RRU-046 Q:

(ADIT) Application, Att. GenConn-02 (Settlement), Ex. 1, pp. 1-8; Ex. 6, Sch, WP C-3.3 m; Att. GenConn-11. Federal tangible tax depreciation falls from $7,392,617 in 2025 to $341,458 in 2027 against book depreciation of $15,250,301, and consolidated Accumulated Deferred Income Taxes (ADIT) falls from $92,996,829 to $82,533,429 over the same period. In Schedule WP C-3.3 m, the Company states that tangible plant is depreciated for tax purposes over fifteen years under MACRS, and post-construction additions total $5,247,576, which is 1.16 percent of gross plant. Regarding ADIT:

a. State the tax life, method, convention and asset class for each category of tangible property, the year in which MACRS depreciation of the original plant at each facility is exhausted, and the Internal Revenue Code and Treasury Regulation provisions relied upon, and provide the tax depreciation computation for 2025 through 2027 in an unlocked Excel worksheet with formulas intact.
b. Provide, in an unlocked Excel worksheet with formulas intact, the ADIT roll-forward by component for Devon, Middletown and consolidated for 2025 through 2027 (beginning balance, provision, reversal, excess ADIT amortization, ending balance).
c. State the portions of the $10,463,400 decline in consolidated ADIT from 2025 to 2027 attributable to exhaustion of tax depreciation on the original plant and to the second quarter 2025 revision of useful lives.
d. State the year in which consolidated ADIT is projected to reach zero, with the year-by-year projection of ADIT and of consolidated average rate base as computed on Schedule B-1.0 c, line 43, through the end of the CfD term.

RRU-046 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).

a. The tax life, method and convention are 15 years, 150% declining balance, and half year convention (or mid-quarter if the 40% fourth quarter rule applies). The asset class is 49.15 (Electric Utility Combustion Turbine Production Plant). The Internal Revenue Code and Treasury Regulation provisions relied upon are Internal Revenue Code Section 168.

   For Devon, the MACRS depreciation on the original plant was exhausted as of the end of 2025. MACRS depreciation will be exhausted for post-construction additions in the years 2026 through 2040.

For Middletown, the MACRS depreciation on the original plant will be exhausted as of the end of 2026. MACRS depreciation will be exhausted for post-construction additions in the years 2027-2041.

b. Please refer to RRU-046 Attachment 1, tab "Cons ADIT Rollforward".

c. Most of the $10,463,400 decline in consolidated ADIT from 2025 to 2027 is attributable to the exhaustion of tax depreciation on the original plant. None of the decline is related to the second quarter 2025 revision of useful lives. For Devon, the 2010 MACRS assets were fully depreciated as of 12/31/2025. For Middletown, the 2011 MACRS assets will be fully depreciated as of 12/31/2026, and from 2025 to 2026 the MACRS depreciation rate changed from 5.91% to 2.95% for 15-year property in its last year of depreciation.

d. The year in which consolidated ADIT is projected to reach zero is 2040 and 2041 respectively for GenConn Devon and GenConn Middletown.