GenConn Energy LLC **Witness: Melissa Dorsey**

Docket No. 26-06-02

Date Submitted: October 1, 2026

RRU-048 Q:

(EXCESS ADIT AND NORMALIZATION) Application, Att. GenConn-02 (Settlement), Ex. 1, pp. 1- 8; Interrog. Resp. RRU-015(a); Interrog. Resp. OCC-017. The Company returns excess ADIT of $1,022,635, $1,665,558 and $1,927,567 in 2025 through 2027 under the Average Rate Assumption Method (ARAM). GenConn quotes the Criteria Decision's direction of thirty-year straight-line depreciation for normalization, and states that it is not a public service company. Regarding excess ADIT:

a. State whether the Company treats its generating property as public utility property subject to the normalization requirements of Section 168(i)(9) of the Internal Revenue Code (IRC), the basis for that position, and the consequence if it is not.
b. Provide the ARAM computation for 2025 through 2027 in an unlocked Excel worksheet with formulas intact, identifying the accounts, the remaining regulatory lives used and the date those lives were determined, and the protected and unprotected balances remaining at December 31, 2027 with their projected amortization through the CfD term.
c. State whether the remaining regulatory lives used in ARAM changed as a result of the second quarter 2025 revision, the effect of any change on the excess ADIT returned each year, whether the change is consistent with the normalization rules, and whether the Company agrees that depreciating plant additions over the remaining CfD term satisfies the Criteria Decision's thirty-year normalization direction.

RRU-048 A:

a. Yes, consistent with the law, the Company treats its generating property as public utility property subject to the normalization requirements of Section 168(i)(9) of the Internal Revenue Code. PURA has acknowledged that the Company is not a "public service company" throughout its history, including in Docket No. 25-06-02, at page 8 ("as GenConn is not a public service company and under the current contractual terms, there is no indication that GenConn's assets will continue to serve customers beyond the expiration date of the contract…"). If the Company did not do so, Connecticut ratepayers would not receive the benefit of excess ADIT.

b. Please refer to RRU-046 Attachment 1, tab "Excess ADIT" for the 2025 through 2027 computation references, balance remaining at December 31, 2027 (all protected) and the projected amortization through the CfD term. There are no accounts to provide as the Excess ADIT is not recorded on the books of GenConn. The GenConn entities are pass-through entities, and the obligation to pay income taxes resides with the owners of the LLCs rather than with the pass-through entities themselves. As a result, GenConn does not record deferred income taxes under ASC 740 for book financial reporting purposes.

For ratemaking purposes only, a tax model is used to estimate an ADIT balance. The tax model was designed to calculate ADIT associated with accelerated tax depreciation, which is the primary timing difference reflected in the revenue requirement. The model estimates the difference between book depreciation and tax depreciation and applies the applicable tax rate to determine the associated ADIT balance.

c. Please refer to RRU-046 Attachment 1. All plant additions and retirements flow through the tax schedules as appropriate and consistent with normalization rules. Tax schedules, as developed, follow depreciating plant additions over the remaining CfD term and satisfies the Criteria Decision's thirty-year normalization direction. There have been no changes because of the second quarter 2025 revision.