GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-1
Witness: Michael Bruneau

QUESTION:

(TRUE-UP CALCULATIONS) Application, Bruneau Prefiled Testimony (PFT), June 30, 2026, p. 21 and Ex. MB-3. The Company seeks a refund of $0.049 million in true-ups, including $0.007 million in interest. Provide detailed interest calculations for each true-up component showing the specific interest rates applied and the basis for interest rate selection.

RESPONSE:

To be clear, the true-ups result in a refund *to ratepayers* of $0.056 million, inclusive of $0.007 million in interest. The interest calculations can be found in *Exhibits MB-3 through MB-8*. Similar to prior AFRRs, the interest rate is established by the applicable FERC Interest Rate, which can be found here: https://www.ferc.gov/interest-calculation-rates-and-methodology.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-2
Witness: Michael Bruneau

QUESTION:

(ESCALATION METHODOLOGY) Application, Bruneau PFT, p. 24. The Company applies 3.30% escalation to fixed O&M expenses. Provide:

a. Regional monthly CPI data for 2021-2026, calculate the average annual inflation rate for this period, and compare it to the 3.30% rate used. Additionally, provide the exact documentation and calculations that were used by the Company to derive the 3.30% rate at the time of filing preparation, including the specific data source, the date the data was obtained, period analyzed, and all work papers showing the calculation.

b. Benchmarking data showing O&M escalation rates at comparable facilities.

c. Detailed summaries of all efficiency initiatives undertaken to offset inflationary pressures.

RESPONSE:

a. See attached Exhibit RRU-2.

b. O&M escalation is consistent with other peaker facilities.

c. The team takes a prudent approach to managing O&M costs each year during the annual Budget process.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-3
Witness: Michael Bruneau

QUESTION:

(O&M EXPENSE BREAKDOWN) Application, Ex. GB II-2; Sch. C-2.0. Provide:

a. Actual monthly O&M expenses by FERC account for each month of 2024, 2025, and year-to-date 2026. Additionally, provide an extrapolation of 2026 expenses through December 31, 2025, showing actual amounts for months completed and estimated amounts for remaining months (July through December 2026). Detail the specific methodology, assumptions, and basis for each monthly estimate, including any seasonal adjustments or known events affecting the projections.

b. Identify all expenses that increased above the escalation rate and provide detailed justifications.

c. Provide a detailed explanation for all competitive bidding processes used for major O&M contracts.

d. Provide evidence of cost benchmarking against industry standards.

RESPONSE:

a. See attached Exhibit RRU-3.

b. Total operating expenses remain under the 2% threshold established in prior filings.

c. See attached Exhibit RRU-3.c for the Company's Procurement Policies & Procedures document.

d. Costs are consistent with other peaker facilities in the region.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-4
Witness: Michael Bruneau

QUESTION:

(ASSET RETIREMENT OBLIGATION (ARO)) Application, Bruneau PFT, p. 11. The Company shows ARO increasing to $0.895 million by end of 2027.

a. Provide the complete ARO study including all assumptions about decommissioning costs, timing, and salvage values.

b. Provide detailed discussion of when the last independent third-party ARO assessment was performed and provide the full report.

c. Demonstrate that the accretion expense calculation uses appropriate discount rates.

RESPONSE:

See attached Exhibit RRU-4 for ARO schedule that was approved with *Docket 19-06-41*.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-5
Witness: Michael Bruneau

QUESTION:

(INSURANCE COVERAGE) Regarding the proposed 2027 insurance expense:

a. Provide all current insurance policies covering the GB II facility located at 600 Connecticut Avenue, New Haven, CT (Facility).

b. Provide annual insurance premiums from 2021-2025. Explain any significant changes if applicable.

c. Explain the insurance coverage status for the failed transformer.

d. Explain in detail any self-insurance reserves and their adequacy given recent equipment failures.

RESPONSE:

a. See attached Exhibit RRU-5.

b. Insurance premiums – 2021: $86k; 2022: $264k; 2023: $308k; 2024: $319k; 2025: $326k. The Company acquired the Facility in 2022, which led to an increase in insurance premiums due to a smaller overall portfolio than prior owner. However, overall Fixed O&M expense has remained below the 2% cap.

c. The replacement cost of the transformer fell below the $1MM deductible of the insurance plan.

d. The Company maintains cash reserves to prudently and effectively run and maintain the Facility.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-6
Witness: Michael Bruneau

QUESTION:

(PROPERTY TAX CALCULATIONS) Application, Ex. GB II-2; Sch. WP C-2.3.

a. Provide copies of property tax assessments for calendar Year 2024 and 2025.

b. Provide a detailed worksheet showing property tax computation for calendar year 2024 and 2025.

