OVERVIEW OF DEFERRAL AND VARIANCE ACCOUNTS

1.0 PURPOSE
This evidence provides an overview of OPG's deferral and variance accounts and presents the amounts projected to be recorded in the accounts for 2013. These accounts were established pursuant to O. Reg. 53/05 and the OEB's decisions in EB-2007-0905, EB-2009-0038, EB-2009-0174, EB-2010-0008, EB-2011-0090, EB-2011-0432 and EB-2012-0002.

2.0 OVERVIEW
The balances in all accounts, including projected additions to accounts during 2013, are shown in Ex. H1-1-1 Table 1. The projected total year-end 2013 debit balance is $256.0M for the previously regulated hydroelectric facilities and $1457.1M for the nuclear facilities.

In this proceeding, OPG proposes to clear balances as at December 31, 2013 for only the accounts that were deferred in EB-2012-0002 to the next payment amounts proceeding. These are: 1) the Hydroelectric Incentive Mechanism ("HIM") Variance Account, 2) the Hydroelectric Surplus Baseload Generation ("SBG") Variance Account, 3) portions of the Capacity Refurbishment Variance Account, and 4) the Nuclear Development Variance Account (collectively, the “brought forward accounts”). The projected total year-end 2013 debit balance in these four accounts is $120.1M for the previously regulated hydroelectric facilities and $73.1M for the nuclear facilities. Details regarding proposed account clearance and riders are presented in Ex. H1-2-1.

OPG plans to seek clearance of the December 31, 2014 balances in all its deferral and variance account balances through a separate application to be filed in 2014.

3.0 LISTING OF ACCOUNTS
The OEB has authorized variance and deferral accounts for OPG as listed below. Projected entries into these accounts for 2013 have been calculated in accordance with the applicable OEB decisions and orders. The December 31, 2012 balances in all authorized accounts
were approved by the OEB in EB-2012-0002, with the exception of the four brought forward accounts.

- Hydroelectric Water Conditions Variance Account
- Ancillary Services Net Revenue Variance Account – Hydroelectric and Nuclear Sub-Accounts
- Hydroelectric Incentive Mechanism Variance Account
- Hydroelectric Surplus Baseload Generation Variance Account
- Income and Other Taxes Variance Account
- Tax Loss Variance Account
- Capacity Refurbishment Variance Account
- Pension and OPEB Cost Variance Account
- Impact for USGAAP Deferral Account
- Hydroelectric Deferral and Variance Over/Under Recovery Variance Account
- Nuclear Liability Deferral Account
- Nuclear Development Variance Account
- Bruce Lease Net Revenues Variance Account – Derivative and Non-Derivative Sub-Accounts
- Pickering Life Extension Depreciation Variance Account
- Nuclear Deferral and Variance Over/Under Recovery Variance Account

Exhibit H1-1-1, Table 1 is a 2013 continuity table which, for each account, shows the audited 2012 closing balance, negotiated reductions to the 2012 closing balance approved in EB-2012-0002, the 2012 closing/approved balance after reductions, projected 2013 additions (labelled “Transactions”), amortization subtracted and interest added for 2013, any transfers between accounts during the period, and the projected 2013 closing balance. Exhibit H1-1-1, Tables 2 through 14 provide supporting calculations showing the derivation of projected additions into these accounts during 2013. For the brought forward accounts, the tables also present supporting calculations for the 2011 and 2012 account additions previously presented in EB-2012-0002.
Where applicable, projected additions for 2013 have been calculated with reference to amounts underpinning the payment amounts approved in EB-2010-0008, in accordance with the methodologies approved in EB-2012-0002.

Except as noted below, interest is being applied to the monthly opening balance of the accounts at the OEB-prescribed rates. The projected 2013 year-end balances reflect the current prescribed rate of 1.47 per cent per annum in effect until December 31, 2013. The amortization presented for 2013 is as per Appendix B of the EB-2012-0002 Payment Amounts Order.

