RRU-043 Q:

(ACCUMULATED DEPRECIATION) Application, Att. GenConn-02 (Settlement), Ex. 1, pp. 7-8; Ex. 4, Sch. B-3.1 c; Ex. 5, Sch. B-3.1 d; Ex. 6, Sch. B-3.1 m; Ex. 2, Pages 1-6. The opening Generation balance on B-3.1 d ($102,837,952) equals Devon net plant at December 31, 2025, the Transmission balance ($546,230) equals Devon intangible net plant at December 31, 2026, and each schedule subtracts the accrual ($227,805,572 − $15,239,985 = $212,565,587). The Middletown accrual equals two years of depreciation expense ($16,208,774 = $8,104,387 * 2), the Devon accrual one ($7,136,491 = $7,136,491 * 1), and the consolidated accrual is the 2026 rather than the 2027 expense ($15,240,879 − $15,239,985 = $894). The combined Total opening balance ($243,356,209) does not equal $244,396,754, the sum of its components ($227,805,572 + $16,591,182 = $244,396,754; $244,396,754 − $243,356,209 = $1,040,545); and the 2027 ending balance of $228,075,847 differs from $255,296,269, the December 2027 reserve reported on Exhibit 1, Pages 7-8, by $27,220,422 ($255,296,269 − $228,075,847 = $27,220,422). Regarding accumulated depreciation reserve balances:

a. State whether the schedule presents the reserve for accumulated depreciation or net plant, and explain the December 31, 2025 label on B-3.1 d against the December 31, 2026 labels on B-3.1 c and B-3.1 m.
b. Explain why the accrual periods differ among the three schedules, why the consolidated accrual is the 2026 expense, and reconcile the Devon and Middletown accruals ($23,345,265) to the consolidated accrual and the consolidated Total opening balance to its components.
c. Reconcile the 2027 ending balance to the December 2027 reserve on Exhibit 1, Pages 7-8, and state which schedule the Authority should rely on for rate base.

RRU-043 A:

The Company notes that this interrogatory cites to GenConn-02 (Settlement). For clarity, the Company's proposed revenue requirement in this case is contained in Attachment GenConn-02. In contrast, GenConn-02 (Settlement) was provided for illustrative purposes only (Attachment GenConn-01, at iii n. 5, 5, 9-10, 19, n. 11).

The Company has identified corrections to the originally submitted accumulated depreciation schedules. These will be reflected in the Company's next revenue requirement update in this proceeding, which the Company anticipates providing as LFE-001. The Company notes that these corrections do <u>not</u> affect the Company's proposed 2027 Revenue Requirement.

a. The revised schedules present accumulated depreciation reserve balances as of December 31, 2026 and projected accumulated depreciation reserve balances as of December 31,

2027. The incorrect label on Schedule B-3.1 d has been corrected. Please refer to RRU-043 Attachment 1.

b. The discrepancies identified in this interrogatory arise from errors in the originally submitted schedules. Revised Schedules B-3.1 c, B-3.1 d, and B-3.1 m are provided in RRU-043 Attachment 1 and reconcile the accumulated depreciation reserve balances and related depreciation accruals on a consistent basis.

c. The discrepancies identified in the interrogatory result from errors in the originally submitted presentation schedules. The corrected Schedules B-3.1 c, B-3.1 d, and B-3.1 m are provided in RRU-043 Attachment 1 and reconcile to the accumulated depreciation reserve balances reflected in the Company's revenue requirement schedules. For purposes of determining rate base, PURA should rely on Attachment GenConn-02, Exhibits 1, 2, and 3, as will be updated in LFE-001.