RESPONSE:

The Company receives a property tax assessment every 5 years. Please see attached Exhibit RRU-6 for the most recent assessment in 2026. *Note: Property Tax is trued-up every year for actual expense in each annual AFRR.*

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-7
Witness: Michael Bruneau

QUESTION:

(PROPERTY TAX) Application, Ex. GB II-2; Sch. WP C-2.3. Provide the most current list of asset declarations.

RESPONSE:

See attached Exhibit RRU-7.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-8
Witness: Michael Bruneau

QUESTION:

(PROPERTY TAX) Application Ex. GB II-2; Sch. WP C-2.3.

a. Did the taxing authority reduce mill rates since the Company's 2026 Annual Fixed Revenue Requirement (AFRR)? If yes, provide the name of the municipality or other taxing authorities, date of the decrease, mill rate decrease, and property tax expense decrease to the Company.

b. Provide documentation to show that the book value of the failed transformer has been retired.

RESPONSE:

a. The taxing authority increased the mill rate from 39.40 to 39.96, as reflected in 'WP C-2.3'.

b. The transformer will be retired once the replacement is installed.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-9
Witness: Michael Bruneau

QUESTION:

(RATE BASE ROLL-FORWARD) Application, Ex. GB II-2; Sch. B-1.0, Sch. WP B-1.0. The 2027 average rate base is $63,333,500, derived as a 13-month average of the monthly balances from December 2026 through December 2027. The Company's opening balances for December 31, 2026, tie to the balances the Authority approved in the 2026 AFRR Decision for every rate base component except Working Capital, reported as $3,731,689 versus the $3,691,508 approved by the Authority. The difference of $40,181 that carries directly into opening rate base of $65,372,784 versus $65,332,604 approved.

a. Reconcile the December 31, 2026 Working Capital balance of $3,731,689 shown on Schedule WP B-1.0 to the $3,691,508 approved in the 2026 AFRR Decision, and identify each component of the $40,181 difference.

b. Provide a roll-forward of each rate base component from the 2026 approved AFRR to the 2027 request, separately identifying every change and its driver.

c. Confirm that no other opening balance used in the 2027 13-month average departs from the corresponding balance approved in Docket No. 25-06-03 and identify any that does.

d. Explain why the Working Capital balance is held constant at $3,997,871 for all twelve months of 2027 on Schedule WP B-1.0 while every other rate base component is rolled forward monthly.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

a. The Company mistakenly used the $3,731,689 amount that was in the original Exhibit GB II-2 in the 2026 AFRR, not the amended amount of $3,677,842 in the 2026 AFRR Decision.

b. The Company has amended the Working Capital in attached Exhibit GB II-2_v2 (there is a negligible change to 2027 AFRR amount).

c. No other opening balance departs from the corresponding balance approved in *Docket No. 25-06-03*.

d. The Working Capital balance is held constant because it is an annual average, whereas the other rate base components depreciate/amortize because they are depreciation/amortization components.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-10
Witness: Michael Bruneau

QUESTION:

(DEPRECIATION AND AMORTIZATION EXPENSE) Application, Ex. GB II-2; Sch. B-3.0, Sch. WP C-2.1; Bruneau PFT, pp. 9-10, 15 (Table 1). Depreciation and amortization expense for the 2027 Rate Year is reported as $5,662,307 on Schedule B-3.0 and Schedule C-1.0. However, Schedule WP C-2.1 reports "Total Depreciation & Amortization Expense" of $5,719,392. The difference of $57,085 is the ARO accretion included in the "Amortization Expense," which Schedule C-1.0 presents as a separate line item.

a. Provide the asset-level listing supporting Utility Plant in Service as of December 31, 2026, and December 31, 2027, showing for each asset, the account number, asset ID, description, in-service date, book life, remaining book life, original cost, estimated residual value, accumulated book depreciation, current-period book depreciation, net book value, tax life, accumulated tax depreciation, and current-period tax depreciation.