4.0 ACCOUNTS DESCRIPTIONS AND ENTRIES

This section provides brief descriptions of OPG’s deferral and variance accounts and summarizes the reasons for the projected additions to the accounts during 2013. Additions in 2011 and 2012 for the brought forward accounts are also discussed. Complete descriptions of the accounts and the methods for making entries for periods after December 31, 2012 can be found in the EB-2012-0002 Payment Amounts Order.

4.1 Hydroelectric Water Conditions Variance Account

This account records the financial impact (including changes in gross revenue charges costs) of differences between forecast and actual water conditions. Due to unfavourable water supply conditions (i.e., precipitation) affecting the Niagara and St. Lawrence Rivers in 2013, the projected calculated hydroelectric production is expected to be less than the reference forecast production by 1,485 GWh. This variance is expected to result in a projected net debit addition of $35.4M to the account during 2013. The derivation of the variance is shown in Ex. H1-1-1 Table 2.

4.2 Ancillary Services Net Revenue Variance Account – Hydroelectric and Nuclear Sub Accounts

These sub accounts record differences between actual hydroelectric and nuclear ancillary services net revenues and forecast amounts reflected in the approved revenue requirement. Hydroelectric and nuclear ancillary services net revenues are projected to be lower in 2013
than the amounts underpinning the EB-2010-0008 payment amounts, resulting in debit additions of $21.1M and $1.1M to the Hydroelectric and Nuclear Ancillary Services Net Revenue Variance Sub Accounts, respectively. The derivation of the entries into the account for 2013 is shown in Ex. H1-1-1 Table 3. Hydroelectric ancillary services net revenue is projected to be lower in 2013 primarily due to lower operating reserve and regulation service (formerly known as automatic generation control) revenues, as discussed in Ex. G1-1-2.

4.3 Hydroelectric Incentive Mechanism Variance Account

Effective March 1, 2011, this account records a credit to ratepayers for 50 per cent of HIM net revenues above a threshold amount. In EB-2010-0008, the threshold was established at $10M for 2011 and $14M for 2012. In EB-2012-0002, the threshold was established at $13M per calendar year after December 31, 2012. In EB-2012-0002, the OEB approved the deferral of the clearance of this account to the next payment amounts proceeding. Therefore, OPG is proposing to clear the audited December 31, 2013 balance in this account as part of this application.

The derivation of additions to the account for 2011 and 2012 (actual) and 2013 (projected) is shown in Ex. H1-1-1 Table 4. The actual 2011 and 2012 and projected 2013 HIM net revenues of $12.9M, $15.8M and $8.7M, respectively, are presented in Ex. E1-2-1.

4.4 Hydroelectric Surplus Baseload Generation Variance Account

This account was established effective March 1, 2011. It records the financial impact (including changes in gross revenue charges costs) of foregone production at OPG’s prescribed hydroelectric facilities due to surplus baseload generation (“SBG”) conditions in accordance with the Payment Amounts Orders in EB-2010-0008 and EB-2012-0002. In EB-2012-0002, the OEB approved the deferral of the clearance of this account to the next payment amounts proceeding. Therefore, OPG is proposing to clear the audited December 31, 2013 balance in the account as part of this application.

The derivation of additions to the account for 2011 and 2012 (actual) and 2013 (projected) is shown in Ex. H1-1-1 Table 5. Ex. E1-2-1 discusses the methodology for determining the
foregone production due to SBG conditions and presents the 2011 and 2012 actual and 2013 projected foregone production of 76.5 GWh, 116.9 GWh and 178.0 GWh, respectively, due to SBG conditions.

4.5 Income and Other Taxes Variance Account

This account records the financial impact on the regulated hydroelectric and nuclear revenue requirement of variations in payments in lieu of corporate income and capital taxes for OPG’s prescribed assets resulting from changes to the tax rates or rules, assessments or reassessments, new tax policies, and court decisions. The account also records variations in municipal property taxes and payments in lieu of property tax for the prescribed assets resulting from legislative or regulatory changes, including changes in municipal property tax rates or rules.

