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**E-File**

March 9, 2018

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re:** **Tax Cuts and Jobs Act of 2017**
**Docket No. M-2018-2641242**

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") are PPL Electric's Comments and Verified Responses in the above-captioned proceeding. This document is being filed in accordance with the Secretarial Letter issued on February 12, 2018 at the above referenced docket.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on March 9, 2018, which is the date it was filed electronically via the Commissions E-Filing System.

If you have any questions regarding these comments, please call me at (610) 774-5696 or Bethany Johnson, Manager-Regulatory Operations for PPL Electric Services at (610) 774-7011.

Very truly yours,

Kimberly A. Klock

Kimberly A. Klock

Enclosures

cc via email: Erin Laundenslager
James Mullins

**BEFORE THE**
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|---|---|---|
| Tax Reform Act of 2017 | : | Docket No. M-2018-2641242 |

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**COMMENTS AND VERIFIED RESPONSES OF**
**PPL ELECTRIC UTILITIES CORPORATION**

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## I. INTRODUCTION

PPL Electric Utilities Corporation ("PPL Electric" or "the Company") files these Comments and Verified Responses in response to the Pennsylvania Public Utility Commission's ("Commission") Secretarial Letter issued February 12, 2018, at Docket No. M-2018-2641242, requesting comments and information relating to the effects of the Tax Cuts and Jobs Act ("TCJA"). PPL Electric Utilities appreciates the Commission requesting feedback on the important issues raised by the TCJA. As the Commission's acknowledges, returning benefits to ratepayers is a complex process, requiring thoughtful implementation, and can be achieved through various means.

The Commission's Secretarial Letter requested utilities to provide verified responses to the data requests in Attachment B in order to calculate, among other things, the net effect on income tax expense and rate base as a result of implementation of the TCJA. The Commission also requested utilities to complete Attachment C in order to assist the Commission in its calculation of the effects of taxable income and customer rates related to the TCJA.

Additionally, the Commission asked utilities to submit comments addressing: (1) whether the Commission should adjust current customer rates to reflect the reduced annual state and federal income tax expenses of public utilities due to the tax rate changes of the TCJA; (2) if so, the appropriate negative surcharge or other methodologies that would permit immediate modification to consumer rates; and (3) whether the surcharge or other methodology should provide that any refunds to customers due to these reduced taxes be effective as of January 1, 2018. PPL Electric's response to these questions is set forth below:

## II. COMMENTS

### (1) Whether the Commission should adjust current customer rates to reflect the reduced annual state and federal income tax expenses of public utilities due to the tax rate changes of the TCJA.

PPL Electric believes that the tax rate changes of the TCJA should result in benefits to customers. The Company also believes that a comprehensive view of utility rates is needed to determine on a utility-by-utility basis the most advantageous way to return benefits to customers. PPL Electric does not believe that these benefits must necessarily translate to an adjustment of customer rates. Federal income taxes are one component of base rates charged to customers set in a general rate proceeding after consideration of all of the costs, including return and depreciation on plant investments, that are incurred to provide service to customers.

Base rates are not permissibly changed between rate cases because one item of cost increases or decreases. They are changed only after all costs are considered, and prospective just and reasonable rates are re-determined by the Commission. Changing base rates solely for reduction in federal tax rates, without consideration of all other costs, would be both unfair to utilities and violate the prohibition against "single issue ratemaking." *See Popowsky v. Pa. Pub. Util. Comm'n*, 683 A.2d 958 (Pa. Cmwlth. 1996); *Pa. Ind. Energy Coalition v. Pa. Pub. Util.*

*Comm'n*, 653 A.2d 1336 (Cmwlth. Ct. 1995). Equally important, fundamental fairness requires that changes in base rates include a fair reflection of all costs and anticipated impacts of providing service, including capital funding requirements and investor expected returns, not just a single decrease in one cost that may be offset by changes in other elements of the ratemaking formula.