b. Reconcile the $5,662,307 of depreciation and amortization on Schedule B3.0 to the $5,719,392 shown on Schedule WP C-2.1 and confirm that ARO accretion of $57,085 is recovered only once in the 2027 revenue requirement.

c. Confirm that the LM6000 Simulator, NERC-Mandated DME, LM6000 PI Historian (Hardware), and S7 Project (Hardware) are fully depreciated and that each is carried in the rate base at a zero net book value. Additionally, state the gross cost and accumulated depreciation of each as of December 31, 2026.

d. Identify each asset whose book life expires during the 2027 rate year, state the resulting partial-year depreciation, and reconcile that treatment to Sch. WP B-1.0.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

The Company continues to work on a response and will file a supplement as soon as available.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-11
Witness: Michael Bruneau

QUESTION:

(UTILITY PLANT IN SERVICE – INTERCONNECTION) Application, Ex. GB II1, p. 1; Ex. GB II-2; Bruneau PFT, p. 20; Sch. B-1.0, Sch. B-2.0, Sch. B-2.1, and Sch. WP B-2.1. The filing describes the interconnection investment in three different amounts: (1) The Company states that the filing reflects interconnection capital investment of $5.710 million and refers to "the additional $6.831 million" as intangible plant. See Bruneau PFT, p. 20; (2) Schedule WP B-2.1 shows the same $6,830,840 as $5,616,000 of direct cost in FERC Account 353 plus $1,214,840 of allocated soft costs; and (3) Exhibit GB II-1, p. 1 shows it as "Intangible Plant In Service (Interconnection)" of $5,881,632 plus capitalized allowance for funds used during construction? (AFUDC) of $949,208. Separately, Schedules B-2.0 and B-2.1 classify the entire $6,830,840 as FERC Account 353, Station equipment, within Transmission Plant (a tangible account) while Schedules B-1.0 and B-5.0 and the Company in prefiled testimony (Bruneau PFT, p. 20) describe it as "Intangible Plant," and FERC Account 303 (Intangible Plant Software) carries only $622,668.

a. Reconcile the $5,710,000, $5,616,000, and $5,881,632 interconnection figures, identify which is the direct capital cost approved by the Authority and in which Decision, and explain how each ties to the $6,830,840 gross balance.

b. State whether the $6,830,840 is recorded in FERC Account 353 (Station equipment) or as intangible plant, and identify the FERC Uniform System of Accounts basis for that classification.

c. Explain the basis for applying a 20-year straight-line tax life and no bonus depreciation to this asset, given that Schedules B-2.0 and B-2.1 classify it as tangible transmission station equipment.

d. Quantify the effect on 2027 accumulated deferred income taxes, rate base, and the AFRR if the asset were treated as tangible 15-year Modified Accelerated Cost Recovery System (MACRS) property eligible for bonus depreciation.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

The Company continues to work on a response and will file a supplement as soon as available.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-12
Witness: Michael Bruneau

QUESTION:

(SPARE PARTS INVENTORY) Application, Ex. GB II-2; Sch. B-4.0, Sch. WP B-4.1; Bruneau PFT, p. 22. The Company states that average spare parts inventory for the 13 months ending April 2026 was $2.469 million and that the Company applied a 1% historical turnover escalated by 3.30%. Bruneau PFT, p. 22 . However, Schedule WP B-4.1 does not use the 13-month average of $2,468,913. It begins with the single April 2026 ending balance of $2,453,644, adds $102,026 of "Open POs and Reqs.," and then applies the 1% turnover and 3.30% escalation to produce $2,556,514. The 13-month average is $44,183 below the $2,513,096 approved for 2026, yet the 2027 request is $43,418 above it and the entire increase is substantially attributable to the open purchase orders and requisitions. In the 2026 AFRR Decision, the Authority directed the Company on a going-forward basis to apply the historical average actual turnover rate and to strive for accuracy in its forecasts and pro forma adjustments.

a. Explain why the April 2026 point-in-time ending balance rather than the 13month average was used as the starting point, and provide the 2027 spare parts inventory recomputed using the 13-month average of $2,468,913.

b. Identify each item comprising the $102,026 of "Open POs and Reqs.," including purchase order number, date issued, vendor, amount, and expected receipt date, and state whether any had been received as of April 30, 2026.

c. Explain the basis for including in rate base inventory that has been ordered but not received, and identify any Authority Decision approving that treatment.

d. Confirm whether the 1% turnover rate applied is the historical average actual turnover rate the Authority directed the Company to use, and provide the actual annual turnover for each of 2021 through 2025 supporting it.

e. Provide the full spare parts inventory listing as of the response date with an age analysis and the date of last usage and last purchase for each item, and identify any write-offs or disposals of obsolete inventory in 2021, 2022, 2023, 2024, and 2025.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

The Company continues to work on a response and will file a supplement as soon as available.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-13
Witness: Michael Bruneau

QUESTION:

(CASH WORKING CAPITAL) Application, Ex. GB II-2; Sch. B-4.0; Sch. WP B-4.0, p. 1; Bruneau PFT, p. 11. The $402,639 cash working capital is computed as one-eighth (a 45-day allowance) of $3,221,110 total expense, which consists of $3,014,352 fixed O&M, $20,000 regulatory operating compliance expenses, and $186,758 Letter of Credit Fees. Property taxes are excluded by the 2013 Decision. The $502,176 financing cost shown as an operating expense in Schedule C-1.0 is not included in the base.

a. Identify the Authority Decision establishing the 45-day, one-eighth cash working capital allowance and confirm that the allowance has not been revisited since.

b. Explain the basis for including Regulatory Operating Compliance Expenses and Letter of Credit Fees in the expense base while excluding Financing Costs, and state whether each item in the base is a cash expense of the Company.

c. State whether the Company has ever performed a lead-lag study of its actual revenue and expense cash flows for the Facility, and if so, provide it.

d. Given that the Company is paid monthly under the Peaking Generation Cost of Service Contract for Differences effective August 8, 2008, , explain why a positive cash working capital allowance is required, and quantify the AFRR effect if the allowance were set at zero.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

a. The Company proposed in the first AFRR the use of the 1/8 convention (also known as the 45-day rule or formula method) for cash working capital, which was approved by the Authority. See Docket No. 12-07-17, Final Decision dated January 8, 2013 page 6. The Company has consistently used this method in each subsequent AFRR.

b. Regulatory Operating Compliance Expenses and Letter of Credit Fees are both cash expenses. The Financing Costs are not a cash expense. See *Docket No. 22-06-038* Decision III.A.2.b. (pg. 5) for an explanation of the Financing Costs included in the rate base.

c. The Company has not performed a lead-lag study of its revenue and expense cash flows for the Facility.

d. The Company uses working capital to effectively run the Facility and provide reliability to the electric grid and ratepayers.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-14
Witness: Michael Bruneau

QUESTION:

(ASSET RETIREMENT OBLIGATION) Application, Ex GB II-2; Sch. B-1.0 and Sch.C-1.0, Sch. B-1.0 WP, Sch. B-2.1 and Sch.C-2.1, "ARORecon" tab; Bruneau PFT, pp. 9-11. The ARO liability reduces rate base; it increases from $837,932 on December 31, 2026 to $895,016 on December 31, 2027 (a 13-month average of $866,474), the accreted expense of $57,085, which represents an implied accretion rate of 6.81%, is recovered as an operating expense. The associated asset retirement cost of $445,565, net of assumed salvage of $1,409,760 is capitalized in plant and earns a return. The "ARO Layer Change" is zero.

a. Provide the most current ARO study, including all decommissioning costs, timing, salvage, and discount rate assumptions, and state the date it was prepared and by whom.

b. State the date of the last independent third-party ARO assessment and provide the full, unabridged report, or state that none has been performed.

c. Provide the ARO roll-forward supporting the $895,016 balance, identify the credit-adjusted risk-free rate used and the date it was established, and state when the ARO was last remeasured and when the $1,409,760 salvage assumption was last reviewed.

d. Confirm that the asset retirement cost of $445,565 capitalized in plant and the ARO liability deducted from rate base do not result in any duplicate recovery, and demonstrate that the $57,085 of accretion expense is not also recovered through the return on rate base.

e. Explain whether the "ARORecon" tab has any bearing on the 2027 rate year, and if it does not, confirm it should be disregarded.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

a. The Company uses the ARO Runout Summary approved in *Docket No. 19-06-41* to calculate the ARO liability (attached here as Exhibit RRU-4).

b. The Company is unaware of the date of the last independent third-party ARO assessment; the last update to the ARO Runout Summary was approved in *Docket No. 19-06-41*.

