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Date:
May 13, 2026

In Re: Revised Schedule of Ruling Amounts

Legend:

Taxpayer	=
Subsidiary	=
Company A	=
Company B	=
Company C	=
Company D	=
Company E	=
Company F	=
Commission	=
Method	=
Order A	=
Order B	=
Docket A	=
Docket B	=
Fund	=
State A	=
State B	=
Unit	=
Date 1	=

Date 2 =
Date 3 =
Date 4 =
Date 5 =
Date 6 =
Date 7 =
Date 8 =
Date 9 =
Date 10 =
Submission Date =
Supplement Date =
a =
b =
c =
d =
e =
f =
g =
h =
i =
j =
k =
l =
m =
n =
Year 1 =
Year 2 =
Year 3 =
Year 4 =
Year 5 =
Year 6 =
Year 7 =
Year 8 =

Dear :

This letter responds to your request dated Submission Date, as supplemented by an additional submission on Supplement Date, for a revised schedule of ruling amounts under § 468A(d)(1) of the Internal Revenue Code and § 1.468A-3(f)(1) of the Income Tax Regulations[1] with respect to a nuclear decommissioning reserve fund that Taxpayer has established for Unit. The Internal Revenue Service (Service) has previously approved a request for a schedule of ruling amounts for Unit on Date 1.

[1] Unless otherwise specified, all “section” or “§” references are to sections of the Code or the Income Tax or to the Procedure and Administration Regulations.

FACTUAL BACKGROUND

Taxpayer represents the following facts:

Taxpayer, a State A corporation, is the common parent of an affiliated group of entities that files a consolidated federal income tax return. Taxpayer is the parent of Subsidiary, a limited liability company organized under the laws of State A and classified as a corporation for federal income tax purposes. Pursuant to an internal reorganization to facilitate an acquisition transaction effective as of Date 2, Subsidiary owns all of the interests in Company A, a limited liability company organized under the laws of State A and engaged in the generation and sale of electric energy in State B. Company A is disregarded entity for federal income tax purposes, employs the accrual method of accounting and is included on the tax return of Taxpayer that is filed on a calendar year basis.

Company A is the successor to a structurally-separated and unregulated generation business formerly conducted by Company B. The transmission and distribution businesses formerly conducted by Company B is currently conducted by an entity unrelated to Taxpayer, Company C, and is regulated as to rates and conditions of service by Commission.

In Year 1, Company D, a limited liability company and a disregarded entity for federal income tax purposes, transferred ownership of Unit and its decommissioning liability to Company A. Consequently, Company A owns Fund subject to the requirements of Section 468A to fund the decommissioning of Unit.

Company C includes the costs to decommission Company A's nuclear generating units, including Unit, in its Commission rate proceedings. Company A and Company C are parties to a decommissioning funds collection agent agreement whereby Company C collects an amount intended to fund the cost of decommissioning Unit that Company C must immediately remit to Company A upon receipt. Company A then deposits the amounts received into Fund. The annual amount collected by Company C to cover the cost of nuclear decommissioning is allocated between two units, as approved by Commission.

Taxpayer, as the parent of Company A, sought a revised schedule of ruling amounts following the transfer of ownership of Unit. The Service issued a private letter ruling approving the revised schedule of rulings amounts on Date 1.

On Date 3, the Nuclear Regulatory Commission renewed and extended the Facility Operating License for Unit to Date 4. Following the renewal, Company A undertook a Year 2 decommissioning study. Company A also undertook a Year 2 funding analysis for Fund, which assumed that the decommissioning costs to be included in the cost of service for ratemaking purposes for Unit as required by Order A under Docket A dated Date 5 were collected and contributed to Fund for Unit through

Year 2. Order A also adjusted the allocation within Fund with Unit allocated h percent of the Fund.

Under Treas. Reg. Section 1.468A-3(f)(1)(iv), the renewal of the operating license for Unit required Taxpayer to request a revised schedule of ruling amounts no later than Date 6. On Date 7, Taxpayer contracted with Company E to produce a new decommissioning study for Unit. By early Year 2, Taxpayer had not yet received the updated decommissioning study for Unit. The completion of the updated decommissioning study was critical to informing the completion of the updated funding analysis, which used contributions determined in a prior schedule of rulings amounts for taxable year through Year 2. Without completion of the updated decommissioning study and updated funding analysis, taxpayer was unable to present the Commission with updated decommissioning costs for Unit and Commission is not able to approve the updated decommissioning cost for Unit based on Unit's updated license to Date 4. Taxpayer represents that these are intervening events beyond Taxpayer's control that prevent them from filing a timely revised schedule of rulings amount by Date 6 pursuant to Treas. Reg. Section 1.468A-3(f)(1)(iv).

