Approval to Use Generally Accepted Accounting Principles of the United States

1.0 PURPOSE

OPG is seeking approval to use the Generally Accepted Accounting Principles of the United States ("USGAAP") for regulatory accounting, reporting and rate-making purposes. This evidence identifies differences between USGAAP and Canadian Generally Accepted Accounting Principles ("CGAAP") that affect OPG's regulatory accounting and describes the financial impacts on OPG's prescribed assets resulting from the transition from CGAAP to USGAAP recorded in the Impact for USGAAP Deferral Account. The account is discussed in Ex. H1-1-1 and summarized in Ex. H1-1-1, Table 6. The evidence also addresses the benefits that OPG sees from adopting USGAAP for regulatory purposes.

2.0 OVERVIEW

OPG is proposing to adopt USGAAP for regulatory purposes effective January 1, 2012. OPG has completed its analysis of the impacts resulting from adopting USGAAP and determined that the transition to and implementation of USGAAP would affect OPG's regulatory accounting in three areas: long term disability benefit plan ("LTD") costs, which are part of pension and other post employment benefits ("OPEB"), Scientific Research and Experimental Development ("SR&ED") investment tax credits ("ITCs") and Bruce Lease revenues and costs. The only change that has a financial impact on OPG's prescribed assets is the change in the treatment of actuarial losses and gains and past service costs associated with OPG's LTD plan and related income tax impacts. Owing solely to this LTD impact, OPG is forecasting an addition of $58.5M in the Impact for USGAAP Deferral Account in 2012.

The evidence identifies the benefits of adopting USGAAP as opposed to International Financial Reporting Standards ("IFRS") in Section 5.0. In summary, the benefits of adopting USGAAP rather than IFRS are:

- fewer and significantly smaller financial impacts;
- more stable financial results resulting in greater rate stability;

- reduced costs of record-keeping and regulatory review; and
- financial information that better represents OPG's underlying financial circumstances.

OPG is requesting approval to adopt USGAAP for regulatory purposes at this time to avoid keeping multiple sets of financial records. OPG must maintain CGAAP financial records for regulatory reporting purposes until its payment amounts are reset to ensure that information is reported on the same basis upon which the current payment amounts were established. OPG would also have to maintain its financial records on both a USGAAP and IFRS basis to enable it to meet its regulatory reporting obligations to the OEB until such time as the OEB approves a new regulatory accounting approach for OPG.

OPG has incurred costs associated with the implementation of USGAAP for financial accounting purposes, but OPG is not seeking recovery of these costs.

3.0 BACKGROUND

Effective January 1, 2012, OPG is required to prepare its consolidated financial statements in accordance with USGAAP pursuant to O. Reg. 395/11 under the *Financial Administration Act* (Ontario), which can be found in Attachment 1. OPG had also applied for and received an exemption from the Ontario Securities Commission ("OSC") to file its consolidated financial statements based on USGAAP rather than IFRS, which is provided in Attachment 2. The exemption applies to the financial years that begin on or after January 1, 2012, but before January 1, 2015. The exemption is similar to those received by Hydro One, Union Gas, Enbridge and other utilities regulated by the OEB that have received or are seeking approval to use USGAAP for regulatory purposes.

OPG's current payment amounts were established in the EB-2010-0008 Payment Amounts Order using CGAAP as the basis for regulatory accounting, reporting and rate-making. The Impact for USGAAP Deferral Account approved by the OEB in the EB-2011-0432 Decision and Order issued on March 2, 2012 captures the transition and implementation impacts of differences between CGAAP and USGAAP on OPG's prescribed assets from January 1, 2012 to the effective date of the next payment amounts order. The disposition of the projected balance as at December 31, 2012 in the Impact for USGAAP Deferral Account is discussed in Ex. H1-2-1.

As part of the adoption of USGAAP on January 1, 2012, OPG was required to restate its 2011 comparative financial information on a USGAAP basis and to prepare a USGAAP opening balance sheet as at January 1, 2011 (the “2012 Restatement”). This USGAAP balance sheet must be used as the reference point for determining the financial impacts from the adoption of USGAAP. This revised financial information also forms the starting point for USGAAP reporting in OPG’s 2012 financial statements.

4.0 ACCOUNTING DIFFERENCES BETWEEN CGAAP AND USGAAP

OPG has identified differences between CGAAP and USGAAP that would impact its regulatory accounting in three distinct areas: LTD costs, SR&ED ITCs and base rent revenue under the Bruce Lease. As noted above, only the change related to LTD costs has resulted in entries into the Impact for USGAAP Deferral Account.

4.1 Long-Term Disability Plan Costs Included in the Impact for USGAAP Deferral Account

The total projected impact on LTD costs through 2012 from adopting USGAAP is $58.5M. The projected December 31, 2012 balance in the Impact for USGAAP Deferral Account to be recovered by OPG is $59.3M, which includes the projected LTD impact plus an estimated $0.8M in interest. This projected LTD impact has three components: transition costs, implementation costs and related tax impacts. The amounts associated with each component are presented in Chart 1 and discussed below. The details underlying Chart 1 can be found in Ex. H1-1-1, Table 6.

Chart 1

	LTD Costs	
Line	**Cost Component**	**Amount ($M)**
	Transition Costs:	
1	LTD costs recognized on the opening USGAAP balance sheet arising from the 2012 Restatement	31.4
2	Differences in CGAAP and USGAAP costs for 2011 arising from the 2012 Restatement (actual)	9.3
3	Total Transition Costs (lines 1 + 2)	40.7
4	Implementation Costs: projected differences in CGAAP and USGAAP costs for 2012	3.2
5	Tax Impact	14.6
	TOTAL (lines 3 + 4 + 5)	58.5

Transition Costs: OPG adopted USGAAP on January 1, 2012. Transition costs were incurred at that time, and are reflected in the 2012 Restatement both as an adjustment to the 2011 opening balance sheet and through differences in 2011 costs.

As described in EB-2011-0432, under USGAAP all actuarial gains and losses and past service costs related to the LTD plan must be recognized immediately on the statement of income. In contrast, under CGAAP, the net cumulative unamortized actuarial gain or loss for the LTD plan in excess of ten per cent of the benefit obligation was amortized over the expected average remaining service life of the employees. In addition, past service costs related to the LTD plan were recognized over the expected average remaining service period of the affected employee groups.

This difference in accounting requirements gives rise to the transition costs. Specifically, OPG was required under USGAAP to recognize \$31.4M of previously unamortized net actuarial losses and past service costs for the prescribed assets related to the LTD plan (\$30.0M for nuclear and \$1.4M for regulated hydroelectric). Through the 2012 Restatement, this amount was determined using the required starting point for reporting under USGAAP as of January 1, 2011. Under CGAAP, these amounts would have been included in the calculation of OPEB costs that would have been part of the revenue requirements in future payment amounts applications. Therefore, OPG has recorded $31.4M in the Impact for USGAAP Deferral Account in Ex H1-1-1, Table 6, line 1.[1]

Also arising from the 2012 Restatement is the difference in the accounting treatment for LTD costs under USGAAP, which produced higher restated costs for 2011. Under CGAAP these amounts would have been included in the calculation of OPEB costs that would have been part of the revenue requirements in future payment amounts applications. Therefore, OPG has recorded $9.3M in the Impact for USGAAP Deferral Account in Ex H1-1-1, Table 6, line 4.