Moreover, before adjusting rates, the Commission should carefully consider the impacts of the TCJA on utilities' cash flow. A reduction in deferred taxes and the loss of bonus depreciation will result in reduced funds to finance construction requiring utilities to raise more capital in public markets. In addition, the lower federal tax rate will result in more variable earnings because income taxes buffer the results of return variations. These and other effects of the TCJA increase credit risk for utilities, and this should be recognized by the Commission through appropriate returns. Otherwise, a utility will have to compete for capital against higher return investments, and if not successful, investment programs may have to be curtailed, creating adverse consequences for both utilities and their customers. These additional credit risks have already been recognized by the major ratings agencies and in some cases utility credit ratings have been downgraded. A credit downgrade is significant, particularly for companies like PPL Electric who are in the midst of major capital improvement programs. Even for a utility not downgraded, credit remains tight and will continue to be monitored by the rating agencies. As a result of the TCJA, PPL Electric's parent company, has publicly disclosed the need to issue up to $3 billion in equity from 2018 – 2020 to offset the negative credit impacts from the TCJA on our parent company. Specifically related to PPL Electric, our credit metrics are now at the very low end of the range to maintain our current ratings of A- at S&P and A3 at Moody's. It is critical from a financeability perspective that PPL Electric is able to maintain our current credit ratings with sufficient margin to handle an event such as the TCJA. Running the business at the bare minimum credit metrics is not advisable.

For these reasons, it is the Company's position that the tax rate savings can benefit customers if utilities are allowed to invest the tax savings into programs and infrastructure investments that provide additional security, safety, reliability, and grid resiliency measures, as set forth in the Company's response to Question 3 below, while at the same time supporting our credit metrics. This is particularly important for PPL Electric given its major construction program to replace aging infrastructure.

Such investments will allow PPL Electric to make system improvements while at the same time deferring the need for a base rate filing to recover these new investments in rates. These investments would be included in rate base in the Company's next rate filing at their then depreciated original cost, with the Company funding the interim depreciation through savings from reduced taxes. PPL Electric believes this is a better approach than immediately reducing rates to reflect tax savings, which will reduce rates in the near term, but force utilities into filing a full rate case sooner than otherwise anticipated. This would create needless rate volatility and could cause customer confusion.

Further, there will be implementation costs. To the extent that utilities need to develop a separate rate mechanism to implement tax reform, additional IT resources will be required and these additional costs should be recoverable by the utility. Other costs, however, may not be as easily identifiable and can only be determined and recovered in a full base rate case where all cost elements can be identified. By allowing companies to provide benefits to customers through programs and infrastructure improvements, instead of immediate rate reductions, the cost of developing and implementing a new rate for billing can be avoided, thereby ensuring that customers are getting more absolute value from the tax savings resulting from the income tax rate reduction in the TCJA.

**(2) If rates are to be adjusted, the appropriate negative surcharge or other methodologies that would permit immediate modification to consumer rates.**

For the reasons explained in section (1) above, PPL Electric believes that the only mechanism permitting modification to customer rates for changes in income tax expense without filing a general base rate case is for the Commission to declare a utility's existing rates as temporary rates and then establish new prospective base rates to reflect the impact of the TCJA and all other elements of the ratemaking formula. If the Commission determines that it wishes to change base rates solely for the change in income tax rates without examining other elements of the ratemaking formula, then it should establish a base rate credit mechanism to accomplish this rate reduction. Such a mechanism could be reconcilable for variations in sales to ensure that the exact amount of reduced income tax expense reduction is returned to customers. PPL Electric, however, reserves the right to challenge any such mechanism as unlawful single issue ratemaking.

**(3) Whether the surcharge or other methodology should provide that any refunds to customers due to these reduced taxes be effective as of January 1, 2018.**

Ratemaking is prospective and under well-established precedent Commission-made rates can only be changed prospectively. *See Cheltenham & Abington Sewerage Co. v. Pa. Pub. Util. Comm'n*, 344 Pa. 366, 25 A.2d 334 (Pa. 1942). Any effort by the Commission to retroactively change PPL Electric's rates would be unlawful.

## III. VERIFIED RESPONSES TO DATA REQUESTS IN ATTACHMENT B

**Q1) How does the reduction in the corporate Federal Income Tax rate from 35% to 21% affect your federal tax obligations for calendar year 2018 and subsequent tax years? Please quantify your response as to the effect on both current and deferred tax obligations.**

**A1)** The reduction in the Federal Income Tax rate from 35% to 21% reduces the current tax expense in base rates by approximately $30 million in 2018 and is forecasted to be around $30 million in subsequent tax years. The deferred tax expense in base rates would be reduced by approximately $20 million in 2018 and is forecasted to be around $20 million in subsequent tax years. The forecasted calculation of federal and state taxable income excludes many temporary differences that cannot be estimated at this time. The federal and state deferred tax impacts only reflect plant related deferred taxes that are allowed in base rates. Net operating losses are not considered in the calculation since both the current and deferred tax impacts net to zero.

