7.5	0.0
	Pension/OPEB[5]	13.1	0.0	15.9	0.0	20.3	0.0
Regulated Hydro	**Total Wages[3]**	**102.4**	**42.5**	**109.1**	**74.7**	**161.6**	**0.0**
	Base Salary[1]	88.0	37.2	99.5	71.2	129.3	0.0
	Overtime	8.6	3.5	5.1	1.8	0.7	0.0
	Incentives	1.1	0.0	2.3	0.0	20.1	0.0
	Other	4.7	1.7	2.3	1.7	11.5	0.0
	Benefits[4]	4.1	0.0	4.8	0.0	6.5	0.0
	Pension/OPEB[5]	11.0	0.0	12.8	0.0	17.6	0.0
Corporate Support	**Total Wages**	**73.5**	**20.4**	**113.1**	**68.6**	**147.8**	**59.8**
	Base Salary[1]	68.2	19.1	105.5	63.6	122.7	59.0
	Overtime	2.2	0.7	2.4	2.1	0.0	0.0
	Incentives	1.2	0.0	2.6	0.0	19.0	0.0
	Other	1.9	0.6	2.6	2.9	6.0	0.8
	Benefits[4]	4.1	0.0	6.4	0.0	7.5	0.0
	Pension/OPEB[5]	11.1	0.0	17.2	0.0	20.3	0.0

1 Based on 2009 year end payroll data for employees in their home-base positions

2 Non-regular includes external service contractors assigned to appropriate representations.

3 Includes an allocation of 29.5 per cent of Hydroelectric Central Support staff to the regulated hydroelectic facilities.

4 Benefits includes group life Insurance, dental, health, maternity and the Employee Family Assistance Program.

5 Represents the current service cost component of total pension/OPEB costs. Current service cost is the only component of the pension/OPEB costs (Discussed in section 6.3.1 Ex. F4-T3-S1) that relates solely to current employees. Current service cost represented the costs of the Pension/OPEB benefit deemed to be accrued by current employees in the year.

2012 created from 2011 using escalation of 4,4,3

2012		PWU		Society		Management Group	
		Regular	Non-Regular[2]	Regular	Non-Regular[2]	Regular	Non-Regular[2]
Nuclear	**Total Wages**	**118.0**	**68.3**	**132.6**	**87.1**	**171.4**	**97.6**
	Base Salary[1]	88.2	46.4	108.8	60.9	139.1	84.2
	Overtime	19.5	12.8	17.0	11.4	1.0	0.0
	Incentives	2.7	0.1	3.7	2.1	19.8	8.1
	Other	7.6	9.0	3.1	12.7	11.6	5.2
	Benefits[4]	5.1	0.0	6.2	0.0	7.8	0.0
	Pension/OPEB[5]	13.6	0.0	16.5	0.0	20.9	0.0
Regulated Hydro	**Total Wages[3]**	**106.5**	**44.2**	**113.5**	**77.7**	**166.4**	**0.0**
	Base Salary[1]	91.5	38.7	103.4	74.1	133.2	0.0
	Overtime	9.0	3.7	5.3	1.8	0.8	0.0
	Incentives	1.1	0.0	2.4	0.0	20.7	0.0
	Other	4.8	1.8	2.4	1.8	11.8	0.0
	Benefits[4]	4.3	0.0	4.9	0.0	6.7	0.0
	Pension/OPEB[5]	11.5	0.0	13.3	0.0	18.1	0.0
Corporate Support	**Total Wages**	**76.5**	**21.3**	**117.6**	**71.4**	**152.2**	**61.6**
	Base Salary[1]	70.9	19.8	109.7	66.2	126.4	60.8
	Overtime	2.3	0.8	2.5	2.2	0.0	0.0
	Incentives	1.2	0.0	2.7	0.0	19.6	0.0
	Other	2.0	0.7	2.7	3.0	6.2	0.9
	Benefits[4]	4.3	0.0	6.6	0.0	7.8	0.0
	Pension/OPEB[5]	11.6	0.0	17.9	0.0	20.9	0.0

1 Based on 2009 year end payroll data for employees in their home-base positions

2 Non-regular includes external service contractors assigned to appropriate representations.

3 Includes an allocation of 29.5 per cent of Hydroelectric Central Support staff to the regulated hydroelectic facilities.