For 2013, OPG expects to record three entries into this account as follows:

1. A ratepayer credit related to an increase in the recognition of Scientific Research and Experimental Development (“SR&ED”) investment tax credits (“ITCs”) from 50 per cent to 75 per cent based on the completion of the 2002-2005 income tax audit in 2011;

2. A recovery from ratepayers related to a decrease in SR&ED ITCs due to a reduction from 100 per cent to 80 per cent of the amount of payments to contractors qualifying for ITCs, effective 2013; and

3. A debit entry related to the portion of nuclear waste management expenditures deemed to be capital for tax purposes following the resolution of a prior year tax audit.

As shown in Ex. H1-1-1, Table 6, the impact of these entries for 2013 is projected to be a net credit to ratepayers of $1.3M.

Entries (1) and (3) are being recorded during 2013 using the same methodology as similar entries in 2011 and 2012, which were reflected in the December 31, 2012 balance in this
account and discussed and approved in EB-2012-0002.¹ Entry (2) results from changes to the SR&ED ITC rules in the 2012 federal budget effective in 2013. The three entries are also discussed in Ex. F4-2-1, sections 3.3.3 and 3.5.

4.6 Tax Loss Variance Account
The Tax Loss Variance Account was established effective April 1, 2008 in EB-2009-0038 to record the variance between the tax loss amount underpinning the EB-2007-0905 payment amounts and the tax loss amount resulting from the re-analysis of OPG’s prior period tax returns based on the OEB’s directions in the EB-2009-0038 Decision and Order. This account only records interest and amortization effective March 1, 2011 and, pursuant to the EB-2012-0002 Payment Amounts Order, will be terminated at the end of the approved recovery period on December 31, 2014. Interest of $3.1M is projected to be recorded in the account during 2013.

4.7 Capacity Refurbishment Variance Account
This account was established pursuant to section 6(2)4 of O. Reg. 53/05 to record variances between the actual capital and non-capital costs and firm financial commitments incurred to increase the output of, refurbish or add operating capacity to a prescribed generation facility referred to in section 2 of O. Reg. 53/05 and those forecast costs and firm financial commitments reflected in the revenue requirement approved by the OEB.

In EB-2012-0002, the OEB approved the deferral of the clearance of portions of this account to the next payment amounts proceeding. Therefore, OPG is proposing to clear the deferred portions of the audited December 31, 2013 account balance as part of this application. The deferred portions comprised variances recorded in 2011 and 2012 for capital and non-capital costs for the regulated hydroelectric facilities related primarily to the Niagara Tunnel project (“NTP”) and additions recorded in 2012 related to Darlington Refurbishment capital cost variances.

¹ EB-2012-0002 Ex. H1-1-1, section 4.2
The derivation of the regulated hydroelectric account additions for 2011 and 2012 (actual) and 2013 (projected) is shown in Ex. H1-1-1 Table 7. The derivation of 2011 and 2012 (actual) and 2013 (projected) capital cost account additions for the nuclear facilities is shown in Ex. H1-1-1 Tables 12 and 12a. Table 12 also presents the projected 2013 nuclear non-capital cost account additions, which OPG is not seeking to clear in this application.

The December 31, 2013 regulated hydroelectric balance in the account is projected to be a debit of $114.4M, as shown in Ex. H1-1-1 Table 1. As also shown in that table, the capital cost portion of the December 31, 2013 nuclear account balance is forecast to be a debit of $3.7M. The regulated hydroelectric balance relates largely to the NTP. The entire nuclear capital cost balance relates to Darlington Refurbishment projects.