Taxpayer received the completed Year 2 Decommissioning Study from Company E on Date 8, after the Date 6 deadline. Based on Year 2 Decommissioning Study and Year 2 Funding Analysis Company A requested and was granted by Commission in Docket B a reduction to the amount of decommissioning costs includable in the cost of service for ratemaking purposes for Unit under Order B dated Date 9.

Consistent with Order B, Taxpayer, on behalf of Company, seeks a revised schedule of rulings from Year 3 through Year 2 that will permit the contribution of the same amounts to Fund as previously approved in Order A. Taxpayer proposes the formula for the revised schedule of rulings amount (hereafter referred to as Formula) be:

[(A x A1) + (B x B1) + (C x C1) + (D x D1) + (E x E1) + (F x F1) + (G x G1) + (H x H1)] x J = RA

Where:

A = kWh for Residential Service
A1 = a per kWh rate
B = kWh for Secondary Service Less than or Equal to b kW
B1 = c per kWh rate
C = kWh for Primary Service less than or Equal to b kW
C1 = c per kWh rate
D = kWh for Lighting Service
D1 =d per kWh rate
E = Distribution System billing kW for Secondary Service Greater than b kW
E1 = e per kW rate
F = Distribution System billing kW for Primary Service Greater than b kW (Distribution Line)

F1 = f per kW rate

G = Distribution System billing kW for Primary Service greater than b kW (Substation)

G1 = g per kW rate

H = Distribution System billing kW for Transmission Service

H1 = f per kW rate

J = Allocation percentage to Unit (h%)

Pursuant to Order B, Taxpayer requests to reduce the annual funding level of decommissioning expense for years Year 4 through Year 5 to $i.

The estimated year in which substantial decommissioning costs first will be incurred is Year 5. The estimated year in which decommissioning of Unit is expected to be substantially complete is Year 6. The total estimated cost of decommissioning the Taxpayer's share of Unit in current dollars is $j (Year 7 dollars). The total estimated cost of decommissioning Taxpayer's costs of Unit in in future dollars is $k. The estimated cost of decommissioning Unit expressed in future dollars for each taxable year is found in Funding Analysis and is determined by adjusted baseline estimates in Year 6 dollars adjusted for the required contingency ceiling and escalated using Company F forecast information. A l year moving average was used for future years beyond the current forecast horizon of Company F's database.

Taxpayer represents that the assumptions, estimates and other factors used in determining the proposed revised schedule of ruling amounts are as follows:

The funding period is from Year 8 to Year 4. The assumed after-tax return to be earned by the assets was included in Taxpayer's Year 2 Funding Analysis. The fair market value of the assets in the Fund as of the first day of the first taxable year to which the schedule of ruling amounts will apply is estimated at $m. The expected earnings of the assets of Fund over the beginning on the first day of Year 2 to which the revised schedule of ruling amounts would apply, through the last day of Year 5, the funding period, is $n. The amount of decommissioning costs allocable to Fund pursuant to § 1.468A-3(d) is $i (Year 7 dollars). The total estimated future cost of decommissioning Unit is $k (Year 5 dollars). Taxpayer's share of the total estimated future decommissioning costs pursuant to § 1.468A-3(d)(3) is $k (Year 7 dollars) determined by Taxpayer's Year 2 Funding Analysis.

Taxpayer requested and received an extension of time under §§ 301.9100-1 and 301.9100-3 to allow Taxpayer to file a revised schedule of ruling amounts for Unit's nuclear decommissioning trust qualified fund on Date 10.

RULING REQUESTED

Pursuant to § 468A(d)(1), Taxpayer requests the Service to issue a revised schedule of ruling amounts for decommissioning costs for Unit conforming to the proposed revised schedule of ruling amounts submitted by Taxpayer.

LAW AND ANALYSIS

Sections 468A(a) and 1.468A-1(a) provide that a taxpayer that elects the application of § 468A shall be allowed as a deduction for any taxable year the amount of any payments made by the taxpayer to a nuclear decommissioning fund during such taxable year. Section 1.468A-1(b)(1) provides that an eligible taxpayer is a taxpayer that possesses a qualifying interest in a nuclear power plant. Under § 1.468A-1(b)(2), the definition of the term “qualifying interest” includes a direct ownership interest.

Sections 468A(b) and 1.468A-2(b)(1) provide that the amount of payments made (or deemed made) by a taxpayer to a nuclear decommissioning fund during any taxable year shall not exceed the ruling amount applicable to such fund for such taxable year.

Section 468A(h) provides that a taxpayer shall be deemed to have made a payment to a nuclear decommissioning fund on the last day of a taxable year if such payment is made on account of such taxable year and is made within 2 ½ months after the close of such taxable year. This section applies to payments made pursuant to either a schedule or ruling amounts or a schedule of deduction amounts.

