APPROVALS

In this Application, OPG is seeking the following specific approvals:

- The approval of a revenue requirement of $1,736.3M for the previously regulated hydroelectric facilities and a revenue requirement of $6,544.7M for the nuclear facilities for the period of January 1, 2014 through December 31, 2015 as set out in Ex. I1-1-1.

- The approval of an 18 month revenue requirement of $844.3M for the newly regulated hydroelectric facilities for the period of July 1, 2014 through December 31, 2015, calculated as one half of a 2014 revenue requirement of $549.1M plus a 2015 revenue requirement of $569.7M, as set out in Ex. I1-1-1 and Ex. I1-2-1.

- The approval of a rate base of $5,128.0M and $5,084.6M for the previously regulated hydroelectric facilities for the years 2014 and 2015, respectively; a rate base of $2,511.5M and $2,528.2M for the newly regulated hydroelectric facilities for the years 2014 and 2015, respectively; and $3,706.7M and $3,659.0M for the nuclear facilities for the years 2014 and 2015, respectively, as summarized in Ex. B1-1-1.

- Approval of a production forecast of 39.3 TWh for 2014 and 2015 for the previously regulated hydroelectric facilities, a production forecast of 17.9 TWh for July 1, 2014 to December 31, 2015 for the newly regulated hydroelectric facilities; and 97.7 TWh for 2014 and 2015 for the nuclear facilities. The production forecasts are presented in Ex. E1-1-1 and Ex. E2-1-1.

- Approval of a deemed capital structure of 53 per cent debt and 47 per cent equity and a combined rate of return on rate base to be determined using data available for the three months prior to the effective date of the payment amounts order, in accordance with the Board’s Cost of Capital Report, and currently forecast at 8.98 per cent for 2014 and 2015, as presented in Ex. C1-1-1.
• Approval of a payment amount for the previously regulated hydroelectric facilities, of $44.20/MWh effective January 1, 2014 for the average hourly net energy production (MWh) from the previously regulated hydroelectric facilities in any given month (the "hourly volume") for each hour of that month. Production over the hourly volume will receive the market price from the Independent Electricity System Operator ("IESO")-administered energy market adjusted as described at Ex. E1-2-1. Where production from the previously regulated hydroelectric facilities is less than the hourly volume, OPG’s revenues will be adjusted by the difference between the hourly volume and the actual net energy production at the market price from the IESO-administered market adjusted as described at Ex. E1-2-1. The calculation of the payment amount for the previously regulated hydroelectric facilities is set out in Ex. I1-2-1.

• Approval of a payment amount for the newly regulated hydroelectric facilities, of $47.08/MWh effective July 1, 2014 for the average hourly net energy production (MWh) from the newly regulated facilities in any given month (the "hourly volume") for each hour of that month. Production over the hourly volume will receive the market price from the Independent Electricity System Operator ("IESO")-administered energy market adjusted as described at Ex. E1-2-1. Where production from the newly regulated hydroelectric facilities is less than the hourly volume, OPG’s revenues will be adjusted by the difference between the hourly volume and the actual net energy production at the market price from the IESO-administered market adjusted as described at Ex. E1-2-1. The calculation of the payment amount for the newly regulated hydroelectric facilities is set out in Ex. I1-2-1.

• Approval of a payment amount for the nuclear facilities, of $66.99/MWh effective January 1, 2014.

• Approval for recovery of the audited December 31, 2013 balances of the Hydroelectric Incentive Mechanism, Surplus Baseload Generation and Capacity Refurbishment-Hydroelectric variance accounts for the previously regulated
hydroelectric facilities, currently projected to be $120.1M, as described in Ex. H1-1-2
and disposition, beginning January 1, 2015, at a rate of $3.11/MWh applied to the
output from the previously regulated hydroelectric facilities.