All account additions for January and February 2011 have been calculated with reference to amounts underpinning the payment amounts approved in EB-2007-0905 in accordance with the methodology approved in EB-2009-0174 and used to derive the OEB-approved account balance as at December 31, 2010. All additions since March 1, 2011 are calculated with reference to amounts underpinning the EB-2010-0008 payment amounts.

The regulated hydroelectric portion of the account includes a projected debit addition of $115.1M in 2013 (Ex. H1-1-1 Table 7, line 10) reflecting the placement in-service and addition to rate base of the NTP during 2013, as shown in Ex. B2-3-1 Table 2. Until a hydroelectric payment amount reflecting the addition of the NTP to rate base becomes effective, OPG is recording in the account the resulting depreciation expense, foregone cost of capital at the EB-2010-0008 approved rates, and the associated income tax impact.

The NTP-related account additions in 2012 relate to, and in 2013 include, the income tax impact of variances between actual/projected CCA deductions related to the NTP and such forecast deductions underpinning approved payment amounts. These additions include the impact of CCA variances starting on April 1, 2008, the effective date of the variance
These variances were reflected in the account subsequent to the approval of the December 31, 2010 balance. The derivation of CCA variances and other components of the capital cost additions for the NTP is presented in Ex. H1-1-1 Table 7.

As shown in Ex. H1-1-1 Table 7, line 11, the hydroelectric portion of the account also reflects a debit addition in 2012 of $0.2M for NTP-related non-capital removal costs. The NTP is discussed in detail in Ex. D1-2-1.

The projected regulated hydroelectric account balance as at December 31, 2013 also includes a net ratepayer credit of $2.4M (Ex. H1-1-1 Table 7, line 13) related to the capital cost variance associated with the Sir Adam Beck I Generating Station Unit 7 Frequency Conversion project ("G7 Project"), for the period from April 1, 2008 to December 31, 2013. OPG previously identified this capital project as subject to the Capacity Refurbishment Variance Account in EB-2007-0905 and EB-2010-0008. The variances for 2008 - 2010 were reflected in the account subsequent to the approval of the December 31, 2010 balance.

The account addition for the G7 Project is calculated using the same methodology as the capital cost addition for the NTP and includes the same components. The ratepayer credit results primarily from a lower-than-forecast rate base amount during the 2008 - 2009 period due to a later-than-forecast in-service date for the majority of the capital spending on the project.

For the nuclear capital cost portion of the account, additions in 2012 (actual) and 2013 (projected) reflect the placement in-service of amounts for the Darlington Energy Complex and Water and Sewer projects related to Darlington Refurbishment. The additions are calculated using the same methodology as the capital cost addition for the NTP and include the same components. The additions include the impact of CCA variances associated with

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2 As previously noted in the EB-2010-0008 interrogatory response L1-020 b), OPG elected to claim early CCA related to the NTP available under the Income Tax Act (Canada). Therefore, since April 1, 2008, the approved payment amounts have reflected a forecast tax benefit to ratepayers associated with this election.

3 Refer to EB-2007-0905 undertaking J2.6 and EB-2010-0008 interrogatory response L1-4.
capital expenditures on Darlington Refurbishment. Darlington Refurbishment, including the above two projects, is discussed in Ex. D2-1. The nuclear capital cost additions are shown in Ex. H1-1 Table 12, line 13 and are calculated in Ex. H1-1 Table 12a.

Projected nuclear non-capital cost 2013 additions are a net debit of $20.6M and, as in 2011 and 2012, relate to Darlington Refurbishment, the Fuel Channel Life Management ("FCLM") project and Pickering Continued Operations. These additions are shown in Ex. H1-1-1 Table 12, lines 9 to 11. The FCLM project and Pickering Continued Operations are discussed in Ex. F2-3. Darlington Refurbishment OM&A costs are discussed in Ex. F2-7-1.