Section 468A(d)(1) provides that no deduction shall be allowed for any payment to a nuclear decommissioning fund unless the taxpayer requests and receives from the Secretary a schedule of ruling amounts. Section 468A(d)(2) provides that the term “ruling amount” means, with respect to any taxable year, the amount which the Secretary determines to be necessary to — (A) fund the total nuclear decommissioning cost of a nuclear power plant over the estimated useful life of such plant, and (B) prevent any excessive funding of such costs, or the funding of such costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate. Section 468A(d)(3) provides that the Secretary shall at least once during the useful life of the nuclear power plant (or more frequently, upon the request of the taxpayer), review, and revise, if necessary, the schedule of ruling amounts determined under § 468A(d)(1).

Section 1.468A-3(a)(1) provides that, in general, a schedule of ruling amounts for a nuclear decommissioning fund is a ruling specifying the annual payments (ruling amounts) that, over the taxable years remaining in the funding period as of the date the schedule first applies, will result in a projected balance of such fund as of the last day of the funding period equal to (and in no event more than) the amount of decommissioning costs allocable to such fund.

Section 1.468A-3(a)(2) provides that each schedule of ruling amounts must be consistent with the principles and provisions of § 1.468A-3 and must be based on reasonable assumptions concerning — (i) The after-tax rate of return to be earned by the assets of the nuclear decommissioning fund; (ii) The total estimated cost of decommissioning the nuclear power plant; and (iii) The frequency of contributions to such fund for a taxable year. Under § 1.468A-3(a)(3), the Service shall provide a schedule of ruling amounts identical to the schedule proposed by the taxpayer, but no schedule of ruling amounts shall be provided by the Service unless the taxpayer's proposed schedule is consistent with the principles and provisions of § 1.468A-3 and is based on reasonable assumptions.

Section 1.468A-3(a)(4) provides that the taxpayer bears the burden of demonstrating that the proposed schedule of ruling amounts is consistent with the principles and provisions of § 1.468A-3 and is based on reasonable assumptions. If a public utility commission established or approved the currently applicable rates for the furnishing or sale by the taxpayer of electricity from the nuclear power plant, the taxpayer can generally satisfy this burden of proof by demonstrating that the schedule of ruling amounts is calculated using the assumptions used by the public utility commission in its most recent order.

Section 1.468A-3(a)(5) provides that the Service will approve, at the request of the taxpayer, a formula or method for determining a schedule of ruling amounts (rather than providing a schedule specifying a dollar amount for each taxable year) if the formula or method is consistence with the principles and provision s of this section and is based on reasonable assumptions. Section 1.468A-3(f)(1)(ii) further provides a special rule relating to the mandatory review of ruling amounts that are determined pursuant to a formula or method.

Section 1.468A-3(b)(1) provides that, in general, the ruling amount specified in a schedule of ruling amounts for any taxable year in the funding period shall not be less than the ruling amount specified in such schedule for any earlier taxable year.

Section § 1.468A-3(c)(1) provides that the funding period for a nuclear decommissioning fund is the period that — (i) begins on the first day of the first taxable year for which a deductible payment is made (or deemed made) to such fund; and (ii) ends on the last day of the taxable year that includes the last day of the estimated useful life of the nuclear power plant to which such fund relates.

Under § 1.468A-3(c)(2)(i)(A), except as provided in § 1.468A-3(c)(2)(ii), the last day of the estimated useful life of a nuclear power plant that has been included in the rate base for ratemaking purposes in any ratemaking proceeding that established rates for a period before January 1, 2006, is the date used in the first such ratemaking proceeding as the estimated date on which such plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Under § 1.468A-3(c)(2)(i)(B), except as provided in § 1.468A-3(c)(2)(ii), the last day of the estimated useful life of a nuclear power plant that is not described in § 1.468A-3(c)(2)(i)(A) is the last day of the estimated useful life of such plant determined as of the date it is placed in service. Under § 1.468A-3(c)(2)(i)(C), except as provided in § 1.468A-3(c)(2)(ii), a taxpayer with an interest in a plant that is not described in § 1.468A-3(c)(2)(i)(A) may use any reasonable method for determining the last day of such estimated useful life.

Under § 1.468A-3(c)(2)(ii), if it can be established that the estimated useful life of a nuclear power plant will end on a date other than the date determined under § 1.468A-3(c)(2)(i), the taxpayer may use such other date as the last day of the estimated useful life but is not required to do so. If the last day of the estimated useful life was determined under § 1.468A-3(c)(2)(i)(A) and the most recent ratemaking proceeding used an alternative date as the estimated date on which a nuclear power plant will no longer be included in the rate base, the most recent ratemaking proceeding will generally be treated as establishing such alternative date as the last day of the estimated useful life.