Implementation Costs: The difference in the accounting treatment for LTD costs required as a result of the adoption of USGAAP is projected to produce higher costs during 2012. The difference in costs will continue until payment amounts are reset as part of the next payment amounts order. Variances are recorded in the Impact for USGAAP Deferral Account as incurred. As shown in Ex H1-1-1, Table 6, line 7, $3.2M is the projected variance for 2012.

Tax Impacts: The increased LTD costs recorded under USGAAP give rise to income taxes because they are not deductible for tax purposes while their recovery results in taxes payable by OPG. These taxes are a direct result of adopting USGAAP. As such, they are recorded in the Impact for USGAAP Deferral Account. This approach follows that used by OPG in assigning costs to the Pension and OPEB Cost Variance Account, which was approved in EB-2011-0090 as discussed in Ex. H2-1-3. As of December 31, 2012, OPG is projecting an amount of $14.6M for tax impacts as shown in Ex. H1-1-1, Table 6, line 8. As with implementation cost differences, tax impacts will also continue until payment amounts are reset as part of the next payment amounts order.

4.2 Other Accounting Impacts of Adopting USGAAP

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[1] The $31.4M represents the regulated portion of the total OPG-wide amount of $39.6M, which is provided at pages 3 and 8 of the independent actuarial report on the impact of OPG's transition to US GAAP on its pension and OPEB costs by OPG's actuary, Aon Hewitt, in Attachment 3 to this exhibit.

Adopting USGAAP for regulatory accounting purposes would also produce impacts in the following two areas. These matters do not require any entries in the Impact for USGAAP Deferral Account.

4.2.1 Scientific Research and Experimental Development Investment Tax Credits

As described in EB-2010-0008, the amount of SR&ED ITCs recognized for accounting purposes and reflected in the revenue requirement is determined based on an assessment of the likelihood of their allowance. The amount of ITCs recognized is the same under USGAAP and CGAAP, but the presentation of ITCs changes from a reduction to OM&A expenses to a reduction to the income tax expense. As the change solely involves presentation, there is no financial impact associated with this USGAAP requirement.

4.2.2 Bruce Lease Base Rent Revenue

USGAAP requires the amount of base rent revenue to be recognized on a straight-line basis from the start of the Bruce Lease in 2001. Under CGAAP, the amount of rent revenue recognized is calculated on a straight-line basis effective April 1, 2008 following the OEB's direction that "Bruce lease revenue be calculated in accordance with GAAP for non-regulated businesses" (EB-2007-0905, page 110). The earlier effective date for the purposes of the straight-line calculation under USGAAP results in a lower amount of revenue being recognized over the remaining expected lease term.

The consequent reduction in base rent revenue of $2.2M per year starting in 2011 results in a corresponding reduction in deferred taxes of $0.6M, so the overall impact is a $1.6M annual reduction in Bruce Lease net revenues. This change will increase the revenue requirement in OPG's next application for new nuclear payment amounts based on USGAAP, but has no impact on the deferral and variance account balances.

5.0 THE OEB CRITERIA FOR AUTHORIZING UTILITIES TO ADOPT USGAAP FOR REGULATORY PURPOSES

In the EB-2008-0408 Addendum Report, the OEB stated that a utility seeking to adopt USGAAP must:

- demonstrate the eligibility of the utility under the relevant securities legislation to report financial information using that standard;
- include a copy of the authorization to use USGAAP from the appropriate Canadian securities regulatory body (if applicable); and
- set out the benefits and potential disadvantages to the utility and its ratepayers of using the alternate accounting standard for rate regulation.

As discussed above in Section 3.0, OPG must adopt USGAAP for financial accounting purposes effective January 1, 2012 and has received authorization to do so (Attachment 2). Adopting USGAAP for regulatory purposes has a number of benefits compared to the alternative of adopting IFRS.[2] These are:

1) *Fewer and significantly smaller financial impacts:* The financial impacts associated with OPG's adoption of USGAAP are discussed in Section 4, which shows a total projected after-tax impact on the prescribed assets of approximately $58.5M at the end of 2012. The impacts associated with adopting IFRS would be substantially larger and require more adjustments to CGAAP.

   The single largest impact for the prescribed assets would result from differences between CGAAP and IFRS related to the treatment of actuarial gains and losses and past service costs associated with all of OPG's pension and OPEB plans, including the LTD plan, upon the mandatory adoption by OPG of International Accounting Standard 19, *Employee Benefits* ("IAS 19"), as amended, no later than January 1, 2013.

   In accordance with IFRS requirements, to effect a January 1, 2013 adoption date, OPG would be required to calculate the changes due to IAS 19 as of January 1, 2012. The resulting impact would be to recognize, as a component of equity, all previously unamortized actuarial gains and losses and past service costs calculated as of January 1, 2012. Using January 1, 2012 as the starting point for reporting under IAS 19 also would create additional impacts for 2012 based on the actuarial gains and losses

[2] OPG is not aware of any disadvantages associated with adopting USGAAP for regulatory purposes relative to adopting IFRS.

arising during that year, which would be charged to and remain in accumulated other comprehensive income ("AOCI"). As at the end of 2012, OPG projects the cumulative impact of the changes above to be close to $3.9 billion on a pre-tax basis.[3]

Under USGAAP, while all actuarial gains and losses and past service costs for non-LTD plans are charged to AOCI, they are transferred from AOCI to pension and OPEB costs on the statement of income over time in a manner consistent with CGAAP (i.e., subject to the corridor approach and over the expected remaining service life of the employees). Therefore, under USGAAP, these amounts would continue to be deferred and amortized into revenue requirements as part of future payment amounts applications as currently occurs under CGAAP.

Under IFRS, OPG would be required to seek OEB approval to establish one or more deferral accounts in an attempt to moderate the impacts identified above. Even with these deferral accounts however, unless the resulting balances were amortized over periods substantially longer than those which have been authorized to date for OPG, ratepayers would still experience significant impacts under IFRS. For this reason alone, in OPG's case, the adoption of USGAAP clearly would benefit ratepayers compared to IFRS.