4 Benefits includes group life Insurance, dental, health, maternity and the Employee Family Assistance Program.

5 Represents the current service cost component of total pension/OPEB costs. Current service cost is the only component of the pension/OPEB costs (Discussed in section 6.3.1 Ex. F4-T3-S1) that relates solely to current employees. Current service cost represented the costs of the Pension/OPEB benefit deemed to be accrued by current employees in the year.

VECC Interrogatory #022

Ref: Ex. F4-T3-S1, page 8, Chart 4

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

a) Please provide a similar chart for the year 2009.

b) Please confirm that the results in Chart 4 include all the consulting companies from which OPG gathers information on salary increases.

c) Please explain why no information from Towers Perrin appears on this chart.

d) Please indicate whether the actual salary increases in this chart refer to base pay, benefits, incentive pay, value of non-cash compensation, or total compensation.

e) Please indicate whether the category "All" includes management and non-management employees. If so, then please confirm that to the extent that management and executive increases exceed those for non-management and non-executive personnel, the increase reported for "All" will overstate the actual increases for non-management and non-executive personnel.

f) Please explain how Chart 4 shows that the increases for OPG management/executives were "in line with or below the external market" in 2008.

g) Please confirm that Chart 4 does not indicate that increases in 2009 and 2010 for the PWU, the Society, and the Management Group at OPG were at or below market.

h) Given that OPG has stated that its employees are highly skilled and require appropriate compensation in order to attract and retain them, please explain how OPG manages to attract and retain employees when the increase in compensation is "below market."

Response

a) The actual 2009 increases will not be available from our consultants until later this year.

b) Yes, these are all the reports that OPG received.

c) We did not receive information from Towers Perrin.

d) The chart refers to increases in actual base pay.

e) The “All” category refers to management and executive salaries only. It does not contain data on unionized employees.

f) In 2008 the salary budget for base pay increases for Management Group employees at OPG was 3.5 per cent. The market data ranged from 3.4 per cent to 3.9 per cent.

g) Chart 4 only refers to salary increases for non-unionized employees in 2008.

h) OPG has engaged, dedicated and skilled employees that are committed to the electricity generation industry. In addition to base pay, OPG offers incentive programs, and health and pension benefits which help to attract and retain employees. On a total compensation basis, most OPG Management Group employees are currently paid at the 50th percentile market level.

VECC Interrogatory #023

Ref: Ex. F4-T3-S1, page 10

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

The evidence states that “The results of the 2007 market review indicated that OPG’s Management Group base pay program had fallen significantly below market. The base pay program had not been adjusted since 2002.”

a) Did OPG experience any significant difficulties in attracting or retaining management personnel during the period 2002-2007? Please provide details.

b) The evidence goes on to state that “As a result, the salary ranges were adjusted to align with the external market. There were few changes to the individual salaries and the associated cost was approximately $50,000.”

   Please explain how this statement is consistent with the claim that “OPG’s Management Group base pay program had fallen significantly below market.”

Response

a) OPG was experiencing difficulty in certain Management Group occupations and was using a case-by-case approach to deal with attraction and retention issues.

b) OPG benchmarked and reviewed the Management Group salary structure in 2007 and found it lacking against the comparators. As a result, some changes were made to the structure. Structural changes do not translate into individual pay increases. Salary structure changes were designed to reduce the number of individual solutions required. Employee pay was adjusted only when necessary to ensure that all individual base rates were at least at the minimum range of the salary band.

VECC Interrogatory #024

Ref: Ex. F4-T3-S1, page 11, and Figure 1, Attachment 1

Issue Number: 6.8
Issue: Are the 2011 and 2012 human resource related costs (wages, salaries, benefits, incentive payments, FTEs and pension costs) appropriate?