c. The Company used the ARO Runout Summary approved in *Docket No. 19-06-41* to get the $895,016 balance. The ARO and salvage assumption has not been reviewed since *Docket No. 19-06-41*.

d. The ‘ARORecon’ tab is inactive and has no bearing on the 2027 rate year; it has been removed.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-15
Witness: Robert Reynolds; Michael Bruneau

QUESTION:

(RATE YEAR ADDITIONS AND CONSTRUCTION WORK IN PROGRESS) Application, Ex. GB II-2; Sch. B-1.0, Sch. B-2.0, Sch. B-2.1, Sch. B-5.0, and Sch. WP B-1.0; Reynolds Prefiled Testimony (PFT), June 30, 2026, p. 3; Bruneau PFT, p. 22. Schedules B-1.0, B-2.0, B-2.1, and B-5.0 and WP B-1.0 each show Rate Year additions of zero for plant, for depreciation and amortization, and for accumulated deferred income taxes, in every month of 2027. The Company states that the gas compressor transformer will be replaced at an estimated total cost of approximately $1 million, with delivery and installation expected in the fourth quarter of 2027. Reynolds PFT, p. 3. The Company expects to complete the project in 2027. Bruneau PFT, p. 22.

a. Confirm that no portion of the transformer replacement, including construction work in progress, progress payments, deposits, or AFUDC, is included in 2027 rate base, depreciation expense, or accumulated deferred income taxes;

b. State how and when the Company intends to seek recovery of the transformer replacement, including whether it will be presented as a rate year addition, a post-COD addition, or a true-up item, and in which proceeding;

c. Confirm that no construction work in progress of any kind is included in the 2027 rate base, and identify any capital work expected to be in progress during 2027; and

d. Identify any asset retired, removed from service, or expected to be retired in connection with the transformer replacement, and state the gross cost, accumulated depreciation, net book value, and cost of removal of each, together with the proposed ratemaking treatment.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

a. No portion of the transformer replacement is included in the 2027 rate base.

b. Due to the anticipated timing of the completion of the project, the Company intends to seek recovery in the 2028 rate base proceeding.

c. No construction work is included in the 2027 rate base.

d. Since the cost recovery of the replacement is not included in the 2027 rate base, the Company has yet to evaluate this information.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-16
Witness: Michael Bruneau

QUESTION:

(WORKPAPER INTEGRITY) Application, Ex. GB II-2; Sch. WP B-2.1, Sch. WP B-2.3, and Sch. WP C-2.5, p. 1, and the "Updates" and "ARORecon" tabs. Several tabs filed within Exhibit GB II-2 in support of rate base and deferred taxes are not current nor functional. Schedule WP B-2.3 is captioned "Exhibit PSEG-2" and "PSEG New Haven LLC," its title, its Witness Responsible field, and every value in the workpaper display as "#REF!" errors. Schedule WP C-2.5, p. 1, identifies the filing entity as "PSEG New Haven LLC." The "Updates" tab is captioned as "Exhibit PSEG-2 (Revised)," "PSEG New Haven LLC," and "Updates to 2021 AFRR Request," carries a Date Certain of January 6, 2020, and compares a "Filed 2020 AFRR" column against a "Revised 2020 AFRR" column that is populated with the current 2027 figures and labeled with a 10.335% ROE. Note (3) to Schedule WP B-2.1 cross-references lines 33 and 42 of Schedule B-1.0, which do not correspond to the referenced items on the schedule.

a. Provide a corrected and functional Schedule WP B-2.3 in an unlocked Excel worksheet with all #REF! errors resolved, or state that it is not relied upon in this proceeding and should be stricken from the record.

b. State whether the "Updates" and "ARORecon" tabs are offered as evidence in this docket, and if so, identify the witness sponsoring each and explain their relevance to the 2027 Rate Year.

c. Correct the entity name, docket number, date certain, and witness fields on every tab of Exhibit GB II-2 and refile the exhibit.

d. Confirm that no figure used in the 2027 rate base, depreciation, or deferred income tax computation is derived from, or linked to, any stale tab, and identify any cell in the filed workbook that is.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

a. 'Schedule WP B-2.3' is an inactive tab and should be stricken from the record.

b. 'Updates' and 'ARORecon' are inactive tabs and should be stricken from the record.

