STATE OF CONNECTICUT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION
PUBLIC UTILITIES REGULATORY AUTHORITY

GB II NEW HAVEN LLC APPLICATION	:	DOCKET NO. 26-06-03
TO ESTABLISH 2027	:	NOVEMBER 2, 2026
REVENUE REQUIREMENTS	:	

BRIEF OF GB II NEW HAVEN LLC

GB II New Haven LLC ("GB II" or the "Company") submits this brief to the Public Utilities Regulatory Authority (the "Authority") in support of its Petition and Pre-Filed Testimony, as supplemented by the responses to interrogatories in the record, for a determination that the Company has demonstrated Annual Fixed Revenue Requirements ("AFRR") of $16.381 million for the period commencing January 1, 2027 through December 31, 2027 for the Company's peaking generation project (the "Project") at One Waterfront Street, New Haven, Connecticut, which achieved commercial operation on June 1, 2012; and approve a refund of $0.056 million over the period commencing January 1, 2027 through December 31, 2027 for true-ups associated with actual cost and expense items. The Company's case and this brief support the above-stated AFRR, which, when considered with the true-up described herein, results in a net revenue of $16.325 million to be recovered from ratepayers.

This 2027 AFRR incorporates all prior precedents and methodologies developed by the Company and PURA in past rate proceedings. These prior decisions of the Authority include Docket No. 07-08-24 (the "Criteria Decision"), Docket No. 08-01-01 (the "Awards Decision"), Docket No. 11-12-02 (the "2012 Decision"), Docket No. 12-07-17 (the "2013 Decision"), Docket No. 13-07-08 (the "2014 Decision"), Docket No. 14-06-02 (the "2015 Decision"), Docket No. 15-07-04 (the "2016 Decision"), Docket No. 16-06-02 (the "2017 Decision"), Docket No. 17-06-29 (the "2018 Decision"), Docket No. 18-06-36 (the "2019 Decision"), Docket No. 19-06-41 (the "2020 Decision"), Docket No. 20-06-30 (the "2021 Decision"), Docket No. 21-06-40 (the "2022

Decision"), Docket No. 22-06-03 (the "2023 Decision"), Docket No. 23-06-03 (the "2024 Decision"), Docket No. 24-06-03 (the "2025 Decision"), and Docket No. 25-06-03 (the "2026 Decision"). Accordingly, the Authority's review this year of the Company's revenue requirements includes incorporation of well-established cost recovery methodology along with certain other operating costs and expenses that have been presented in this year's docket and consideration of the capital costs described herein.

In Section I of this brief, the Company reviews the Authority's framework for the revenue requirements determination in this proceeding, which was established in the Department's decisions in the Criteria Decision and Award Decision, in accordance with Section 50 of Public Act No. 07-242, *An Act Concerning Electricity and Energy Efficiency* (the "Act"), and in subsequent AFRR proceedings.[1]

Section II discusses the Company's 2027 revenue requirements as well as discussing some of the issues raised during the discovery process.

I. The Authority's Framework for Revenue Requirements Determination

The Criteria Decision established a foundation for the peaking generation projects' ratemaking treatment of capital structure, return on equity ("ROE"), debt/financing costs, and recovery of capital costs, operating costs, taxes and other recoverable costs for projects selected by the Department in the Award Decision.

The Department selected the Company's Project in the Award Decision and subsequent rulings and used the Award Decision to further develop the ratemaking framework for peaking generation projects to recover costs of service and flow market revenues through the Peaking Generation Contract for Differences ("CfD") for each project. The Act, Criteria Decision, Award

[1] The Act has been codified at Section 16-243u of the Connecticut General Statutes ("Conn. Gen. Stat.").

