Illustrative Accounting Order
Ontario Power Generation Inc.
EB-2020-0290

Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account

OPG shall establish this new account, effective January 1, 2021, to record the revenue requirement impact arising from changes to nuclear liabilities and depreciation and amortization expense resulting from changes to the Pickering station end-of-life dates, for OPG's prescribed nuclear facilities.

Entry 1: Nuclear liability revenue requirement for prescribed facilities

Entry	Debit	Credit
DR/CR Depreciation Expense	x,xxx	x,xxx
DR/CR Return on Rate Base	x,xxx	x,xxx
DR/CR Income Tax Expense	x,xxx	x,xxx
DR/CR Used Fuel Storage and Disposal Variable Expense	x,xxx	x,xxx
DR/CR Low & Intermediate Level Waste Management Variable Expense	x,xxx	x,xxx
CR/DR Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account [1]	x,xxx	x,xxx

To record the impact on nuclear liabilities costs resulting from changes in end-of-life dates on Asset Retirement Cost ("ARC") depreciation, the associated impacts on the return on rate base and variable used fuel and waste management expenses, and the tax impact of the settlement with customers of the net amount.

[1] The extension of Pickering Units 1 and 4 EOL to December 31, 2024 is expected to result in a net credit entry in 2021-2022 reflecting a lower ARC depreciation expense in those years. The entry is expected to be a net debit in 2023-2024 reflecting higher Pickering Units 1 and 4 ARC depreciation expense to be recovered from ratepayers in those years, compared to nil ARC depreciation reflected in amounts proposed to be included in revenue requirement in EB-2020-0290 based on December 31, 2022 end-of-life.

Entry 2: Non-ARC revenue requirement impact for prescribed facilities

Entry	**Debit**	**Credit**
DR/CR Depreciation Expense	x,xxx	x,xxx
DR/CR Income Tax Expense	x,xxx	x,xxx
CR Return on Rate Base		x,xxx
CR/DR Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account [2]	x,xxx	x,xxx

To record the impact of changes in Pickering station lives on non-ARC depreciation expense, the associated impact on the return on net rate base through the change in accumulated depreciation, and the tax impact of the settlement with customers of the net amount.

OPG shall not record interest on the balance of this account.

OPG shall file the balance in the Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account in conjunction with its regular reporting on other deferral and variance accounts approved by the OEB.

The account entries will continue until the effective date of the next payment amounts order incorporating the corresponding changes to the Pickering station end-life dates in nuclear payment amounts.

[2] The extension of Pickering Units 1 and 4 EOL to December 31, 2024 is expected to result in a net credit entry in 2021-2022 reflecting a lower non-ARC depreciation expense in those years. The entry is expected to be a net debit in 2023-2024 reflecting a higher Pickering non-ARC depreciation expense to be recovered from ratepayers in those years based on the extended life of Units 1 and 4 to 2024, compared to the proposed non-ARC depreciation amount included in the EB-2020-0290 revenue requirement for 2023-2024 that was set to equal forecast Pickering in-service additions in that year.