Interrogatory

The evidence at page 11 states:

> "When reviewing management and executive compensation, OPG gathers information from a listing of 24 companies that represent Canadian industries in both the public and private sector. In 2008 and 2009, OPG compared its compensation and benefits program to the 50th percentile of this market. Overall, the compensation and benefits program and employees actual pay are competitive with the external market. Figure 1 in Attachment 1 presents OPG's current market position."

a) Please provide a chart similar to Figure 1 for the year 2008.

b) Please provide the information gathered by OPG for 2008 and 2009 that shows OPG's comparisons for 2008 and 2009 to the 50th percentile of the market re compensation and benefits program.

c) Please provide a list of the companies surveyed by OPG or Mercer for 2008 if it differs from the 2009 sample.

Response

a) See Attachment 1.

b) The charts provided for 2008 and 2009 compare OPG wages and benefits against the 50th percentile of the comparator market.

c)

2008 Comparator Group	
Private Sector	**Public Sector**
Air Canada	Atomic Energy of Canada Ltd
Atco Ltd	BC Hydro
Canadian Natural Resources	Canada Post
Canadian Pacific Railway Ltd	Canadian Broadcasting Corporation
Enbridge Inc	University Health Network
Husky Energy	
Nexen Inc.	
Talisman Energy	
TransAlta Corp	
TransCanada Corp.	

In addition this group of organizations, the following were included for band A-C analysis (1):

Private Sector	Public Sector (2)
Canadian National Rail	Hydro One
Nova Chemicals Corp	Sunnybrook Hospital
	The Hospital for Sick Children
	Trillium Health Network
	Mount Sinai

(1) Excluding SVP, Human Resources & Chief Ethics Officer

(2) Data is available from provincial public salary disclosure for the CEO and CFO positions only.

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Attachment 1

Market Compensation Analysis (cont'd)

Agency Review Panel Comparator Group Analysis

2008 Direct Compensation

Band	Data Source	Market Data Points (1) #Orgs	#Jobs	#Incs	Base Salary (2) Midpoint	Actual Average	Annual Incentive (3) (% of Base)	($ Value)	Total Cash Compensation (4)	Total Cash Compensation Position to Market	Long-Term Incentive (5) (% of Base)	($ Value)	Total Direct Compensation (6)	Total Direct Compensation Position to Market
A	OPG	---	1	1	$720,000	$860,000	100%	$860,000	$1,720,000	83%	---	---	$1,720,000	37%
	Market	**20**	**1**	**20**	**$921,500**		**126%**	**$1,161,090**	**$2,082,590**		**281%**	**$2,589,415**	**$4,672,005**	
B	OPG	---	2	2	$390,000	$525,000	45%	$236,250	$761,250	73%	---	---	$761,250	37%
	Market	**12**	**1**	**12**	**$561,000**		**85%**	**$476,850**	**$1,037,850**		**184%**	**$1,032,240**	**$2,070,090**	
C	OPG	---	4	4	$330,000	$425,000	45%	$191,250	$616,250	90%	---	---	$616,250	48%
	Market	**12**	**3**	**41**	**$395,488**		**74%**	**$290,683**	**$686,171**		**153%**	**$606,579**	**$1,292,750**	
D	OPG	---	4	4	$260,000	$313,350	25%	$78,338	$391,688	94%	---	---	$391,688	48%
	Market	**8**	**2**	**20**	**$309,830**		**35%**	**$108,440**	**$418,270**		**130%**	**$403,592**	**$821,862**	
E	OPG	---	7	9	$200,000	$206,556	25%	$51,639	$258,194	98%	---	---	$258,194	68%
	Market	**6**	**5**	**156**	**$204,151**		**29%**	**$60,111**	**$264,262**		**56%**	**$113,644**	**$377,906**	
F	OPG	---	15	26	$150,000	$166,304	20%	$33,261	$199,565	100%	---	---	$199,565	80%
	Market	**7**	**7**	**463**	**$163,852**		**22%**	**$35,701**	**$199,553**		**30%**	**$49,206**	**$248,759**	
G	OPG	---	56	133	$130,000	$133,853	15%	$20,078	$153,931	90%	---	---	$153,931	76%
	Market	**9**	**8**	**717**	**$144,647**		**18%**	**$26,147**	**$170,794**		**21%**	**$30,435**	**$201,229**	
H	OPG	---	59	273	$110,000	$116,883	15%	$17,532	$134,415	94%	---	---	$134,415	83%
	Market	**9**	**11**	**932**	**$125,890**		**13%**	**$16,974**	**$142,863**		**15%**	**$18,519**	**$161,382**	
I	OPG	---	6	31	$85,000	$83,351	10%	$8,335	$91,686	83%	---	---	$91,686	74%
	Market	**8**	**4**	**382**	**$99,609**		**11%**	**$10,716**	**$110,325**		**13%**	**$13,128**	**$123,453**	
J	OPG	---	4	16	$70,000	$66,022	8%	$5,282	$71,304	89%	---	---	$71,304	80%
	Market	**14**	**1**	**62**	**$73,109**		**10%**	**$7,311**	**$80,419**		**12%**	**$9,065**	**$89,485**	
K	OPG	---	6	94	$55,000	$60,592	8%	$4,847	$65,440	92%	---	---	$65,440	86%
	Market	**16**	**2**	**356**	**$65,077**		**9%**	**$6,023**	**$71,100**		**8%**	**$5,089**	**$76,190**	
L	OPG	---	7	75	$50,000	$49,654	8%	$3,972	$53,627	92%	---	---	$53,627	92%
	Market	**7**	**2**	**317**	**$54,459**		**7%**	**$3,809**	**$58,268**		**0%**	**$0**	**$58,268**	