Decision, CfDs, and subsequent AFRR proceedings therefore provide the regulatory and contractual structure that supports the Company's investment to build its 129.6 MW (net Summer) peaking generation project interconnected to The United Illuminating Company's ("UI") transmission system and which has delivered value to the wholesale market and Connecticut customers for more than a decade. Some of the key elements of this well-established framework are as follows:

- Ratemaking capital structure will reflect a proxy 50% equity and 50% debt capital structure, rather than using the Company's actual capital structure. (*See* 2012 Decision at 7).
- ROE will be calculated by a formula based on the current average allowed ROE for electric distribution companies with a lifetime floor of 9.75%. (Criteria Decision at 34).
    - GB II's ROE, which is based upon the ROEs of the two Connecticut electric distribution companies ("EDCs"), UI and Eversource, is 10.525% pursuant to recent updates to UI's ROE. (*See* PURA Docket No. 17-10-46, *Application of Connecticut Light and Power Company d/b/a Eversource Energy to Amend its Rate Schedule*, Decision dated Apr. 18, 2018 setting Eversource's base ROE; PURA Docket No. 24-10-04, *Application of The United Illuminating Company to Amend Its Rate Schedule*, Decision dated Oct. 28, 2025 setting UI's base ROE).
- Depreciation expense will be straight-line over 30 years. Differences between book and tax depreciation will be recorded as accumulated deferred income taxes. (Criteria Decision at 29).

- Actual natural gas and electric interconnection costs will be 100% recoverable if they are prudently incurred. (Criteria Decision at 29).
- Operating costs are considered in four categories:
    - Fuel costs will be 100% recoverable, subject to a heat rate cap. (Criteria Decision at 30).
    - Fuel used before commercial operation is capitalized. Fuel used in actual operation will be recovered as provided for in the CfD. Fuel inventory is reflected in each project's working capital. (See *Application of GenConn Energy LLC for Establishment of 2010 Revenue Requirements*, Docket No. 09-12-02, Decision at 5-6).
    - Operations and maintenance ("O&M"), administrative and general ("A&G") costs and taxes will be displayed using the format of Attachment 6 to the Criteria Decision.
        - Exhibit-GB II-2, Schedule C-2.0 reflects the Project's O&M and A&G costs in the required Attachment 6 format.
    - Taxes are subject to governmental determination, and changes in taxes from a project proposal will be recovered. (Criteria Decision at 30).
        - In accordance with the Company's initial proposal, taxes for the Project include: (1) sales and use taxes; (2) payroll taxes; (3) local property taxes; and (4) federal and state income taxes at the statutory rates applicable to the project owners.

Variable O&M is not included in revenue requirements on a prospective basis because variable O&M costs incurred depend upon actual operation. Variable O&M costs based on actual operation are to be recovered consistent with Attachment 2 (the "Pricing Mechanism") to the

Award Decision (*i.e.*, variable O&M costs will be added to the monthly fixed revenue requirement and recovered through the CfD invoices).

II. Gas Compressor Transformer Replacement

The Company is continuing to proceed with the repair and replacement of the gas compressor transformer. Industry-wide systemic backlogs and equipment shortages for transformers has delayed the competition of the project. As stated in last year's AFRR proceeding, the Facility has run on oil, not natural gas, since its construction due to prevailing market conditions. The Company does not anticipate the gas transformer replacement to impact the Facility's ability to participate in the wholesale markets or adversely affect the Facility's operation. Because the gas compressor transformer project is not yet completed and in-service, the Company is not including any costs associated with replacement of the transformer in this year's AFRR proceeding.

III. Conclusion

The Company respectfully submits that it has demonstrated revenue requirements of $16.325 million for the Project for the period from January 1, 2027 to December 31, 2027.

Respectfully submitted,

GB II NEW HAVEN LLC

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CERTIFICATION

This is to certify that on this 2nd day of November, 2026, an electronic copy of the foregoing will be electronically filed with Jeffrey Gauidiosi, Esq., Executive Secretary of the Public Utilities Regulatory Authority, 10 Franklin Square, New Britain, CT 06051, and the Office of Consumer Counsel and will be delivered electronically on this 2nd day of November, 2026, to all individuals requesting service electronically on the service list for Docket No. 26-06-03.



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