GenConn Energy LLC **Witness: Devang Patel**
April Theberge

Docket No. 26-06-02

Date Submitted: October 1, 2026

RRU-031 Q:

(ORDER No. 3 COMPLIANCE) 2026 AFRR Decision Order No. 3; Application, Att. GenConn-11; Att. GenConn-01, p. 15; Interrog. Resp. RRU-015. Provide a revised Attachment GenConn-11 in an unlocked Excel spreadsheet with formulas intact that:

a. States the FERC account and subaccount in which each addition is recorded.
b. Shows, in separate columns, the initial estimated useful life assigned when each addition was placed in service and the remaining life at the date of any subsequent revision.
c. Provides the 30-Year Depreciation, Corrected Depreciation and Variance columns for all forty-six additions, not only the sixteen flagged.
d. Reports the Remaining Net Book Value for the seven Devon retirement rows and reports accumulated depreciation on every retirement row through the retirement date rather than through December 31, 2025.
e. Computes each useful life from the June 2010 and June 2011 commercial operation dates, consistent with Interrogatory Response RRU-015(a), rather than the May dates in the exhibit header.
f. States, for each addition, the depreciation convention applied on the Company's books and the convention applied in each AFRR revenue requirement, and the cumulative difference in depreciation expense and accumulated depreciation.

RRU-031 A:

Please note that GenConn and the GenConn units at Devon and Middletown are inextricably linked to the Contract for Differences (CfD"), which provides that each facility will operate for a 30-year term from the date of Commercial Operation as defined therein. GenConn is not a public utility and was required to enter into the CfDs to support the statutory business model. PURA has previously found the CfDs to be:

> [the] best type of contract for the purpose of avoiding conflict with Federal Energy Regulatory Commission (FERC) jurisdiction over wholesale rate regulation over purchases and sales of electricity because the EDC Buyer does not actually purchase output from the merchant generator Supplier, but rather the Supplier merely agrees to participate and sell products and services into wholesale markets for a price.

Docket No. 08-01-01, at 51.

PURA also found that the CfD was the best way to avoid any possible negative impacts on the electric distribution companies resulting from accounting or credit rating treatment of contracts.

Id. RRU-034 Attachments 1 and 2 provide copies of the CfDs, which govern the term of the Company's operation.

Unlike a public utility, GenConn's legal rights to operate Devon and Middletown and generate cash flows is dependent on the terms of the CfDs. Accordingly, at this time GenConn cannot consider the useful life of the facilities beyond the remaining CfD term because, per Section 12.11 of the agreement, GenConn does not have the option to extend the CfD; nor, can GenConn assert with certainty that PURA will exercise its right to extend the term of the CfD.

GenConn has operated and accounted for the facilities from the date of commercial operations under the assumption that the facilities will cease operation and be dismantled at the end of the 30-year term of the CfD consistent with GenConn's legal rights to operate the facilities and their obligations under the associated land leases. This assumption ensures that the recovery of GenConn's investments will be matched with its revenues and avoids unrecovered investment and removal costs after cashflows from operations cease.

If PURA does exercise its option to extend the CfD, GenConn will need to submit a new cost-of-service plan that includes, but is not limited to, any new capital investment and increased operations and maintenance costs associated with keeping the facilities in operation and in compliance with the CfDs per Section 12.11(d).

Please note that Attachment GenConn-11 was prepared as an illustrative example of calculations for plant additions and/or retirements and reflected pre and post corporate systems integration values are based on methods applied. RRU-031 Attachment 1 (GenConn-11 Updated) provides a compilation of responses in the various interrogatories that have requested corresponding details and confirmation of values associated with depreciation and retirements. Further, please note that the differing methodologies relate to expected minor differences in values characterized by available information at the time.

a. Please refer to RRU-031 Attachment 1; and as noted in GenConn-011:

   Capital additions have been recorded in the primary FERC Account 101 and generally in subaccount 346 as presented in GenConn-02 Exhibit 4, WP B-2.1 c. Historically, depreciation would begin on the dates plant additions are placed into service whereas the revenue requirement used a mid-year convention for pre-approved capital projects.

b. Please refer to RRU-031 Attachment 1. All items identified with a revision flag were assigned a useful life of 30 years inadvertently and Column H provided a useful life corresponding to the balance of the 30-year economic life. Column N has been added to calculate remaining useful life from the date of subsequent revision.

c. Please refer to RRU-031 Attachment 1. Items added prior to 2022 were correctly depreciated over the balance of life ending in 2040 and 2041 respectively. Revisions to align to the proper depreciation method followed integration into corporate accounting systems, which defaulted to a 30-year depreciating life and required revision.

d. The seven retirement rows in Devon properly reflect zero Net Book Values following the retirement of the assets. The retirement rows in Middletown table inadvertently carried forward a formula from the cells above. The Net Book Values have been updated to zero values following retirement of the assets.

e. GenConn's Commercial Operations Dates (COD) beginning on May 2010, for GenConn Devon and May 2011 for GenConn Middletown. The June 2010 and 2011 dates (for 30-year straight-line book depreciation purposes) reflect the start of commercial operations from a CfD / ISO-NE perspective, consistent with the following month convention.

f. Please refer to RRU-031 Attachment 1 and as noted in GenConn-011:

> GenConn has consistently based the depreciation of its plant assets on the term of the Contract for Differences ("CfD"). As disclosed in its financial statements, depreciation of property, plant, and equipment is calculated on a straight-line basis over a 30-year period, which reflects the original term of the CfD and the economic life of the facilities.
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> Consistent with this approach, the Company's accounting treatment has always aligned the useful life of assets with the remaining term of the CfD at the time such assets are placed into service. At the inception of the CfD, assets placed into service were assigned a 30-year useful life. Thereafter, as the CfD term progressed, assets placed into service in subsequent years were assigned useful lives equal to the remaining contractual term (e.g., 29 years, 28 years, etc.). This methodology reflects the fundamental premise that the assets' service potential, for ratemaking and accounting purposes, is limited to the duration of the CfD. Capital additions have been recorded in the primary FERC Account 101 and generally in subaccount 346 as presented in GenConn-02 Exhibit 4, WP B-2.1 c. Historically, depreciation would begin on the dates plant additions are placed into service whereas the revenue requirement used a mid-year convention for pre-approved capital projects. This treatment has been consistently applied in the Company's books and records, and the revenue requirement approved by PURA has followed the accounting treatment reflected in those books. The Company notes that there have been limited instances in which certain assets were initially recorded in its accounting software using a

full 30-year useful life rather than the remaining term of the CfD. These instances were administrative in nature and did not reflect a change in underlying accounting policy. Such items were subsequently corrected to reflect the appropriate remaining useful life consistent with the CfD term.

Accordingly, the Company's books and revenue requirement continue to reflect depreciation expense calculated over the remaining term of the CfD, consistent with GenConn's longstanding accounting practice and ratemaking treatment.