Adoption of IFRS would also significantly impact the accounting treatment of OPG's nuclear decommissioning and nuclear waste management liabilities ("nuclear liabilities") and related costs, including differences that would arise upon accounting recognition of changes in the nuclear liabilities arising from a new approved Ontario Nuclear Funds Agreement Reference Plan. These differences would include a change in the timing of recognition of certain waste management costs due to their re-categorization from fixed costs under CGAAP to variable costs under IFRS. Fixed costs

[3] In its application in EB-2011-0432 (p. 5, lines 27-29), OPG cited an equivalent estimated pre-tax impact of in excess of $2 billion. The estimate cited in this exhibit has been updated to reflect the actual financial results for 2011 and the projected results for 2012.

are capitalized and expensed over time while variable costs are expensed immediately resulting in greater customer impacts.

Adoption of IFRS also would require OPG to apply a current accretion rate to the full amount of the liabilities. In contrast, under CGAAP, a current accretion rate is established for each new tranche as it is added. Thus when the amount of liabilities increases, it is only the latest tranche, not the entire liability, that receives the current accretion rate under CGAAP. This results in less volatility. To address these differences in the treatment of nuclear liabilities under IFRS, OPG would have had to seek OEB approval to establish additional regulatory deferral accounts consistent with the principles cited in the EB-2008-0408 Report of the Board.

2) *More stable financial results, which promote greater rate stability:* As it applies to OPG, USGAAP is substantially similar to CGAAP in most areas. In contrast, the changes under IFRS discussed above for nuclear liabilities and pension and OPEB plans would introduce additional volatility. Under USGAAP, OPG would be able to continue capitalizing certain costs related to nuclear liabilities and continue recognizing pension and OPEB costs in the income statement over time. Both of these differences significantly reduce the volatility that would be introduced into OPG’s reported financial results by the adoption of IFRS. This additional volatility would be attributable both to the initial impact of adopting IFRS and to the subsequent impacts of periodic changes in nuclear liabilities and annual changes in pension and OPEB costs. By reducing the volatility of OPG’s costs, USGAAP also would result in more stable payment amounts and avoid the need for moderating deferral accounts with extremely long amortization periods.

3) *Reduction in the costs of record-keeping and greater comparability:* As OPG has adopted USGAAP for financial reporting, the adoption of USGAAP for regulatory purposes would allow OPG to maintain a single accounting system once new USGAAP-based payment amounts are established. This would allow OPG to avoid the associated costs of maintaining accounting records on two different bases going

forward. Having a single system also would provide greater comparability between the financial information used in setting OPG's payment amounts and OPG's audited financial accounting data.

4) *Financial information that better represents OPG's underlying financial circumstances:* USGAAP provides a well recognized, accepted and comprehensive basis of accounting that better reflects the economic substance of the impact of rate regulation on OPG's financial results through continued recognition of regulatory assets and liabilities in the same manner as CGAAP. In contrast, the adoption of IFRS would distort OPG's financial results because under the current formulation of IFRS, OPG would be unable to recognize certain regulatory assets and liabilities.[4] As discussed above, adopting USGAAP also results in significantly less income volatility than IFRS. For these reasons, adopting USGAAP would benefit the OEB and participants in the regulatory process, as well as other users of OPG's financial statements.

The OEB has approved the use of USGAAP for most of the larger utilities it regulates including Union Gas, Hydro One Transmission and Hydro One Distribution.[5] These utilities based their requests for authority to adopt USGAAP for regulatory purposes on reasons similar to those advanced above and the OEB largely accepted these reasons in granting their requests.[6]

In approving Hydro One Transmission's adoption of USGAAP for regulatory purposes, the OEB observed that: "Moving to USGAAP may offer advantages in enabling more meaningful benchmarking possibilities."[7] As most of the companies used in OPG's financial benchmarking are located in the United States, this observation would apply equally to OPG.

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[4] Considerable uncertainty exists regarding the outcome and timing of future changes to IFRS, if any, with respect to accounting for regulatory assets and liabilities.

[5] Moreover, the OEB is not alone in allowing regulated utilities to adopt USGAAP. A number of other Canadian utility regulators, including those in British Columbia, Alberta, and Newfoundland and Labrador, have recently accepted the use of USGAAP as the basis of regulatory accounting for utilities that they regulate.

[6] For examples, see: EB-2011-0210, DECISION ON PRELIMINARY ISSUE AND PROCEDURAL ORDER NO. 2 (Union Gas), March 1, 2012, pages 3-4 and EB-2011-0268, DECISION WITH REASONS (Hydro One), November 23, 2011, page 5.

[7] EB-2011-0268, DECISION WITH REASONS, November 23, 2011, page 12.

The adoption of USGAAP for both regulatory purposes and financial accounting would put OPG on the same reporting basis as U.S. utilities.

LIST OF ATTACHMENTS

Attachment 1:	*Financial Administration Act*, O. Reg. 395/11
Attachment 2:	OSC's Decision on OPG's application for an exemption to prepare financial statements in accordance with USGAAP
Attachment 3:	Aon Hewitt's "Transition Report for US GAAP from Canadian GAAP for Pension, Non-Pension Post Retirement, and Post-Employment Benefit Plans" for Ontario Power Generation Inc.

ATTACHMENT 1

Financial Administration Act

ONTARIO REGULATION 395/11

ACCOUNTING POLICIES AND PRACTICES

Consolidation Period: From April 11, 2012 to the e-Laws currency date.

Last amendment: O. Reg. 51/12.

This is the English version of a bilingual regulation.

Depreciable tangible capital assets, etc.

1. (0.1) This section applies to public entities and to other entities whose financial statements are included in the consolidated financial statements of the Province as set out in the Public Accounts. O. Reg. 51/12, s. 1 (2).

(1) In its accounts, an entity shall recognize the following items as deferred capital contributions:

1. Contributions received or receivable by the entity for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services.

2. Contributions in the form of depreciable tangible assets received or receivable by the entity for use in providing services. O. Reg. 395/11, s. 1 (1); O. Reg. 51/12, s. 1 (3, 4).

(2) In its accounts, an entity shall reduce its liability for deferred capital contributions in respect of a depreciable tangible capital asset at the same rate as the rate at which amortization is recognized in respect of the asset, and shall account for the reduction of the liability in the periods during which the asset is used to provide services. O. Reg. 395/11, s. 1 (2); O. Reg. 51/12, s. 1 (5).

(3) In its accounts, an entity shall recognize, as revenue, the capital contributions in respect of a depreciable tangible capital asset at the same rate as the rate at which amortization is recognized in respect of the asset, and shall account for the revenue in the periods during which the asset is used to provide services. O. Reg. 395/11, s. 1 (3); O. Reg. 51/12, s. 1 (6).

(4) If the net book value of a depreciable tangible capital asset is reduced for any reason other than amortization, an entity shall, in its accounts, recognize a proportionate reduction of the deferred capital contributions for the asset and a proportionate increase in the revenue from deferred capital contributions for the asset. O. Reg. 395/11, s. 1 (4); O. Reg. 51/12, s. 1 (7).

(5) This section prevails over a requirement of another Act or regulation. O. Reg. 395/11, s. 1 (5).