2008 Non-Cash Compensation / **2008 Total**

Band	Data Source	Perquisites (7) Car Allowance	Club Membership	Financial Counseling	Annual Medical	Benefits Pre '01 (8)	PowerFlex Credits (9)	Pension (10)	Total Non-Cash Compensation (11)	Total Non-Cash Compensation Position to Market	Total Remuneration (11)	Total Remuneration Position to Market
A	OPG	$24,000	---	---	---	$33,213	$53,600	$349,823	$460,636	124%	$2,180,636	43%
	Market	**$24,000**	**$7,000**	**$4,000**	**$1,200**	**$27,726**	**---**	**$308,923**	**$372,850**		**$5,044,855**	
B	OPG	$30,000	---	---	---	$19,690	$44,204	$127,441	$221,335	110%	$982,585	43%
	Market	**$18,000**	**$3,500**	**$3,500**	**$1,200**	**$19,166**	**---**	**$156,736**	**$202,102**		**$2,272,192**	
C	OPG	$30,000	---	---	---	$17,232	$28,783	$105,240	$181,255	136%	$797,505	56%
	Market	**$12,000**	**$3,500**	**$3,500**	**$1,200**	**$14,705**	**---**	**$98,744**	**$133,648**		**$1,426,398**	
D	OPG	$20,000	---	---	---	$14,363	$33,511	$68,015	$135,889	142%	$527,577	57%
	Market	**$12,000**	**$3,500**	**$3,500**	**$1,200**	**$12,576**	**---**	**$63,026**	**$95,803**		**$917,664**	
E	OPG	$12,000	---	---	---	$11,905	$15,735	$48,385	$88,025	137%	$346,219	78%
	Market	**$9,000**	**$3,500**	**$2,000**	**$1,200**	**$9,566**	**---**	**$38,897**	**$64,163**		**$442,069**	
F	OPG	-	---	---	---	$9,856	$12,519	$33,456	$55,831	104%	$255,396	84%
	Market	**$9,000**	**$3,500**	**$2,000**	**$1,200**	**$8,340**	**---**	**$29,888**	**$53,928**		**$302,686**	
G	OPG	-	---	---	---	$9,036	$9,336	$28,348	$46,721	95%	$200,651	80%
	Market	**$9,000**	**$3,500**	**$2,000**	**$1,200**	**$7,756**	**---**	**$25,772**	**$49,229**		**$250,457**	
H	OPG	---	---	---	---	$8,217	$7,608	$23,697	$39,522	137%	$173,937	91%
	Market	**---**	**---**	**---**	**---**	**$7,144**	**---**	**$21,767**	**$28,911**		**$190,293**	
I	OPG	---	---	---	---	$7,192	$3,211	$17,564	$27,967	124%	$119,653	82%
	Market	**---**	**---**	**---**	**---**	**$6,277**	**---**	**$16,363**	**$22,639**		**$146,093**	
J	OPG	---	---	---	---	$6,578	$2,403	$13,802	$22,782	136%	$94,086	89%
	Market	**---**	**---**	**---**	**---**	**$5,415**	**---**	**$11,384**	**$16,799**		**$106,284**	
K	OPG	---	---	---	---	$5,963	$2,790	$10,203	$18,956	127%	$84,395	93%
	Market	**---**	**---**	**---**	**---**	**$5,130**	**---**	**$9,750**	**$14,880**		**$91,069**	
L	OPG	---	---	---	---	$5,758	$1,426	$8,895	$16,079	129%	$69,706	99%
	Market	**---**	**---**	**---**	**---**	**$4,777**	**---**	**$7,705**	**$12,482**		**$70,750**	