c. See attached Exhibit GB II 2027 AFRR – Exhibit GB II-2_v2.

d. No figure used in the 2027 rate base is derived from the inactive tabs mentioned above.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-17
Witness: Michael Bruneau

QUESTION:

(INCOME TAX EXPENSE) Application, Ex. GB II-1, pp. 1 and 3; Ex. GB II-2; Bruneau PFT, p. 15; Sch. A-2.0, Sch. C-1.0, Sch. WP C-2.2. Schedule C-1.0 includes total income taxes of $1,265,323 in the 2027 revenue requirement. However, the workpaper for Schedule C-2.2 computes total Federal income tax expense of $982,724 and total Connecticut income tax expense of $420,785, for a total of $1,403,509 ($138,186 more). The taxable income build-up at Schedule WP C-2.2 deducts Fixed O&M, Regulatory Operating Compliance Expenses, tax depreciation, interconnection operating expense, Letter of Credit Fees, property tax, interest expense, and Connecticut income tax, but does not deduct the $502,176 of Financing Costs that Schedule C-1.0 includes as an operating expense and that the Authority approved in the 2026 AFRR Decision as year four of a seven-year amortization of refinancing fees. The deduction of $502,176 in both the Federal and state build-ups reproduces the $1,265,323 on Schedule C-1.0.

a. Reconcile the $1,403,509 income tax expense computed in Schedule WP C-2.2 to the $1,265,323 included on Schedule C-1.0, identifying each reconciling item.

b. Confirm whether the $502,176 of Financing Costs is deductible for Federal and Connecticut income tax purposes in the 2027 Rate Year. If so, explain why it is not deducted in the taxable income build-up in both Schedule WP C-2.2 and Exhibit GB II-1, p. 3.

c. State which of the two computations (the gross revenue conversion factor method used on Schedules A-2.0 and C-1.0, or the taxable income build-up at Schedule WP C-2.2) the Company relies upon to set the 2027 income tax allowance, and explain why the two do not agree.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

The amount in Schedule WP C-2.2 is incorrect; it was missing the Financing Costs in the calculation. The tab has been corrected in attached Exhibit GB-II 2_v2. However, the 2027 AFRR is unchanged, as it relies on the already correct amount included on Schedule C-1.0.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-18
Witness: Michael Bruneau

QUESTION:

(ACCUMULATED DEFERRED INCOME TAXES) Application, Ex. GB II-1, p. 2; Ex. GB II-2; Sch. B-1.0, Sch. B-5.0, Sch. WP B-1.0, Sch. WP C-2.2, Sch. WP C-2.5, pp. 2 and 3. The filing reports three different accumulated deferred income tax balances as of December 31, 2027. Schedule B-5.0, Schedule B-1.0, Schedule WP B-1.0, and line 53 of Schedule WP C-2.5, p. 3 each show $21,966,805, which is the amount deducted from rate base. The Federal and state Accumulated Deferred Income Tax (ADIT) build-up at Schedule WP C-2.5, p. 3 (Federal $15,017,387 plus state $6,750,357) totals $21,767,744. Schedule WP C-2.2 shows $21,524,755. The same pattern of differences appears on December 31, 2026, and the annual movement in all three is identical at $1,157,000, so the differences are constant level offsets totaling $442,050. Exhibit GB II-1, p. 2 reports accumulated deferred income taxes of $22,545,307 on the balance sheet, which is the 13-month average rather than a year-end balance.

a. Provide a single reconciliation, in an unlocked Excel worksheet, of the accumulated deferred income tax balance at December 31, 2026 and December 31, 2027 as reported on Schedule B-5.0, Schedule WP C-2.5, p. 2, Schedule WP C-2.5, p. 3, Schedule WP C-2.2, and Exhibit GB II-1, p. 2, identifying and explaining every difference.

b. Identify which of these balances is the Company's actual accumulated deferred income tax balance for the Facility, and which is used to reduce rate base.

c. Explain the $199,061 difference between line 53 and the Federal-plus-state ADIT build-up within Schedule WP C-2.5, p. 3 itself.

d. Confirm that the ADIT deducted from rate base reflects only deferred taxes attributable to the Facility, and that it is consistent with the deferred tax balances reported for the Facility in the Company's books and in any consolidated or combined tax return in which it is included.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