**Q2) If a reduced tax obligation is passed through to ratepayers, explain the methodology to be used to compute the reduction, the rate mechanism to accomplish the reduction, and the allocation among customer classes.**

**A2)** Should a reduced tax obligation be returned to customers as a refund, PPL Electric submits that it should calculate the change in the income tax expense rate based on its last filed rate case. From a ratemaking perspective, the company collects in rates the 35% income tax expense amount from the Fully Projected Future Test Year submitted in its last base rate case. PPL Electric proposes to recalculate the proposed income tax expense amount based on the new 21% income tax rate amount and reduce rates for the incremental difference, excluding DSIC and SMR, as the difference in income tax rates will be automatically reflected in these rate mechanisms. PPL Electric's last base rate case, submitted in 2015 using a Fully Projected Future Test Year for rates effective January 1, 2016 was a settled case. Additional information about the Company's last Commission approved rate case is included in response to Question 9 below. The settlement rates were the result of a so-called "black box" settlement. PPL Electric therefore has assumed that the difference between the requested rate relief and settlement rates is attributable to a reduction in the return on common equity. The difference in the resulting income tax expense from 35% to 21% would be returned to customers through a base rate credit adjustment based on the percentage of each rate class contribution to total distribution revenues. PPL Electric would further request that the mechanism be effective January 1, 2019 (assuming timely Commission approvals), which would allow the Company adequate time to complete the significant and necessary IT effort to create and bill customers for a new rate. Additionally, any mechanism for providing reduced income taxes to rate payers must be consistent with the normalization rules to which PPL Electric is subject.

**Q3) If any of the potential tax savings from the reduced federal corporate tax rate can be used for purposes other than to reduce customer rates, provide details on how and where those tax savings can be used.**

**A3)** PPL Electric believes that the full amount of the tax savings from the reduced federal corporate tax rate can be used to provide significant and important benefits to customers in the areas of security, safety, reliability, and grid resiliency. PPL Electric has just achieved its highest level of reliability in history, and it is imperative to continue to provide a level of service customers have come to expect. Despite our higher level of investment and our excellent reliability last year, the most recent storms in February and March of 2018 demonstrate the continued need for us to invest in the system. By using the tax savings for this type of work, PPL Electric can provide meaningful benefits to customers and defer future base rate case filings. More specifically, the Company would invest, above and beyond its current levels, in tree removal and vegetation management efforts (primarily mitigating the impacts of the Emerald Ash Borer Beetle ("EAB")) and various system wide investments in distribution grid resiliency. Some of these programs provide more immediate benefits to customers, such as the tree removal and vegetation management, while others provide longer-term benefits. This would allow the Company to be even more proactive and increase customer reliability by making investments to the system enabling the provision of safe and reliable service. Even though using some of the tax savings to invest in incremental vegetation management efforts does not directly improve our credit metrics, we would still advocate using the funds in this manner as it is in the best interest of our customers.

PPL Electric's use of the tax savings for tree removal would be focused on addressing issues of the EAB. A study commissioned by PPL Electric estimates that across its 10,000 square mile footprint, there are about 270,000 ash trees within and adjacent to our Distribution corridors that are of sufficient height to impact our facilities should they become infested with the EAB. Cost of removal of ash trees within striking distance of distribution lines and equipment over the next five years is anticipated to be over $72 million. The infestation will take its toll not only on the distribution system, but also on Company resources required to address this issue. The impact of the EAB was not completely appreciated during our last base rate case due to the early stage of infestation in Pennsylvania and subsequent quantification of the number of trees.

Beyond the EAB, tree contacts continue to be the number one cause of outages on the system, even with the rigorous programs already in place. The recent wind and snow storm occurring on March 2 was devastating to our service territory. The storm left over 270,000 customers without power and over 75% of the outages were due to tree contacts. Increased investment in tree removal and vegetation management efforts would mitigate the impact of such severe storms.

The Company would also focus efforts on improving the resiliency of our distribution grid through investments aimed at making our substations and distribution circuits more resilient to failure, and when a failure does occur ensuring that the failure can be mitigated quickly. These capital investments would occur across PPL's territory at over 200 locations and would address challenges such as mitigation of flooding risks, reductions in single contingencies in our system, applying improved protection schemes, and purchasing mobile substations that can restore power more quickly to a large number of customers.