Use of U.S. generally accepted accounting principles

2. (1) Hydro One Inc. and Ontario Power Generation Inc. shall prepare their financial statements in accordance with U.S. generally accepted accounting principles. O. Reg. 51/12, s. 2 (2).

(2) This section applies for any financial year of the corporation that begins on or after January 1, 2012. O. Reg. 51/12, s. 2 (2).

(3) This section prevails over a requirement of another Act or regulation. O. Reg. 395/11, s. 2 (3).

3. Revoked: O. Reg. 51/12, s. 3.

January 24, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
ONTARIO POWER GENERATION INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the requirements under section 3.2 of National Instrument 52-107 - *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (the **Exemption Sought**) to permit the Filer to prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after January 1, 2012 but before January 1, 2015.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for this application;

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 - *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, Nova Scotia, and Newfoundland and Labrador (the **Passport Jurisdictions**); and

(c) the decision of the principal regulator automatically results in an equivalent decision in the Passport Jurisdictions.

Interpretation

Terms defined in National Instrument 14-101 - *Definitions,* MI 11-102 and NI 52107 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer.

1. The Filer is incorporated under the *Business Corporations Act* (Ontario). The head office of the Filer is located at 700 University Avenue, Toronto, ON M5G 1X6.

2. The Filer is a reporting issuer or equivalent in the Jurisdiction and each Passport Jurisdiction and is not in default of securities legislation in any such jurisdiction.

3. The Filer is not an SEC issuer.

4. The Filer has "activities subject to rate regulation", as defined in the Handbook.

5. As a "qualifying entity" for the purposes of section 5.4 of NI 52-107, the Filer is permitted to prepare its financial statements for its financial year commencing January 1, 2011 and ending December 31, 2011 in accordance with Canadian GAAP - Part V of the Handbook.

6. Were the Filer an SEC issuer, it would be permitted by section 3.7 of NI 52-107 to file financial statements prepared in accordance with U.S. GAAP, which accords treatment of "activities subject to rate regulation" similar to that under Canadian GAAP - Part V of the Handbook.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

1. The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

   (a) for its financial years commencing on or after January 1, 2012 but before January 1, 2015 and interim periods therein, the Filer files its financial statements in accordance with U.S. GAAP; and

   (b) information for comparative periods presented in the financial statements referred to in paragraph (a) is prepared in accordance with U.S. GAAP.

2. The Exemption Sought will terminate in respect of the Filer's financial statements for annual and interim periods commencing on or after the earlier of:

   (a) January 1, 2015; and

(b) the date on which the Filer ceases to have "activities subject to rate regulation" as defined in the Handbook as at the date of this decision.

Cameron McInnis, Chief Accountant
Ontario Securities Commission

Actuarial Report

Ontario Power Generation Inc.
Transition Report for US GAAP from Canadian GAAP for Pension, Non-Pension Post Retirement and Post-Employment Benefits Plans

January 1, 2011 Transition and
US GAAP Disclosure information for January 1, 2011 to December 31, 2011

Table of Contents

Introduction

Ontario Power Generation Inc. (the “Company” or “OPG”) will be adopting the US Generally Accepted Accounting Principles (“GAAP”) effective January 1, 2012. As part of the transition to US GAAP, OPG must prepare a US GAAP opening balance sheet as at January 1, 2011 and 2011 comparative financial information. This report summarizes disclosure information for the fiscal year 2011 under US GAAP, specifically ASC 715, 712 and 710, for the following plans sponsored by OPG:

- Registered Pension Plan ("RPP")
- Supplementary Pension Plan ("SPP")
- Non-pension Post Retirement Plan which provides other post retirement benefits ("OPRB") including retiree medical, dental, life insurance and retirement bonus benefits
- Post-employment plan which provides long-term disability benefits ("LTD") including sick leave benefits before the LTD benefits begin and the continuation of medical, dental and life insurance while on LTD.

This report is intended to be a supplement to the December 31, 2011 disclosure reports prepared by Aon Hewitt in accordance with Canadian GAAP as defined in the CICA Handbook–Accounting (Part V), Section 3461 (“CICA 3461”) dated February 2012. Unless otherwise stated, all assumptions, data elements, methodologies, plan provisions and asset information are consistent with the December 31, 2011 disclosure reports (“the Reports”).

Sincerely,

Aon Hewitt

Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Aon Hewitt

Gregory W. Durant
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

April 2012

Summary

Differences between Canadian GAAP and US GAAP

The following is a summary of the main differences between Canadian GAAP and US GAAP which impact OPG's costs and financial statement presentation:

- Treatment of post employment benefits: Currently, the change in obligation due to changes in economic assumptions are deferred and amortized, and the sum of the change in obligation at the end of the year compared to the obligation at the beginning of the year on the same economic basis and actual benefit payments is immediately recognized. In addition, past service costs are also deferred and amortized. Under US GAAP, all actuarial gains and losses and past service costs are required to be recognized immediately in the cost. Therefore, the cost is equal to the change in obligation plus benefit payments.

- Use of Accumulated Other Comprehensive Income ("AOCI") under ASC 715 to reflect gains or losses, past service costs or credits, and transition obligation or asset that are not yet recognized in the cost for pension and OPRB: Under ASC 715, the balance sheet reflects the plan's funded status on a market basis (i.e., for overfunded plans, balance sheet asset is equal to fair value of plan assets minus projected benefit obligation ("PBO"); for underfunded plans, balance sheet liability is equal to the PBO minus the fair value of plan assets.). Amounts in AOCI are recycled into costs in the same manner as they would have been under Canadian GAAP. Under CICA 3461, unrecognized amounts are not included in the balance sheet asset or liability.

It is our understanding that no restatement of costs for the RPP, SPP and OPRB plans is required because OPG's costs determined under Canadian GAAP prior to 2011 are also in accordance with US GAAP. A summary of the impact of these two differences on OPG's January 1, 2011 balance sheet and 2011 costs is provided on the next page. Details of the transition impact are provided in Schedule 1 of this report.

Disclosure requirements are also different under the two standards. The additional disclosure information for 2011 under US GAAP is provided in Schedule 2 of this report. Note that the attached disclosure information does not include certain items required under US GAAP such as the asset investment strategy.

Similarities between Canadian GAAP and US GAAP

The following is a summary of the main similarities between Canadian GAAP and US GAAP that are applicable to OPG:

- The market-related value of assets for the RPP is calculated where equity assets are adjusted to smooth market fluctuations over five years. The use of a market-related value of assets for determining cost is in accordance with both standards, as long as the changes in the fair value of assets are recognized over not more than five years. OPG will continue to use the same methodology under US GAAP as it did when reporting under Canadian GAAP.

- OPG uses the "corridor" approach in recognizing gains and losses through cost, where unrecognized gains or losses outside the corridor (i.e., 10% of greater of the benefit obligation or market-related value of assets) are amortized over the expected average remaining service life of active participants expected to receive benefits under the plan. This approach is in accordance with both standards and OPG will continue to use the same methodology under US GAAP as it did when reporting under Canadian GAAP.

