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February 7, 2011

Overnight Courier and Email

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2010-0008 – Payment Amounts for Ontario Power Generation Inc.'s
Prescribed Facilities – Audited Variance and Deferral Account Balances**

Please find attached a schedule of the balances for existing variance and deferral accounts for OPG's regulated facilities as at December 31, 2010 and an independent auditors' report from Ernst & Young LLP on those balances. OPG is providing this information to the OEB consistent with its Reply Argument dated December 21, 2010, where OPG indicated that it would provide the audited balances when they were available (p. 171).

The total of the year-end audited balances is approximately \$73M lower than the total of the updated projections filed in Ex. H1-T1-S2 on October 8, 2010, largely as a result of better than expected nuclear segregated fund performance. The main changes in the balances in the accounts from the updated projections in Ex. H1-T1-S2 are as follows:

- The debit balance in the Bruce Lease Net Revenues Variance Account is approximately \$47M lower than projected in Ex. H1-T1-S2, primarily due to higher than forecast earnings on the nuclear segregated funds.
- The credit balances in the Nuclear Development Variance Account and the Capacity Refurbishment Variance Account are higher than projected in Ex. H1-T1-S2 by approximately \$6M and \$7M, respectively, due to lower than expected non-capital expenditures on new nuclear at Darlington and on Darlington refurbishment.
- The credit balance in the Income and Other Taxes Variance Account – Nuclear is approximately \$7M higher than in Ex. H1-T1-S2, primarily due to higher than expected Scientific Research & Experimental Development Investment Tax Credits recognized during 2010.

- There are no material changes in the balances for the regulated hydroelectric accounts from those in Ex. H1-T1-S2.

All of the audited balances reflect the applicable OEB-prescribed interest rates in effect during each of the quarters of 2010.

Following the OEB's Decision in EB-2010-0008, OPG will provide the audited balances and the auditors' report to all parties in EB-2010-0008 with the draft Payment Amounts Order.

Yours truly,

[Original signed by]

Barbara Reuber
Director, Ontario Regulatory Affairs

Encl.

cc. Carlton Mathias OPG (email)
Charles Keizer Torys (email)
Regulatory Affairs Records