4.8 Pension and OPEB Cost Variance Account

As reflected in the approved Settlement Agreement in EB-2012-0002, this account continues to record the difference between:

1. the pension and OPEB costs, plus related income tax PILs, reflected in the current revenue requirement approved by the OEB, and

2. OPG’s actual pension and OPEB costs, and associated tax impacts, for the prescribed generation facilities.

As required by the EB-2012-0002 Payment Amounts Order, projected 2013 pension and OPEB costs used in the calculation of the 2013 account additions are determined in accordance with Canadian GAAP, as the forecast pension and OPEB costs underpinning the approved EB-2010-0008 revenue requirement were also determined on that basis. Account additions for 2013 are calculated and recorded in a manner consistent with that reflected in the December 31, 2012 account balance approved in EB-2012-0002.

As ordered by the OEB in EB-2012-0002, the balance in this account as at December 31, 2012, including interest accrued to that date, was split into the Historic Recovery and Future Recovery components. The approved Historic Recovery component was set at 2/12ths of the total account balance as at December 31, 2012. The approved Future Recovery component

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4 OPG has elected to claim early CCA with respect to Darlington Refurbishment expenditures, in the same manner as for the NTP (see note 5).
was set at 10/12th of the total balance as at December 31, 2012. In order to facilitate the presentation of entries into the account OPG has shown, as a separate component, the projected account additions for 2013 (“2013 Additions”). The three components are shown separately in Ex. H1-1-1 Table 1 for each of previously regulated hydroelectric and nuclear facilities.

The derivation of projected 2013 debit account additions totalling $397.3M ($21.5M for previously regulated hydroelectric and $375.9M for nuclear)\(^5\) is shown in Ex. H1-1-1 Tables 8 and 8a. Ex. F4-3-1, Section 6 discusses pension and OPEB costs, including reasons for the projected variance in 2013, and presents a supporting report from an independent actuary (Ex. F4-3-1 Attachment 2).

The total projected December 31, 2013 debit balance in the account is $662.0M, with $33.8M attributable to previously regulated hydroelectric and $628.2M to nuclear, as shown in Ex. H1-1-1 Table 1. The projected 2013 balance consists of $21.5M ($1.0M for previously regulated and $20.5M for nuclear) for the Historic Recovery component, $243.2M ($11.3M for previously regulated hydroelectric and $231.8M for nuclear) for the Future Recovery component and $397.3M ($21.5M for previously regulated hydroelectric and $375.9M for nuclear) related to the 2013 additions.\(^2\) The Historic Recovery component is expected to be fully amortized by December 31, 2014 through the payment riders established in EB-2012-0002. The outstanding balance of the Future Recovery component at December 31, 2014 is expected to be $225.2M ($10.5M for previously regulated hydroelectric and $214.7M for nuclear). (Ex., H1-2-1 Tables 1 and 2.)

As ordered in EB-2012-0002, for the period from January 1, 2013 to December 31, 2014, OPG is not recording interest on the Future Recovery component of the variance account. Interest is also not being recorded, up to December 31, 2014, on additions made during this period.

4.9 Impact for USGAAP Deferral Account

\(^5\) Amounts do not add due to rounding
Established in EB-2011-0432, this account captured the financial impacts on the prescribed facilities of OPG’s transition to and implementation of USGAAP for the period from January 1, 2012 to December 31, 2012. This account records only interest and amortization effective January 1, 2013 and, pursuant to the EB-2012-0002 Payment Amounts Order, will be terminated at the end of the approved recovery period on December 31, 2014. Interest of $0.7M is projected to be recorded in the account during 2013.

4.10 Hydroelectric Deferral and Variance Over/Under Recovery Variance Account

This account records the differences between the amounts approved for recovery in the hydroelectric deferral and variance accounts and the actual amounts recovered based on the actual regulated hydroelectric production and approved riders. Pursuant to OEB’s orders, the account also captures the transfer of the hydroelectric portions of the balances remaining in other accounts as they expire from time to time. The derivation of the projected $5.9M debit addition to the account for 2013 is shown in Ex. H1-1-1 Table 9. There are no transfers from expiring accounts forecast in 2013.