Notes:

(1) Represents the average number of organizations ("orgs") submitting survey data for benchmark jobs, the total number of benchmark jobs ("jobs") matched to and the total number of incumbents ("incs") for which data was submitted.
For OPG, this represents the actual number of jobs matched to market and the actual number of incumbents in the matched jobs
(2) For OPG, Base Salary Midpoint is the salary midpoint for each band. Actual Average Salary represents the average salary of positions matched for each band.
All other OPG compensation components are derived from the Actual Average value, where applicable. For market data, Base Salary represents the average salary of position matches at the 50th percentile unless otherwise specified in Appendix A.
(3) Represents target annual incentive for OPG and for Bands A-C market data. Value calculated as a % of Base Salary.
(4) Total Cash Compensation equals Base Salary plus Annual Incentive.
(5) OPG does not currently have a Long-Term Incentive Plan. For market data, value is calculated as a % of Base Salary.
(6) Total Direct Compensation equals Total Cash Compensation plus Long-Term Incentive.
(7) Perquisite market data figures are based on previous analysis, as summarized in Mercer letter to Tony Marr, "Industry Perquisite Information - Additional Details", dated December 21, 1999. This data was adjusted to reflect current markets levels.
(8) Benefits include value of Life, Accident, Disability, Health and Dental Benefits paid by the company. Values for LTD, Health and Dental include inflationary/utilization adjustments over the prior year's values for costing changes seen in today's market.
Benefit value is based on the Heritage program. Figures reflect relative values of the benefit programs and not true costs.
(9) For OPG, PowerFlex Credits are as provided by OPG. This benefit was discontinued in 2001. Not all employees are eligible.
(10) For Pension, values for Bands A-C are based on ESPS plan. For market data, pension amounts are based on base salary plus annual incentive targets for bands A-C.
(11) Total Non-Cash Compensation is the sum of Perquisites, Benefits, PowerFlex Credits and Pension.
(12) Total Remuneration is the sum of Total Direct Compensation and Total Non-Cash Compensation. Total Remuneration does not include any amount in respect of non-pension post-retirement benefits.