Using the tax savings for this these types of programs means that PPL Electric can meaningfully impact the customers across its system. Grid resiliency improvements will be applied throughout the service territory and provide benefits to all of PPL Electric's customers, whether they be residential, commercial, or industrial. Tree removal also provides benefits to all customers. By being able to do this additional work, PPL Electric can provide benefits to all of its 1.4 million customers while maintaining customer expectations of safe, reliable service and deferring the need for a base rate case filing. The mechanism for implementing these alternatives must also be consistent with the normalization rules to which PPL Electric is subject.

**Q4) Does the company have any Net Operating Losses (NOL) as of 12/31/17? Please quantify the impact of the Tax Cuts and Jobs Act (TCJA).**

**A4)** PPL Electric has federal and state net operating losses ("NOLs") as of 12/31/2017 attributable to distribution. See Attachment 1 for the cumulative gross timing difference. The funded deferred tax assets represents tax currently flowed through rates and the revalued deferred taxes before and after the TCJA. The change in unfunded deferred taxes represents the amount of tax to be collected in rates over some future time period before the revenue gross-up.

**Q5) Does the company have any Deferred Tax Liabilities as of 12/31/17? Please quantify the impact of the Tax Cuts and Jobs Act (TCJA).**

**A5)** PPL Electric has net federal and state deferred tax liabilities related to plant as of 12/31/2017. See Attachment 1 for the cumulative gross timing difference. The net funded deferred tax liabilities represents taxes currently flowed through rates and the revalued deferred taxes before and after the TCJA. Contribution in Aid of Construction ("CIAC"), which represents funds received from customers for construction work, is also included. CIAC reduces the cost of book plant, but must generally be included as income for tax purposes, increasing tax plant to be depreciated in the future. The difference in the book and tax treatment of CIAC creates plant related temporary differences that require deferred tax assets, which are included in base rates and in the net deferred tax liability presented. The change in unfunded deferred taxes represents the reduction of taxes to be included in rates over some future time period before the revenue gross-up.

**Q6) Are there any impacts on riders/surcharges resultant from the TCJA? If so, please explain.**

**A6)** Yes, generally, to the extent that any riders include income tax expense, they are impacted by the lower income tax expense rate. PPL Electric proposes that to the extent the income tax expense rate impacts a rider mechanism, such rider mechanism will be updated in a future rate update and any over/under collection will be handled through the existing reconciliation provided for in the mechanism. Additionally, to the extent that accumulated deferred income taxes ("ADIT") impacts a rider, the Company proposes that it also continues to follow applicable accounting and tax rules and flow those changes through the existing rider mechanisms at a future rate update filing and any over/under collections be resolved through the existing reconciliation provided for in the mechanism.

**Q7) Are there any other changes made in the TCJA that will impact the company? If so, please explain.**

A7) The TCJA also made changes to the tax law in the following areas:

- Contributions-in-aid-of-construction ("CIAC") received from governmental entities are no longer excludable from taxable income.
- Compensation paid to certain executives in excess of $1 million may no longer be deductible for tax purposes.
- 100% expensing of capital expenditures is not available to regulated public utilities.
- The limitation on the deductibility of interest, pending further guidance from Treasury, is not expected to apply to regulated public utilities.

PPL Electric does not expect any of the above items to have a material impact on PPL Electric at this time. However, interpretive guidance related to the above rules issued by the IRS, Treasury or other governmental rule making authority could affect this conclusion.

**Q8) What test year should be used to quantify the new 21% federal corporate tax rate to be effective 1/1/18?**

**A8)** As explained in Question 2, PPL Electric proposes to calculate the tax savings by reviewing what it currently collects in rates for income tax expense (i.e. the amount from its last base rate case) and recalculating that at the new lower income tax expense rate. The resultant difference is the tax savings adjustment that would affect customer rates.