- Under both standards, past service costs for pension and OPRB are amortized over active participants' expected average remaining service life (or average remaining service to full eligibility date for OPRB) through cost. OPG will continue to use the same methodology under US GAAP as it did when reporting under Canadian GAAP.

- Under both standards, the Projected Accrued Benefit Method, pro-rated on service, was used to value the obligation for pension and OPRB. For LTD, the obligation was determined on a terminal accounting basis under both standards.

- The assumptions used for determining costs and obligations are consistent under both accounting standards.

Transition

Upon transition at January 1, 2011, the net benefit asset (liability) in respect of each of the plans must be adjusted to reflect each plan's funded status, with corresponding adjustments to AOCI.

For the LTD plan, all unrecognized past service costs and unrecognized net actuarial gains and losses under Canadian GAAP must be recognized immediately upon transition at January 1, 2011, with a corresponding adjustment to retained earnings.

Summary of Financial Results

The adjustments to OPG's balance sheet at January 1, 2011 in respect of the plans are as follows:

(Canadian $000s)	Net Benefits Asset (Liability)	AOCI	Retained Earnings
Plan			
RPP	$ (2,397,967)	$ 2,397,967	$ 0
SPP	(50,331)	50,331	0
OPRB	(462,079)	462,079	0
LTD	(39,584)	0	39,584

The impact on OPG's 2011 costs is as follows:

(Canadian $000s)	US GAAP	Canadian GAAP	Differences
Plan			
RPP	$ 259,890	$ 259,890	$ 0
SPP	23,481	23,481	0
OPRB	200,248	200,248	0
LTD	45,055	33,240	11,815

Summary (continued)

The change in AOCI in 2011 is as follows:

	Amortization of Net Actuarial (Loss)/Gain	Amortization of Past Service (Costs)/Credit	New Net Actuarial Loss/(Gain)	New Past Service Costs/(Credit)	Total Change
Plan					
RPP	$ (65,626)	$ (9,577)	$ 1,446,105	$ 0	$ 1,370,902
SPP	(2,350)	(482)	28,651	0	25,819
OPRB	(21,955)	(1,781)	223,116	838	200,218
LTD	0	0	0	0	0

Details of the impact of OPG’s transition to US GAAP as at January 1, 2011 are provided in Schedule 1 and the disclosure information for 2011 under US GAAP is provided in Schedule 2 of this report. The assumptions used to prepare the US GAAP results are the same as those for Canadian GAAP as outlined in the Reports. The methodology is the same as outlined in the Reports except as described above. No changes to the assumptions or methodology were required as a result of the transition.

Schedule 1—Transition Schedules

The following schedules contain details on transition from Canadian GAAP to US GAAP on January 1, 2011.

Registered Pension Plan

(Canadian $000s)	Canadian GAAP as of December 31, 2010	US GAAP as of January 1, 2011
Benefit obligation	$ 10,344,155	$ 10,344,155
Fair value of plan assets	9,082,944	9,082,944
Funded status – excess (deficit)	**$ (1,261,211)**	**$ (1,261,211)**
Reconciliation of Funded Status to Accrued Benefit Asset (Liability)		
Excess (Deficit)	$ (1,261,211)	
Unrecognized past service costs (credits)	9,577	
Unrecognized net actuarial loss (gain)	2,388,390	
Unrecognized transition obligation (asset)	0	
Accrued Benefit Asset (Liability)	**$ 1,136,756**	
Initial Amounts Recognized in Accumulated Other Comprehensive Income ("AOCI") on January 1, 2011		
Unrecognized past service costs (credits)		$ 9,577
Unrecognized net actuarial loss (gain)		2,388,390
Unrecognized transition obligation (asset)		0
Total AOCI at January 1, 2011		**$ 2,397,967**
Amounts Recognized in Statement of Financial Position		
Noncurrent assets		$ 0
Current liabilities		0
Noncurrent liabilities		(1,261,211)
Net Asset (Liability)		**$ (1,261,211)**
Adjustment to Retained Earnings		**$ 0**

Schedule 1—Transition Schedules (continued)

Supplemental Pension Plan

(Canadian $000s)	Canadian GAAP as of December 31, 2010	US GAAP as of January 1, 2011
Benefit obligation	$ 216,514	$ 216,514
Fair value of plan assets	0	0
Funded status – excess (deficit)	**$ (216,514)**	**$ (216,514)**
Reconciliation of Funded Status to Accrued Benefit Asset (Liability)		
Excess (Deficit)	$ (216,514)	
Unrecognized past service costs (credits)	482	
Unrecognized net actuarial loss (gain)	49,849	
Unrecognized transition obligation (asset)	0	
Accrued Benefit Asset (Liability)	**$ (166,183)**	
Initial Amounts Recognized in Accumulated Other Comprehensive Income (“AOCI”) on January 1, 2011		
Unrecognized past service costs (credits)		$ 482
Unrecognized net actuarial loss (gain)		49,849
Unrecognized transition obligation (asset)		0
Total AOCI at January 1, 2011		**$ 50,331**
Amounts Recognized in Statement of Financial Position		
Noncurrent assets		$ 0
Current liabilities		(7,334)
Noncurrent liabilities		(209,180)
Net Asset (Liability)		**$ (216,514)**
Adjustment to Retained Earnings		**$ 0**

Schedule 1—Transition Schedules (continued)

Non-Pension Post Retirement

(Canadian $000s)	Canadian GAAP as of December 31, 2010	US GAAP as of January 1, 2011
Benefit obligation	$ 2,068,422	$ 2,068,422
Fair value of plan assets	0	0
Funded status – excess (deficit)	**$ (2,068,422)**	**$ (2,068,422)**
Reconciliation of Funded Status to Accrued Benefit Asset (Liability)		
Excess (Deficit)	$ (2,068,422)	
Unrecognized past service costs (credits)	13,734	
Unrecognized net actuarial loss (gain)	448,345	
Unrecognized transition obligation (asset)	0	
Accrued Benefit Asset (Liability)	**$ (1,606,343)**	
Initial Amounts Recognized in Accumulated Other Comprehensive Income (“AOCI”) on January 1, 2011		
Unrecognized past service costs (credits)		$ 13,734
Unrecognized net actuarial loss (gain)		448,345
Unrecognized transition obligation (asset)		0
Total AOCI at January 1, 2011		**$ 462,079**
Amounts Recognized in Statement of Financial Position		
Noncurrent assets		$ 0
Current liabilities		(64,040)
Noncurrent liabilities		(2,004,382)
Net Asset (Liability)		**$ (2,068,422)**
Adjustment to Retained Earnings		**$ 0**

Schedule 1—Transition Schedules (continued)

Post-employment

(Canadian $000s)	Canadian GAAP as of December 31, 2010	US GAAP as of January 1, 2011
Benefit obligation	$ 265,671	$ 265,671
Fair value of plan assets	0	0
Funded status – excess (deficit)	**$ (265,671)**	**$ (265,671)**
Reconciliation of Funded Status to Accrued Benefit Asset (Liability)		
Excess (Deficit)	$ (265,671)	
Unrecognized past service costs (credits)	1,975	
Unrecognized net actuarial loss (gain)	37,609	
Unrecognized transition obligation (asset)	0	
Accrued Benefit Asset (Liability)	**$ (226,087)**	
Initial Amounts Recognized in Accumulated Other Comprehensive Income (“AOCI”) on January 1, 2011		
Unrecognized past service costs (credits)		$ 0
Unrecognized net actuarial loss (gain)		0
Unrecognized transition obligation (asset)		0
Total AOCI at January 1, 2011		**$ 0**
Amounts Recognized in Statement of Financial Position		
Noncurrent assets		$ 0
Current liabilities		(25,166)
Noncurrent liabilities		(240,505)
Net Asset (Liability)		**$ (265,671)**
Adjustment to Retained Earnings		**$ 39,584**

Schedule 2—US GAAP: Disclosure Information December 31, 2011

The following schedules contain disclosure information under US GAAP:

Registered Pension Plan

(Canadian $000s)		Fiscal Year Ending December 31, 2011
Change in Projected Benefit Obligation ("PBO")		
PBO at end of prior year	$	10,344,155
Employer current service cost		208,385
Interest cost		601,970
Employee contributions		77,381
Benefits paid		(481,634)
Actuarial loss (gain)		1,405,046
Plan amendments		0
Plan curtailments		0
Plan settlements		0
Special termination benefits		0
PBO at End of Year	**$**	**12,155,303**
Accumulated Benefit Obligation at End of Year	**$**	**10,999,317**
Change in Fair Value of Plan Assets		
Fair value of plan assets at end of prior year	$	9,082,944
Actual return on plan assets		584,609
Employer contributions		300,000
Employee contributions		77,381
Benefits paid		(481,634)
Plan settlements		0
Transfers in (out)		0
Other		0
Fair Value of Plan Assets at End of Year	**$**	**9,563,300**
Amounts Recognized in Statement of Financial Position		
Noncurrent assets	$	0
Current liabilities		0
Noncurrent liabilities		(2,592,003)
Net Asset (Liability) Recognized at End of Year	**$**	**(2,592,003)**
Amounts Recognized in Accumulated Other Comprehensive Income		
Unrecognized past service costs (credits)	$	0
Unrecognized net actuarial loss (gain)		3,768,869
Unrecognized transition obligation (asset)		0
Total Accumulated Other Comprehensive Income at End of Year	**$**	**3,768,869**

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Registered Pension Plan (continued)

	Fiscal Year Ending December 31, 2011
Weighted Average Assumptions for Net Periodic Pension Cost	
Discount rate	5.80% per annum
Return on assets	6.50% per annum
Rate of compensation increase[1]	3.00% per annum
Inflation rate	2.00% per annum
YMPE/*Income Tax Act* DB limit increases	3.00% per annum
Post retirement pension increases	2.00% per annum
Weighted Average Assumptions for Disclosure	
Discount rate	5.10% per annum
Return on assets	6.50% per annum
Rate of compensation increase[1]	3.00% per annum
Inflation rate	2.00% per annum
YMPE/*Income Tax Act* DB limit increases	3.00% per annum
Post retirement pension increases	2.00% per annum

[1] Plus promotion, progression and merit, age and service-related scale

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Registered Pension Plan (continued)

(Canadian $000s)		Fiscal Year Ending December 31, 2011
Components of Net Periodic Pension Cost		
Employer current service cost	$	208,385
Interest cost		601,970
Expected return on plan assets		(625,668)
Amortization of past service costs		9,577
Amortization of net actuarial loss (gain)		65,626
Amortization of transition obligation (asset)		0
Net Periodic Pension Cost (Income) Recognized	**$**	**259,890**
Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income		
Net (gain) loss arising during year	$	1,446,105
Past service costs (credit) during year		0
Amortization of net transition (obligation) asset		0
Amortization of past service (cost) credit		(9,577)
Amortization of net gain (loss)		(65,626)
Total Recognized in Other Comprehensive Income	**$**	**1,370,902**
Total Recognized in Net Periodic Pension Cost and Other Comprehensive Income	**$**	**1,630,792**
Estimated Amounts to be Amortized From Accumulated Other Comprehensive Income Into Net Periodic Pension Cost in Next Year		
Amortization of past service costs	$	0
Amortization of net actuarial loss (gain)		154,575
Amortization of transition obligation (asset)		0
Total	**$**	**154,575**

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Registered Pension Plan (continued)

(Canadian $000s)	Fiscal Year Ending December 31, 2011
Projected Benefit Payments	
2012	$ 477,010
2013	498,636
2014	529,307
2015	560,834
2016	592,353
2017 - 2021	3,463,068
Sensitivity Summary	
Impact of 0.25% change in expected return on assets	
0.25% Increase on PBO as at December 31, 2011	$ 0
0.25% Increase on service cost and interest cost	0
0.25% Increase on net periodic pension cost	(24,064)
0.25% Decrease on PBO as at December 31, 2011	0
0.25% Decrease on service cost and interest cost	0
0.25% Decrease on net periodic pension cost	24,064
Impact of 0.25% change in discount rate	
0.25% Increase on PBO as at December 31, 2011	$ (463,060)
0.25% Increase on service cost and interest cost	(13,038)
0.25% Increase on net periodic pension cost	(41,317)
0.25% Decrease on PBO as at December 31, 2011	492,878
0.25% Decrease on service cost and interest cost	13,687
0.25% Decrease on net periodic pension cost	43,727
Impact of 0.25% change in inflation rate and salary scale	
0.25% Increase on PBO as at December 31, 2011	$ 526,504
0.25% Increase on service cost and interest cost	41,112
0.25% Increase on net periodic pension cost	71,320
0.25% Decrease on PBO as at December 31, 2011	(495,998)
0.25% Decrease on service cost and interest cost	(38,493)
0.25% Decrease on net periodic pension cost	(67,048)
Impact of 0.25% change in rate of compensation increase	
0.25% Increase on PBO as at December 31, 2011	$ 103,966
0.25% Increase on service cost and interest cost	11,313
0.25% Increase on net periodic pension cost	16,682
0.25% Decrease on PBO as at December 31, 2011	(103,441)
0.25% Decrease on service cost and interest cost	(11,231)
0.25% Decrease on net periodic pension cost	(16,583)