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Attachment 1

Agency Review Panel Comparator Group Market Compensation Analysis

2009 Direct Compensation

Band	Data Source	Base Salary (1) Midpoint	Base Salary (1) Actual Average	Annual Incentive (2) (% of Base)	Annual Incentive (2) ($ Value)	Total Cash Compensation (3)	Total Cash Compensation Position to Market	Long-Term Incentive (4) (% of Base)	Long-Term Incentive (4) ($ Value)	Total Direct Compensation (5)	Total Direct Compensation Position to Market
A	OPG	$720,000	$800,000	100%	$800,000	$1,600,000	114%	---	---	$1,600,000	63%
	Market	**$805,350**		**75%**	**$604,013**	**$1,409,363**		**142%**	**$1,143,597**	**$2,552,960**	
B	OPG	$390,000	$475,000	45%	$213,750	$688,750	123%	---	---	$688,750	69%
	Market	**$425,390**		**32%**	**$136,125**	**$561,515**		**103%**	**$438,152**	**$999,667**	
C	OPG	$330,000	$421,667	45%	$189,750	$611,417	111%	---	---	$611,417	73%
	Market	**$378,928**		**46%**	**$174,307**	**$553,235**		**75%**	**$284,196**	**$837,431**	
D	OPG	$260,000	$330,890	25%	$82,723	$413,613	127%	---	---	$413,613	89%
	Market	**$251,930**		**29%**	**$73,060**	**$324,990**		**56%**	**$141,081**	**$466,071**	
E	OPG	$200,000	$215,789	25%	$53,947	$269,736	98%	---	---	$269,736	72%
	Market	**$212,695**		**30%**	**$63,809**	**$276,504**		**45%**	**$95,713**	**$372,217**	
F	OPG	$150,000	$172,745	20%	$34,549	$207,294	108%	---	---	$207,294	93%
	Market	**$157,973**		**21%**	**$33,174**	**$191,147**		**20%**	**$31,595**	**$222,742**	
G	OPG	$130,000	$135,577	15%	$20,337	$155,914	95%	---	---	$155,914	82%
	Market	**$140,420**		**17%**	**$23,871**	**$164,291**		**19%**	**$26,680**	**$190,971**	
H	OPG	$110,000	$119,061	15%	$17,859	$136,920	118%	---	---	$136,920	111%
	Market	**$103,250**		**12%**	**$12,390**	**$115,640**		**7%**	**$7,228**	**$122,868**	
I	OPG	$85,000	$81,774	10%	$8,177	$89,951	93%	---	---	$89,951	88%
	Market	**$90,860**		**6%**	**$5,452**	**$96,312**		**7%**	**$6,360**	**$102,672**	
J	OPG	$70,000	$64,784	8%	$5,183	$69,967	91%	---	---	$69,967	87%
	Market	**$73,308**		**5%**	**$3,665**	**$76,973**		**5%**	**$3,665**	**$80,638**	
K	OPG	$55,000	$61,923	8%	$4,954	$66,877	93%	---	---	$66,877	89%
	Market	**$65,048**		**10%**	**$6,505**	**$71,553**		**6%**	**$3,903**	**$75,456**	
L	OPG	$50,000	$51,586	8%	$4,127	$55,713	100%	---	---	$55,713	96%
	Market	**$53,690**		**4%**	**$2,148**	**$55,838**		**4%**	**$2,148**	**$57,986**	