**Q9) Please provide the following information regarding your last Commission approved rate case:**

**a. Docket Number**
**b. Date filed**
**c. Approved Rate of Return**
**d. Approved Increase in Annual Revenues**
**e. Allocation of Approved Increase Among Major Customer Classes**
**f. Effective Date of new rates**

**A9)**

a. The Docket Number of the last Commission approved rate case was R-2015-2469275.
b. The last Commission approved rate case was filed on March 31, 2015.
c. There was not an approved rate of return, because it was a black box settlement.
d. The approved increase in annual revenues was $124 million.
e.

| Rate Schedule | Distribution Revenue Increase |
|---|---|
| RS | $ 110,355,739 |
| RTS | $ 1,799,172 |
| GS-1 | $ 9,640,774 |
| GS-3 | $ (3,222,651) |
| LP-4 | $ 3,886,926 |
| LP-5 | $ (762,503) |
| LPEP | $ 1,035,302 |
| BL | $ 39,477 |
| SA | $ 31,085 |
| SM | $ 7,456 |
| SHS | $ (2,505,650) |
| SE | $ 19,344 |
| TS | $ 283 |
| GH-2 | $ 353,936 |
| SLE | $ 2,673,340 |
| **Rate Revenue** | **$ 123,352,030** |

f. The effective date of new rates was January 1, 2016.

## IV. PPL ELECTRIC'S COMPLETED TEMPLATE (ATTACHMENT C)

Below is PPL Electric's completed Attachment C.

# PPL Electric Utilities Corporation

Calculation of State and Federal Income Taxes

| Line No. | DESCRIPTION | Last Commission Approved Rate Case | Actual Results 12/31/17 | Ratemaking Adjustments | Proposed Adjusted 12/31/17 |
|---|---|---|---|---|---|
| 1 | Operating Revenues | $ 1,026,153 | $ 1,053,916 | $ 2,271 | $ 1,056,187 |
| 2 | Less: O&M Expenses | 474,237 | 469,164 | (7,818) | 461,346 |
| 3 | Book Depreciation | 178,518 | 209,812 | 19,638 | 229,450 |
| 4 | Interest Expense | 78,586 | 77,113 | 121 | 77,234 |
| 5 | Operating Income before Taxes Total | $ 294,812 | $ 297,827 | $ (9,670) | $ 288,157 |
| 6 | Depr- Straight Line- Remaining Life (Incl COR) | 181,361 | 209,812 | 19,638 | 229,450 |
| 7 | Book Depreciation Capitalized | 2,855 | 4,003 | | 4,003 |
| 8 | Contributions in Aid of Construction | 11,771 | 10,425 | | 10,425 |
| 9 | Environmental Liabilities | 760 | (92) | | (92) |
| 10 | Reacquired Debt Costs | 6,781 | 6,731 | | 6,731 |
| 11 | Deferred Compensation | 365 | 54 | | 54 |
| 12 | Storm Damage | 5,324 | (4,443) | | (4,443) |
| 13 | Storm Deferrals | | 15,511 | | 15,511 |
| 14 | Taxable Meals & Entertainment | | 279 | | 279 |
| 15 | Rate Case Expenses | | 928 | | 928 |
| 16 | Total | $ 209,217 | $ 243,208 | $ 19,638 | $ 262,846 |
| | Deduct | | | | |
| 17 | Tax Depreciation | (153,050) | (337,872) | | (337,872) |
| 18 | Cost of Removal | (22,798) | (25,876) | | (25,876) |
| 19 | Tax Gains/(Losses) on Plant Dispositions | (1,214) | (18,663) | | (18,663) |
| 20 | Pension | (310) | (2,627) | | (2,627) |
| 21 | Post Retirement and Employment benefits | (672) | 463 | | 463 |
| 22 | Vacation Liabilities | (851) | (127) | | (127) |
| 23 | Bad Debt | (11,285) | (4,546) | | (4,546) |
| 24 | Other 263A and Repair Allowance | (41,047) | (80,885) | | (80,885) |
| 25 | RAR Adjustments | (536) | (476) | | (476) |
| 26 | ESOP dividends | 4,740 | (4,319) | | (4,319) |
| 27 | Prepaids | (1,026) | (141) | | (141) |
| 28 | Variable Pay | (598) | (637) | | (637) |
| 29 | Clearing | - | (438) | | (438) |
| 30 | Obsolete Inventory | - | (96) | | (96) |
| 31 | Service Company Costs | - | (24,332) | | (24,332) |
| 32 | Severance Pay | - | (43) | | (43) |
| 33 | Total | $ (228,647) | $ (500,615) | $ - | $ (500,615) |
| 34 | Taxable Income Before State Adjustments | $ 275,382 | $ 40,420 | $ 9,968 | $ 50,388 |
| | Add: State Tax Adjustments | | | | |
| 35 | Bonus Depreciation Adjustment | (29,038) | 162,102 | | 162,102 |
| 36 | State NOL Carryforward/(Utilization) | (52,591) | - | | - |
| 37 | State Taxable Income | $ 193,753 | $ 202,522 | $ 9,968 | $ 212,490 |
| | State Income At: | | | | |
| 38 | Historic, Future and Fully Projected At 9.99% | $ 19,356 | $ 20,232 | $ 996 | $ 21,228 |
| 39 | Federal Taxable Income Before NOL | 256,026 | 20,188 | 8,972 | 29,160 |
| 40 | Federal NOL Carryforward/(Utilization) | (68,884) | - | | |
| 41 | Income Subject to Federal Income Tax After NOL | $ 187,142 | $ 20,188 | $ 8,972 | $ 29,160 |
| 42 | Federal Income Tax at 35% | $ 65,500 | $ 7,066 | $ 3,140 | $ 10,206 |
| 43 | Federal Income Tax at 21% | $ 39,300 | $ 4,239 | $ 1,884 | $ 6,124 |