The $21,966,805 amount is the correct amount. The other values referenced above are inactive cells and have been deleted from the record in attached Exhibit GB-II 2_v2.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-19
Witness: Michael Bruneau

QUESTION:

(BONUS DEPRECIATION AND TAX LIVES) Application, Ex. GB II-2; Sch. WP C-2.5, pp. 1 and 3; Bruneau PFT, pp. 9-10, 14-15 (Table 1). The Company states that the Turbine Control Upgrade placed in service in April 2024 received an 80% bonus depreciation rate. See Table 1, Bruneau PFT, p. 9. The supporting workpaper does not use 80%. Line 37 of the workpaper for Schedule C-2.5 applies a 60% bonus rate for 2024, and the 2024 Federal tax depreciation of $573,472 in that workpaper is consistent only with a 60% rate ($843,340 x 60%, plus 20% first-year MACRS on the remaining basis); an 80% bonus depreciation rate would produce $708,406. Table 1 also states that intangible assets are not eligible for Federal bonus depreciation, and thus, no bonus was claimed on the $6,830,840 interconnection asset or on the PI Historian and S7 software. See Bruneau PFT, p. 9.

a. State whether the correct Federal bonus depreciation rate for the Turbine Control Upgrade is 60% or 80%, reconcile Table 1 to Schedule WP C-2.5, p. 1, and correct the record.

b. Confirm that the bonus depreciation rate reflected in the deferred tax computation for each asset in Table 1 is the rate actually claimed on the Company's filed Federal income tax returns, and identify any asset for which it is not.

c. State whether the Company evaluated the eligibility of the PI Historian software ($252,489) and the S7 Project software ($370,174) for bonus depreciation, and if bonus depreciation was not claimed, explain why.

d. Provide the tax analysis relied upon for the 100% bonus depreciation position taken on the plant investment placed in service in June 2012 under the transition rules referenced at Bruneau PFT, pp. 14-15.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

a. 60% is correct; Table 1 is inaccurate.

b. Confirmed.

c. The Company was not in control of the Facility at the time of the installation of the PI Historian software and the S7 Project software, and is unaware of the intentions of the prior owner.

d. The Company does not immediately have at its disposal the tax analysis conducted by the prior owner.

GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-20
Witness: Michael Bruneau

QUESTION:

(DEFERRED TAX MODEL) Application, Ex. GB II-2; Sch. WP C-2.1, Sch. WP C-2.2, Sch. WP C-2.5, pp. 1 and 3. The deferred tax computation treats ARO accretion as book depreciation of utility plant. Line 14 of Schedule WP C-2.5, p. 1 includes a line captioned "Accretion Expense/ARO layer change" totaling $1,754,570 within the book depreciation block, and the monthly book depreciation of Utility Plant in Service used at Schedule WP C-2.5, p. 3 is $442,690, or $5,312,276 annualized, the sum of $5,255,191 of plant depreciation and $57,085 of ARO accretion. Schedule WP C-2.2 reports 2027 "Book Depreciation" of $5,719,392, inclusive of accretion. Over the life of the Facility, that workpaper shows cumulative book depreciation of $169,009,500 against cumulative tax depreciation of $169,852,840, and accumulated deferred income taxes that do not reverse to zero, leaving a residual balance of $232,067 in 2042.

a. Explain the basis for including ARO accretion expense in the book depreciation base for the deferred income tax computation, and state where the deferred tax associated with the ARO is reflected in the ADIT balance deducted from rate base on Schedule B-5.0.

b. State whether ARO accretion is deductible for Federal and Connecticut income tax purposes in the year accrued, and if not, identify the year in which the Company expects to take the deduction.

c. Explain the $2,182,550 Federal tax depreciation shown in 2042 and captioned "Cost of Removal," including the tax authority for the deduction and how it relates to the ARO liability and the assumed salvage of $1,409,760.

d. Explain why accumulated deferred income taxes do not reverse to zero over the life of the Facility, reconcile cumulative book depreciation of $169,009,500 to cumulative tax depreciation of $169,852,840, and state whether the $232,067 residual indicates an error in the model.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

The Company has kept the treatment of ARO consistent since the 2018 Layer Change that was implemented in *Docket No. 19. 06-41*.

The accumulated deferred income taxes do not reverse to zero in 2042 because the $232,067 residual is related to the final AFRR in 2042 which is not a full calendar year (January 2042 through May 2042).