2009 Non-Cash Compensation / **2009 Total**

Band	Data Source	Perquisites (6) Car Allowance	Perquisites (6) Club Membership	Perquisites (6) Financial Counseling	Perquisites (6) Annual Medical	Benefits Pre '01 (7)	PowerFlex Credits (8)	Pension (9)	Total Non-Cash Compensation (10)	Total Non-Cash Compensation Position to Market	Total Remuneration (11)	Total Remuneration Position to Market
A	OPG	$24,000	---	---	---	$33,662	$53,600	$158,197	$269,459	179%	$1,869,459	69%
	Market	**$24,000**	**$7,000**	**$4,000**	**$1,200**	**$30,431**	**---**	**$84,249**	**$150,880**		**$2,703,840**	
B	OPG	$30,000	---	---	---	$20,042	$53,268	$52,390	$155,700	176%	$844,450	78%
	Market	**$18,000**	**$3,500**	**$3,500**	**$1,200**	**$18,813**	**---**	**$43,348**	**$88,361**		**$1,088,028**	
C	OPG	$30,000	---	---	---	$17,565	$36,108	$41,864	$125,537	190%	$736,954	82%
	Market	**$12,000**	**$3,500**	**$3,500**	**$1,200**	**$15,136**	**---**	**$30,764**	**$66,100**		**$903,531**	
D	OPG	$20,000	---	---	---	$14,676	$33,338	$23,292	$91,306	162%	$504,919	97%
	Market	**$12,000**	**$3,500**	**$3,500**	**$1,200**	**$12,468**	**---**	**$23,787**	**$56,455**		**$522,526**	
E	OPG	$12,000	---	---	---	$12,200	$16,242	$15,800	$56,242	123%	$325,978	78%
	Market	**$9,000**	**$3,500**	**$2,000**	**$1,200**	**$10,856**	**---**	**$19,093**	**$45,649**		**$417,866**	
F	OPG	---	---	---	---	$10,136	$13,321	$10,804	$34,261	89%	$241,555	93%
	Market	**$9,000**	**$3,500**	**$2,000**	**$1,200**	**$8,832**	**---**	**$13,824**	**$38,356**		**$261,098**	
G	OPG	---	---	---	---	$9,311	$10,757	$8,963	$29,031	79%	$184,945	81%
	Market	**$9,000**	**$3,500**	**$2,000**	**$1,200**	**$8,250**	**---**	**$12,634**	**$36,584**		**$227,555**	
H	OPG	---	---	---	---	$8,485	$8,889	$7,574	$24,948	161%	$161,868	117%
	Market	**---**	**---**	**---**	**---**	**$6,839**	**---**	**$8,670**	**$15,509**		**$138,377**	
I	OPG	---	---	---	---	$7,453	$4,375	$5,877	$17,705	130%	$107,656	93%
	Market	**---**	**---**	**---**	**---**	**$6,383**	**---**	**$7,285**	**$13,668**		**$116,340**	
J	OPG	---	---	---	---	$6,834	$3,728	$4,655	$15,217	136%	$85,184	93%
	Market	**---**	**---**	**---**	**---**	**$5,666**	**---**	**$5,490**	**$11,156**		**$91,794**	
K	OPG	---	---	---	---	$6,215	$3,544	$3,394	$13,153	129%	$80,030	93%
	Market	**---**	**---**	**---**	**---**	**$5,378**	**---**	**$4,849**	**$10,227**		**$85,683**	
L	OPG	---	---	---	---	$6,009	$2,823	$2,988	$11,820	135%	$67,533	101%
	Market	**---**	**---**	**---**	**---**	**$5,002**	**---**	**$3,784**	**$8,786**		**$66,772**	

Notes:

(1) For OPG, Base Salary Midpoint is the salary midpoint for each band. Actual Average Salary represents the average salary of positions matched for each band. All other OPG compensation components are derived from the Actual Average value, where applicable. For market data, Base Salary represents the average salary of position matches at the 50th percentile unless otherwise specified in the Benchmark Jobs table.
(2) Represents target annual incentive for OPG and for Bands A-L market data. Value calculated as a % of Base Salary.
(3) Total Cash Compensation equals Base Salary plus Annual Incentive.
(4) OPG does not currently have a Long-Term Incentive Plan. For market data, value is calculated as a % of Base Salary.
(5) Total Direct Compensation equals Total Cash Compensation plus Long-Term Incentive.
(6) Perquisite market data figures are based on previous analysis, as summarized in Mercer letter to Tony Marr, "Industry Perquisite Information - Additional Details", dated December 21, 1999. This data was adjusted to reflect current markets levels.
(7) Benefits include value of Life, Accident, Disability, Health and Dental Benefits paid by the company. Values for LTD, Health and Dental include inflationary/utilization adjustments over the prior year's values for costing changes seen in today's market. Benefit value is based on the Heritage program. Figures reflect relative values of the benefit programs and not true costs.
(8) For OPG, PowerFlex Credits are as provided by OPG. This benefit was discontinued in 2001. Not all employees are eligible.
(9) For Pension, values for Bands A-H are based on ESPS plan and values for Bands I-L are based on SPS plan. For market data, pension amounts are based on base salary plus annual incentive targets for bands A-L.