4.11 Nuclear Liability Deferral Account

In accordance with section 5.2(1) of O. Reg. 53/05, this account records the revenue requirement impact on the prescribed facilities of any change in OPG’s nuclear decommissioning and used fuel and waste management liabilities arising from an approved reference plan under the Ontario Nuclear Funds Agreement (“ONFA”).

The forecast account addition of $122.7M for 2013 relates to changes in the above liabilities arising from the current approved ONFA Reference Plan effective January 1, 2012. The derivation of this addition is shown at Ex. H1-1-1 Table 10. The impact of the current approved ONFA Reference Plan on the prescribed facilities is discussed in Ex. C2-1-1.

In EB-2012-0002, $81.4M of the OEB-approved December 31, 2012 account balance was deferred for future recovery and, as such, is expected to continue to be reflected in the account balance during 2013 and 2014, in addition to the 2013 additions.  

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6 EB-2012-0002 Payment Amounts Order, App. A, Table 2, line 1, col. (d)
As ordered in EB-2012-0002, OPG is not recording any interest on the balance in this account effective January 1, 2013.

4.12 Nuclear Development Variance Account

The Nuclear Development Variance Account was established in accordance with section 5.4 of O. Reg. 53/05. This account records variances between the actual non-capital costs incurred and firm financial commitments made in the course of planning and preparation for the development of proposed new nuclear generation facilities and those forecast costs and firm financial commitments reflected in the revenue requirement approved by the OEB.

In EB-2012-0002, the OEB approved the deferral of the clearance of this account to the next payment amounts proceeding. Therefore, OPG is proposing to clear the audited December 31, 2013 balance in this account as part of this application.

The derivation of additions to the account for 2011 and 2012 (actual) and 2013 (projected) is shown in Ex. H1-1-1 Table 11. Actual 2011 and 2012 and projected 2013 nuclear development costs are discussed in Ex. F2-8-1. The December 31, 2013 balance in this account is projected to be a debit of $69.4M, as shown in Ex. H1-1-1 Table 1.

As described in EB-2012-0002, account additions for January and February 2011 have been calculated with reference to amounts underpinning the payment amounts approved in EB-2007-0905 in accordance with the methodology approved in EB-2009-0174 and used to derive the OEB-approved account balance as at December 31, 2010. Additions since March 1, 2011 are calculated with reference to amounts underpinning the EB-2010-0008 payment amounts. As no such forecast amounts were reflected in the EB-2010-0008 approved revenue requirement, variances since March 1, 2011 are calculated relative to $0.

4.13 Bruce Lease Net Revenues Variance Account

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7 The derivation of 2011 and 2012 additions was also previously presented in EB-2012-0002 Ex. H1-1-1, Table 10
This account continues to record differences between (i) the forecast revenues and costs related to the Bruce lease that are factored into the nuclear revenue requirement approved by the OEB, and (ii) OPG’s actual revenues and costs in respect of the Bruce facilities. A detailed discussion of these revenues and costs can be found in Ex. G2-2-1.

Pursuant to the EB-2012-0002 Payment Amounts Order, this account was divided into two sub-accounts as follows:

**Derivative Sub-Account:** The Derivative Sub-Account captures impacts related to the derivative liability for the conditional supplemental rent rebate provision of the Bruce lease (including associated income tax impacts on Bruce lease net revenues calculated in accordance with generally accepted accounting principles for unregulated entities) and the rent rebates associated with supplemental rent revenue.

**Non-Derivative Sub-Account:** The Non-Derivative Sub-Account captures variances in non-derivative elements of the Bruce lease net revenues, including the cost impact of any changes in OPG’s liability for decommissioning the Bruce nuclear generating facilities and the management of nuclear waste and nuclear fuel related to the Bruce stations.