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Supplemental Pension Plan

(Canadian $000s)		Fiscal Year Ending December 31, 2011
Change in Projected Benefit Obligation		
PBO at end of prior year	$	216,514
Employer current service cost		7,849
Interest cost		12,800
Employee contributions		0
Benefits paid		(7,846)
Actuarial loss (gain)		28,651
Plan amendments		0
Plan curtailments		0
Plan settlements		0
Special termination benefits		0
PBO at End of Year	**$**	**257,968**
Accumulated Benefit Obligation at End of Year	**$**	**214,682**
Change in Fair Value of Plan Assets		
Fair value of plan assets at end of prior year	$	0
Actual return on plan assets		0
Employer contributions		7,846
Employee contributions		0
Benefits paid		(7,846)
Plan settlements		0
Transfers in (out)		0
Other		0
Fair Value of Plan Assets at End of Year	**$**	**0**
Amounts Recognized in Statement of Financial Position		
Noncurrent assets	$	0
Current liabilities		(7,342)
Noncurrent liabilities		(250,626)
Net Asset (Liability) Recognized at End of Year	**$**	**(257,968)**
Amounts Recognized in Accumulated Other Comprehensive Income		
Unrecognized past service costs (credits)	$	0
Unrecognized net actuarial loss (gain)		76,149
Unrecognized transition obligation (asset)		0
Total Accumulated Other Comprehensive Income at End of Year	**$**	**76,149**

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Supplemental Pension Plan (continued)

	Fiscal Year Ending December 31, 2011
Weighted Average Assumptions for Net Periodic Pension Cost	
Discount rate	5.80% per annum
Return on assets	6.50% per annum
Rate of compensation increase[1]	3.00% per annum
Inflation rate	2.00% per annum
YMPE/*Income Tax Act* DB limit increases	3.00% per annum
Post retirement pension increases	2.00% per annum
Weighted Average Assumptions for Disclosure	
Discount rate	5.10% per annum
Return on assets	6.50% per annum
Rate of compensation increase[1]	3.00% per annum
Inflation rate	2.00% per annum
YMPE/*Income Tax Act* DB limit increases	3.00% per annum
Post retirement pension increases	2.00% per annum

[1] Plus promotion, progression and merit, age and service-related scale

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Supplemental Pension Plan (continued)

(Canadian $000s)		**Fiscal Year Ending December 31, 2011**
Components of Net Periodic Pension Cost		
Employer current service cost	$	7,849
Interest cost		12,800
Expected return on plan assets		0
Amortization of past service costs		482
Amortization of net actuarial loss (gain)		2,350
Amortization of transition obligation (asset)		0
Net Periodic Pension Cost (Income) Recognized	**$**	**23,481**
Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income		
Net (gain) loss arising during year	$	28,651
Past service costs (credit) during year		0
Amortization of net transition (obligation) asset		0
Amortization of past service (cost) credit		(482)
Amortization of net gain (loss)		(2,350)
Total Recognized in Other Comprehensive Income	**$**	**25,819**
Total Recognized in Net Periodic Pension Cost and Other Comprehensive Income	**$**	**49,300**
Estimated Amounts to be Amortized From Accumulated Other Comprehensive Income Into Net Periodic Pension Cost in Next Year		
Amortization of past service costs	$	0
Amortization of net actuarial loss (gain)		4,231
Amortization of transition obligation (asset)		0
Total	**$**	**4,231**

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Supplemental Pension Plan (continued)

(Canadian $000s)		Fiscal Year Ending December 31, 2011
Projected Benefit Payments		
2012	$	7,342
2013		7,863
2014		8,294
2015		8,751
2016		9,215
2017 - 2021		53,544
Sensitivity Summary		
Impact of 0.25% change in discount rate		
0.25% Increase on PBO as at December 31, 2011	$	(10,307)
0.25% Increase on service cost and interest cost		(384)
0.25% Increase on net periodic pension cost		(976)
0.25% Decrease on PBO as at December 31, 2011		10,964
0.25% Decrease on service cost and interest cost		306
0.25% Decrease on net periodic pension cost		974
Impact of 0.25% change in inflation rate and salary scale		
0.25% Increase on PBO as at December 31, 2011	$	9,757
0.25% Increase on service cost and interest cost		521
0.25% Increase on net periodic pension cost		1,018
0.25% Decrease on PBO as at December 31, 2011		(9,122)
0.25% Decrease on service cost and interest cost		(605)
0.25% Decrease on net periodic pension cost		(1,037)
Impact of 0.25% change in rate of compensation increase		
0.25% Increase on PBO as at December 31, 2011	$	17,941
0.25% Increase on service cost and interest cost		1,824
0.25% Increase on net periodic pension cost		2,870
0.25% Decrease on PBO as at December 31, 2011		(14,956)
0.25% Decrease on service cost and interest cost		(1,611)
0.25% Decrease on net periodic pension cost		(2,462)

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Non-Pension Post Retirement

(Canadian $000s)		Fiscal Year Ending December 31, 2011
Change in Projected Benefit Obligation		
PBO at end of prior year	$	2,068,422
Employer current service cost		55,192
Interest cost		121,320
Employee contributions		0
Benefits paid		(53,756)
Actuarial loss (gain)		223,116
Plan amendments (end of year)		838
Plan curtailments		0
Plan settlements		0
Special termination benefits		0
PBO at End of Year	**$**	**2,415,132**
Change in Fair Value of Plan Assets		
Fair value of plan assets at end of prior year	$	0
Actual return on plan assets		0
Employer contributions		53,756
Employee contributions		0
Benefits paid		(53,756)
Plan settlements		0
Transfers in (out)		0
Other		0
Fair Value of Plan Assets at End of Year	**$**	**0**
Amounts Recognized in Statement of Financial Position		
Noncurrent assets	$	0
Current liabilities		(63,388)
Noncurrent liabilities		(2,351,744)
Net Asset (Liability) Recognized at End of Year	**$**	**(2,415,132)**
Amounts Recognized in Accumulated Other Comprehensive Income		
Unrecognized past service costs (credits)	$	12,791
Unrecognized net actuarial loss (gain)		649,506
Unrecognized transition obligation (asset)		0
Total Accumulated Other Comprehensive Income at End of Year	**$**	**662,297**

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Non-Pension Post Retirement (continued)

	Fiscal Year Ending December 31, 2011
Weighted Average Assumptions for Benefit Cost	
Discount rate	5.80% per annum
Rate of compensation increase[1]	3.00% per annum
Initial weighted average health care trend rate	6.53% per annum
Ultimate weighted average health care trend rate	4.70% per annum
Year ultimate rate reached	2030
Weighted Average Assumptions for Disclosure	
Discount rate	5.20% per annum
Rate of compensation increase[1]	3.00% per annum
Initial weighted average health care trend rate	6.50% per annum
Ultimate weighted average health care trend rate	4.35% per annum
Year ultimate rate reached	2030

[1] Plus promotion, progression and merit, age and service-related scale

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Non-Pension Post Retirement (continued)