** Attachment C is adjusted to be consistent with PPL Electric's previous and expected future rate case filings. The information provided in the last Commission Approved Rate Case is modified due to the black box settlement as mentioned above. In addition, the information represented in 2017 includes the tax impacts of bonus depreciation. The tax impact of bonus depreciation, or lack thereof, should be considered when computing a rate reduction due to the disallowance of bonus depreciation for regulated public utilities starting in 2018 as a result of the TCJA.

| Pre TCJA Taxes | | Net Tax Effect |
|---|---|---|
| Federal- Current (Page 1, Column 4, Line 43) | $ | 10,206 |
| Federal- Deferred | $ | 993,666 |
| Less: Post TCJA Taxes | | |
| Federal- Current (Page 1, Column 4, Line 44) | $ | 6,124 |
| Federal- Deferred | $ | 993,666 |
| Effect of TCJA On Income (A) | $ | 4,082 |
| Change in ADIT | $ | - |
| Comission Approved Rate of Return | | |
| Effect of ADIT Change on Income (B) | $ | - |
| Earnings Excess (Line A - Line B) | $ | 4,082 |
| Complement of Tax Rate | | 0.711079 |
| Revenue Excess | $ | 5,741 |
| Commission Allowed Revenues | $ | 1,026,153 |
| Base Distribution Percent Decrease Per Bill | | -0.5594% |

Respectfully submitted,

Kimberly S. Klock

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Date: March 9, 2018

Counsel for PPL Electric Utilities Corporation

## VERIFICATION

I, BETHANY L. JOHNSON, being the Manager- Regulatory Operations at PPL Electric Utilities Corporation, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: March 9, 2018

Bethany L. Johnson

Attachment 1

*in Thousands*

| | | A | B | | C | D | E = D - C |
|---|---|---|---|---|---|---|---|
| Tax Jurisdiction | Functional Plant | Taxable Income / (Tax Deduction) | Funded Deferred Tax Assets / (Liabilities) | | Unfunded Deferred Taxes Before TCJA | Unfunded Deferred Taxes After TCJA | TCJA Change to Unfunded Deferred Taxes |
| *Net Operating Losses:* | | | | | | | |
| Federal NOL DTAs | Distribution | 187,958 | 65,785 | | - | (26,314) | (26,314) |
| State NOL DTAs (Fed-offset) | Distribution | 232,501 | (8,129) | | - | 3,252 | 3,252 |
| Total NOL Related Activity | | | 57,656 | (a) | - | (23,062) | (23,062) |
| *Plant related temporary differences:* | | | | | | | |
| Plant Federal DTLs | Distribution | (3,210,509) | (1,079,755) | | (43,923) | 405,548 | 449,471 |
| Plant Federal DTLs | General | (235,859) | (70,998) | | (3,472) | 26,316 | 29,788 |
| CIAC Federal DTAs | Distribution | 224,366 | 78,583 | | (55) | (31,466) | (31,411) |
| Plant State DTLs (Fed-offset) | Distribution | (2,361,736) | 28,714 | | 53,865 | 20,833 | (33,031) |
| Plant State DTLs (Fed-offset) | General | (163,955) | 12 | | 5,159 | 3,091 | (2,069) |
| CIAC State DTAs (Fed-offset) | Distribution | 224,366 | (7,877) | | 32 | 3,170 | 3,138 |
| Total Plant Related Activity | | | (1,051,322) | (b) | 11,607 | 427,493 | 415,886 |
| Decrease in Net Unfunded Deferred Tax Liabilities | | | | (c)=(a)+(b) | 11,607 | 404,430 | 392,824 |