Pursuant to the EB-2012-0002 Payment Amounts Order, variances recorded in the account are measured against the amount of Bruce lease revenues net of costs credited to customers, determined by multiplying the rate of recovery reflected in the EB-2010-0008 nuclear revenue requirement by OPG’s actual nuclear production. The rate of recovery of $2.66/MWh used in deriving the projected 2013 additions to the account is the same as that used to calculate additions reflected in the approved December 31, 2012 balance of the account and is calculated as shown in Ex. H1-1-1 Table 13.

As shown in Ex. H1-1-1 Table 1, there are no projected additions to the Derivative Sub-Account in 2013. As discussed in Ex. G2-2-1, section 4.1.2, OPG has not forecast a change in the fair value of the derivative for the 2013 - 2015 period.
The derivation of the projected 2013 debit additions of $87.0M to the Non-Derivative Sub-Account is shown in Ex. H1-1-1 Table 13. The additions relate primarily to the impacts of the current approved ONFA Reference Plan effective January 1, 2012. As discussed in Ex. G2-2-1, section 6, the projected impact of the reference plan on the 2013 Bruce Lease net revenues is a reduction of approximately $110M.

Pursuant to the EB-2012-0002 Payment Amounts Order, the amount of the Derivative Sub-Account cleared each year, starting in 2013, is to be equal to the supplemental rent rebate forecast to be payable to Bruce Power by OPG for that year (and associated income tax impacts). The recovery for the derivative portion in 2013 was reduced by the amount by which prior recoveries from ratepayers for this portion exceeded the amount of the actual rent rebates and associated income taxes incurred by OPG for the period from April 1, 2008 to December 31, 2012. OPG calculated this reduction to be $54.9M (EB-2012-0002 Ex. M-1-1, page 17).

As noted in OPG’s letter to the OEB dated September 26, 2013, in preparing this application, OPG identified an error made in the calculation of the $54.9M reduction to the 2013 recovery amount. The correct amount is $63.8M. The error will be corrected as part of the next disposition of the balance of the Derivative Sub-Account, by reducing by $8.9M the amount otherwise recoverable from ratepayers for the sub-account.

Pursuant to the EB-2012-0002 Payment Amounts Order, OPG is not recording interest on either sub-account balance during 2013 and 2014.

### 4.14 Pickering Life Extension Depreciation Variance Account

Pursuant to the EB-2012-0002 Payment Amounts Order, this variance account has been established to record a credit amount of $3.9M per month for the period from January 1, 2013 until the effective date of new nuclear payment amounts (excluding riders), reflecting

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8 As discussed in EB-2012-0002 Ex. M1-1, pp. 15-17, up to December 31, 2012, OPG recovered the impacts of the supplemental rent rebate provision as determined on the basis of generally accepted accounting principles (i.e., as changes in the fair value of the derivative liability rather than amounts of rebate payable).
the revised service lives, for depreciation purposes, of the Pickering stations.9 Pursuant to that order, the nuclear payment riders established for 2013 and 2014 were reduced by an equivalent amount, resulting in a debit amortization amount being recorded in this account starting in 2013. The December 31, 2013 projected balance in the account is a debit of $9.5M, as shown in Ex. H1-1-1 Table 1.

Pursuant to the EB-2012-0002 Payment Amounts Order, no interest is recorded on the balance of the account.

4.15 Nuclear Deferral and Variance Over/Under Recovery Variance Account

This account records the differences between the amounts approved for recovery in the nuclear deferral and variance accounts and the actual amounts recovered based on the actual nuclear production and approved riders. Pursuant to OEB’s orders, the account also captures the transfer of the nuclear portions of the balances remaining in other accounts as they expire from time to time. The derivation of the projected $19.2M debit addition to the account for 2013 is shown in Ex. H1-1-1 Table 14. There are no transfers from expiring accounts forecast in 2013.

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9 The impact of the revised accounting service lives for Pickering on the test period depreciation expense presented in this application is discussed in Ex. F4-1-1, section 3.3.