(Canadian $000s)		Fiscal Year Ending December 31, 2011
Components of Benefit Cost		
Employer current service cost	$	55,192
Interest cost		121,320
Expected return on plan assets		0
Amortization of past service costs		1,781
Amortization of net actuarial loss (gain)		21,955
Amortization of transition obligation (asset)		0
Benefit Cost (Income) Recognized	**$**	**200,248**
Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income		
Net (gain) loss arising during year	$	223,116
Past service costs (credit) during year		838
Amortization of net transition (obligation) asset		0
Amortization of prior service (cost) credit		(1,781)
Amortization of net gain (loss)		(21,955)
Total Recognized in Other Comprehensive Income	**$**	**200,218**
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	**$**	**400,466**
Estimated Amounts to be Amortized From Accumulated Other Comprehensive Income Into Net Periodic Benefit Cost in Next Year		
Amortization of past service costs	$	1,857
Amortization of net actuarial loss (gain)		31,384
Amortization of transition obligation (asset)		0
Total	**$**	**33,241**

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Non-Pension Post Retirement (continued)

(Canadian $000s)		**Fiscal Year Ending December 31, 2011**
Projected Benefit Payments		
2012	$	63,388
2013		68,242
2014		74,125
2015		79,920
2016		86,588
2017 - 2021		539,575
Sensitivity Summary		
Impact of 1% change in health care trend rate		
1% Increase on PBO as at December 31, 2011	$	471,070
1% Increase on service cost and interest cost		40,670
1% Increase on benefit cost		72,463
1% Decrease on PBO as at December 31, 2011		(363,155)
1% Decrease on service cost and interest cost		(30,428)
1% Decrease on benefit cost		(52,383)
Impact of 0.25% change in discount rate		
0.25% Increase on PBO as at December 31, 2011	$	(103,721)
0.25% Increase on service cost and interest cost		(3,899)
0.25% Increase on benefit cost		(10,756)
0.25% Decrease on PBO as at December 31, 2011		110,762
0.25% Decrease on service cost and interest cost		4,149
0.25% Decrease on benefit cost		11,465
Impact of 0.25% change in inflation rate and salary scale		
0.25% Increase on PBO as at December 31, 2011	$	5,104
0.25% Increase on service cost and interest cost		459
0.25% Increase on benefit cost		830
0.25% Decrease on PBO as at December 31, 2011		(5,015)
0.25% Decrease on service cost and interest cost		(444)
0.25% Decrease on benefit cost		(804)

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Post-employment

(Canadian $000s)		Fiscal Year Ending December 31, 2011
Change in Projected Benefit Obligation		
PBO at end of prior year	$	265,671
Employer current service cost		20,119
Interest cost		11,729
Employee contributions		0
Benefits paid		(25,652)
Actuarial loss (gain)		13,207
Plan amendments		0
Plan curtailments		0
Plan settlements		0
Special termination benefits		0
PBO at End of Year	**$**	**285,074**
Change in Fair Value of Plan Assets		
Fair value of plan assets at end of prior year	$	0
Actual return on plan assets		0
Employer contributions		25,652
Employee contributions		0
Benefits paid		(25,652)
Plan settlements		0
Transfers in (out)		0
Other		0
Fair Value of Plan Assets at End of Year	**$**	**0**
Amounts Recognized in Statement of Financial Position		
Noncurrent assets	$	0
Current liabilities		(27,947)
Noncurrent liabilities		(257,127)
Net Asset (Liability) Recognized at End of Year	**$**	**(285,074)**
Amounts Recognized in Accumulated Other Comprehensive Income		
Unrecognized past service costs (credits)	$	0
Unrecognized net actuarial loss (gain)		0
Unrecognized transition obligation (asset)		0
Total Accumulated Other Comprehensive Income at End of Year	**$**	**0**

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Post-employment (continued)

	Fiscal Year Ending December 31, 2011
Weighted Average Assumptions for Prior Disclosure	
Discount rate	4.70% per annum
Rate of compensation increase	2.00% per annum
Initial weighted average health care trend rate	6.50% per annum
Ultimate weighted average health care trend rate	4.65% per annum
Year ultimate rate reached	2030
Weighted Average Assumptions for Current Disclosure	
Discount rate	4.00% per annum
Rate of compensation increase	2.00% per annum
Initial weighted average health care trend rate	6.32% per annum
Ultimate weighted average health care trend rate	4.65% per annum
Year ultimate rate reached	2030

Schedule 2—US GAAP: Disclosure Information December 31, 2011

(continued)

Post-employment (continued)

(Canadian $000s)		**Fiscal Year Ending December 31, 2011**
Components of Benefit Cost		
Employer current service cost	$	20,119
Interest cost		11,729
Expected return on plan assets		0
Amortization of past service costs		0
Amortization of net actuarial loss (gain)		0
Immediate recognition of net actuarial loss (gain)		13,207
Amortization of transition obligation (asset)		0
Benefit Cost (Income) Recognized	**$**	**45,055**
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income		
Net (gain) loss arising during year	$	0
Past service costs (credit) during year		0
Amortization of net transition (obligation) asset		0
Amortization of prior service (cost) credit		0
Amortization of net gain (loss)		0
Total Recognized in Other Comprehensive Income	**$**	**0**
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	**$**	**45,055**
Estimated Amounts to be Amortized From Accumulated Other Comprehensive Income Into Net Periodic Benefit Cost in Next Year		
Amortization of past service costs	$	0
Amortization of net actuarial loss (gain)		0
Amortization of transition obligation (asset)		0
Total	**$**	**0**

Schedule 2—US GAAP: Disclosure Information December 31, 2011
(continued)

Post-employment (continued)

(Canadian $000s)		**Fiscal Year Ending December 31, 2011**
Projected Benefit Payments		
2012	$	27,947
2013		27,123
2014		26,243
2015		25,387
2016		24,656
2017 - 2021		106,745
Sensitivity Summary		
Impact of 1% change in health care trend rate		
1% Increase on PBO as at December 31, 2011	$	4,884
1% Increase on service cost and interest cost		0
1% Increase on benefit cost		4,884
1% Decrease on PBO as at December 31, 2011		(4,341)
1% Decrease on service cost and interest cost		0
1% Decrease on benefit cost		(4,341)
Impact of 0.25% change in discount rate		
0.25% Increase on PBO as at December 31, 2011	$	(4,631)
0.25% Increase on service cost and interest cost		0
0.25% Increase on benefit cost		(4,631)
0.25% Decrease on PBO as at December 31, 2011		5,264
0.25% Decrease on service cost and interest cost		0
0.25% Decrease on benefit cost		5,264
Impact of 0.25% change in inflation rate and salary scale		
0.25% Increase on PBO as at December 31, 2011	$	3,686
0.25% Increase on service cost and interest cost		0
0.25% Increase on benefit cost		3,686
0.25% Decrease on PBO as at December 31, 2011		(3,317)
0.25% Decrease on service cost and interest cost		0
0.25% Decrease on benefit cost		(3,317)