- Approval for recovery of the audited December 31, 2013 balance of the Nuclear
  Development Variance Account and a portion of the balance of the Capacity
  Refurbishment Variance Account - Nuclear for the nuclear facilities, currently
  projected to be $73.1M as described in Ex. H1-2-1 and disposition, beginning
  January 1, 2015, at a rate of $1.52/MWh applied to the output from the nuclear
  facilities.

- Approval to establish, re-establish or continue variance and deferral accounts as
  follows:
    o A variance account to record the deviation from forecast revenues associated
      with differences in regulated hydroelectric electricity production due to
      differences between forecast and actual water conditions.
    o A variance account to record the deviation from forecast net revenues for
      ancillary services from the regulated hydroelectric facilities and the nuclear
      facilities.
    o A variance account to record the financial impact of foregone production at its
      regulated hydroelectric facilities due to surplus baseload generation.
    o A variance account to record interest and amortization of the accumulations
      up to year end 2013 of 50 per cent of the Hydroelectric Incentive Mechanism
      net revenues above amounts underpinning the EB-2010-0008 revenue
      requirement as a credit to ratepayers, proposed to be terminated December
      31, 2015.
    o A variance account to record the deviation from forecast capital and non-
      capital costs and firm financial commitments associated with work to increase
      the output of, refurbish or add operating capacity to a regulated facility.
    o A variance account to record the deviation from forecast costs incurred and
      firm financial commitments made in the course of planning and preparation for
the development of proposed new nuclear generation facilities.

o A deferral account to record the revenue requirement impact of any change in the nuclear decommissioning liability resulting from an approved reference plan as defined in the Ontario Nuclear Funds Agreement.

o A variance account to capture the tax impact of changes in tax rates, rules and assessments.

o A variance account to record the variance between the tax loss mitigation amount which underpins the EB-2007-0905 Payment Amounts Order and the tax loss amount resulting from the re-analysis of the prior period tax returns based on the OEB’s directions in EB-2007-0905 Decision with Reasons as to the re-calculation of those tax losses, to be terminated December 31, 2014.

o A variance account to capture differences between forecast and actual costs and revenues related to the lease of the Bruce nuclear facilities and associated tax effects.

o A variance account to capture depreciation cost differences due to a revised service life, for accounting purposes, of the Pickering nuclear facility.

o A variance account to record the difference between forecast and actual pension and other post-employment benefit costs and associated tax effects related to the regulated hydroelectric and nuclear facilities.

o A deferral account to record the transition and implementation impacts associated with the adoption of the Generally Accepted Accounting Principle of the United States (“USGAAP”), to be terminated December 31, 2014.

o Variance accounts to record the over/under recovery amounts for the hydroelectric variance and deferral accounts and nuclear variance and deferral accounts, respectively.

Evidence supporting the continuation of existing variance and deferral accounts and the creation of new ones is provided in Ex. H1-3-1.

- In respect of the Darlington Refurbishment Project (“DRP”) OPG seeks the following as described in Ex. D2-2-1:
1. A finding that OPG’s commercial and contracting strategies for the DRP are reasonable;
2. A finding that the proposed capital expenditures of $837.4M in 2014 and $631.8M in 2015 are reasonable;
3. Approval of OM&A expenditures of $19.6M in 2014 and $18.2M in 2015 (Ex. F2-7-1);
4. Approval of in-service additions to rate base of $5.0M in 2012, $104.2M in 2013, $18.7M in 2014, and $209.4M in 2015 for new facilities and related 2014 and 2015 depreciation expense; and
5. Approval to recover the capital cost portion of the actual audited nuclear balance in the Capacity Refurbishment Variance Account as at December 31, 2013, currently projected at $3.7M.

- An order from the OEB declaring OPG’s current payment amounts for previously regulated hydroelectric and nuclear facilities interim as of January 1, 2014, if the order or orders approving the payment amounts are not implemented by January 1, 2014.

- An order from the OEB declaring OPG’s current payment amounts for the newly regulated hydroelectric facilities interim as of July 1, 2014, if the order or orders approving the payment amounts are not implemented by July 1, 2014.