Section 1.468A-3(d)(1) provides that the amount of decommissioning costs allocable to a nuclear decommissioning fund is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant to which the fund relates.

Section 1.468A-3(e) provides the rules regarding the manner of requesting a schedule of ruling amounts.

Section 1.468A-3(e)(1)(v) provides that the Service will not provide or revise a ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts filed after the deemed payment deadline date (as defined in § 1.468A- 2(c)(1)) for such taxable year. Under § 1.468A-2(c)(1), the deemed payment deadline date is the fifteenth day of the third calendar month after the close of any taxable year.

Section 1.468A-3(e)(2) enumerates the information that must be contained in a request for a schedule of ruling amounts.

Section 1.468A-3(e)(3) provides that the Service may prescribe administrative procedures that supplement the provisions of §§ 1.468A-3(e)(1) and (2), and may, in its discretion, waive the requirements of §§ 1.468A-3(e)(1) and (2) under appropriate circumstances.

Section 1.468A-3(f)(1)(i) provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to § 1.468A-3(e) must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline date for the tenth taxable year that begins after the taxable year in which the most recent schedule of ruling amounts was received. If the taxpayer calculated its most recent schedule of ruling amounts on any basis other than an order issued by a public utility commission, the taxpayer must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline date for the fifth taxable year that begins after the taxable year in which the most recent schedule of ruling amounts was received.

Section 1.468A-3(f)(1)(ii)(B) provides that any taxpayer that has determined its ruling amount for any taxable year under a formula prescribed by § 1.468A-6 must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline for its first taxable year that begins after the disposition.

We have examined the representations and information submitted by Taxpayer in relation to the requirements set forth in § 468A and the regulations thereunder.

Based solely on the facts represented by Taxpayer, we reach the following conclusions:

1. Taxpayer has a qualifying interest in Unit and is, therefore, an eligible taxpayer under § 1.468A-1(b)(1).

2. Taxpayer, as an eligible taxpayer under § 1.468A-1(b)(1), has calculated its decommissioning costs under § 1.468A-3(d)(1).

3. Commission B's Rate Order determines the amount of decommissioning costs to be included in Taxpayer's cost of service for ratemaking purposes. The proposed schedule of ruling amounts is consistent with Commission B's Rate Order. Thus, Taxpayer has demonstrated, pursuant to § 1.468A-3(a)(4), that the proposed schedule of ruling amounts is based on reasonable assumptions and is consistent with the principles of § 468A and the regulations thereunder.

4. Pursuant to § 1.468A-3(a)(5), we approve the Formula for determining the schedule of ruling amounts (rather than a schedule specifying a dollar amount for each taxable year) that is consistent with the principles and provisions of § 468A and the regulations thereunder that is based on reasonable assumptions.

5. The maximum amount of cash payments made (or deemed made) to the Fund during any tax year is restricted to the ruling amount applicable to the Fund, as set forth under § 1.468A-2(b)(1).

Based solely on the determinations above, we conclude that Taxpayer's proposed schedule of ruling amounts satisfies the requirements of § 468A. We have approved the following revised schedule of ruling amounts.

APPROVED SCHEDULE OF RULING AMOUNTS

Year	Ruling Amount
Year 3 through Year 2	To be determined from Formula
Year 4 through Year 5	$i

If any of the events described in § 1.468A-3(f)(1) occur in future years, Taxpayer must request a review and revision of the schedule of ruling amounts. Generally, Taxpayer is required to file such a request on or before the deemed payment deadline date for the first taxable year in which the rates reflecting such action became effective. When no such event occurs, pursuant to § 1468A-3(f)(1)(ii), Taxpayer must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline of the fifth taxable year following the close of the tax year in which this schedule of ruling amounts is received.

If an event described in § 1.468A-6(a) occurs during a taxable year to which this schedule of ruling amounts relates, Taxpayer is limited to making payments to the Fund prior to the date of such event, regardless of the amount approved in this schedule of ruling amounts.

Except as specifically set forth above, we neither express nor imply any opinion concerning the Federal income tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, no determination is made whether the Year 2 decommissioning study conforms to industry standards and practices.

The rulings contained in this letter are based upon information and representations submitted by Taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

This ruling is directed only to the Taxpayer who requested it. Section 6110(k)(3) of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Pursuant to § 1.468A-7(a), a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax return for each tax year in which the Taxpayer claims a deduction for payments made to the Fund.

Sincerely,

Maggie Stehn
Senior Counsel, Branch 2
Office of Associate Chief Counsel
(Energy, Credits, & Excise Tax)

cc: