Pickering Closure Costs Deferral Account

Ontario Power Generation Inc.

Illustrative Accounting Order

Basis of Approval

Ontario Energy Board Act, 1998; Ontario Regulation 53/05 s. 5.6

Scope of Account

OPG shall establish the Pickering Closure Costs Deferral Account in accordance with section 5.6 of Ontario Regulation 53/05. The account shall record any employment-related costs and non-capital costs related to third party service providers incurred by OPG that arise from any activities in furtherance of Pickering closure. Pickering closure shall mean the closure or decommissioning of the Pickering A Nuclear Generating Station (also known as Pickering Units 1-4) or Pickering B Nuclear Generating Station (also known as Pickering Units 5-8), or the retirement of a generating unit at these stations from electricity generation. Pickering closure costs can be incurred before or after the closure of a Pickering unit, but do not include costs that are eligible for reimbursement to OPG under the Ontario Nuclear Funds Agreement.

Entry	Debit	Credit
DR Pickering Closure Costs Deferral Account	xx,xxx	
CR OM&A / Other Expenses		xx,xxx

OPG shall record Pickering closure costs in the deferral account as they are reflected in the audited financial statements approved by OPG's Board of Directors and shall record interest on the balance of the account as the OEB may direct.

O. Reg. 53/05 requires recovery of the account balance and related income tax effects on a straight line basis over a period not to exceed 10 years, beginning on the day the last generating unit of the Pickering A Nuclear Generating Station and Pickering B Nuclear Generating Station

permanently stops generating electricity, to the extent that the OEB is satisfied that the costs were prudently incurred and are accurately recorded in the account.