

**Internal Revenue Service****Number: 202551003****Release Date: 12/19/2025****Index Number: 468A.04-02****Department of the Treasury  
Washington, DC 20224****Third Party Communication: None  
Date of Communication: Not Applicable****Person To Contact:****, ID No.****Telephone Number:****Refer Reply To:  
CC:ECE:B2  
PLR-103881-25****Date:  
September 17, 2025****In Re: Revised Schedule of Ruling Amounts****Legend:**

Taxpayer =  
Parent =

Company 1 =  
Company 2 =  
Company 3 =  
Commission A =  
Commission B =  
Commission C =  
Non-Commission =  
Method =  
Rate Order =

County =  
State =  
Plant =  
Unit =  
Date 1 =  
Date 2 =  
Date 3 =  
Date 4 =

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

Dear :

This letter responds to your request dated February 6, 2025, for a revised schedule of ruling amounts under § 468A(d)(1) of the Internal Revenue Code and § 1.468A-3(f)(2) of the Income Tax Regulations<sup>1</sup> with respect to a nuclear decommissioning reserve fund that Taxpayer has established for Unit of Plant. The Internal Revenue Service (Service) has previously approved a request for a schedule of ruling amounts for Plant on Date 9.

#### FACTUAL BACKGROUND

Taxpayer represents the following facts:

Taxpayer, a State corporation, is a member of an affiliated group that joins in the filing of a consolidated federal income tax return, the common parent of which is Parent. Taxpayer is a public utility operating company, principally engaged in the generation,

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<sup>1</sup> Unless otherwise specified, all "section" or "§" references are to sections of the Code or the Income Tax Regulations (26 CFR part 1).

transmission, and distribution of electric energy in State. Parent files a consolidated federal income tax return with its affiliated companies, including Taxpayer, on a calendar year basis using the accrual method of accounting.

The Plant consists of a nuclear-powered electric generating units located in County. The Plant includes supporting facilities which service each of the a nuclear generating units to an equal degree. This request is for Unit of Plant. The extended operating license for Unit issued by the Commission A on Date 1 expires on Date 2.

In three transactions, two occurring on Date 3 with Company 1 and Company 2, and the other occurring on Date 4 with Company 3, Taxpayer sold in the aggregate b percent of its ownership interest in Unit and entered into lease agreements whereby it leased back from Company 1, Company 2, and Company 3 the entire undivided interest it had sold (the leases). Taxpayer is a lessee with respect to an undivided interest of approximately c percent in Unit and a fee simple owner of an undivided interest of approximately d percent in Unit. Under the terms of the lease agreements between Taxpayer and Company 1, Company 2 and Company 3, Taxpayer remains fully responsible for its e percent share of the eventual cost of decommissioning of Unit. These lease agreements also require that Taxpayer fully fund its obligations with respect to the decommissioning of Unit through means of an external trust or trusts.

The leases for the respective interests in Unit were to expire on Date 5. At the end of the respective lease terms, use of the respective undivided interest in Unit would either be returned to the respective lessor or Taxpayer could exercise a lease renewal option or a purchase option. Taxpayer represents that it has exercised options to extend the term of each of the leases until Date 6.

With respect to nuclear decommissioning costs of Unit which are included in Taxpayer's cost of service for ratemaking purposes, Taxpayer is subject to rate making by Commission B and Commission C. The operations of Unit are allocated below:

Commission B	<u>f</u> %
Non- Commission B	<u>g</u> %
Total	100.00%

These percentages may fluctuate slightly from year to year. Commission B, in Rate Order, revised the annual contribution amount to the nuclear decommissioning reserve fund (Fund). The proposed method of decommissioning the Plant is Method. As a result of the Rate Order, Taxpayer proposes to contribute h to the Fund annually for tax Years 1 through 2 followed by a prorated amount of i for tax Year 3.

The estimated year in which substantial decommissioning costs first will be incurred is Year 3. The estimated year in which decommissioning of Unit is expected to be substantially complete is Year 4. The total estimated cost of decommissioning the Taxpayer's share of Unit in current dollars is j (Year 5 dollars) determined by

multiplying the total estimated cost of decommissioning Unit (Year 5 dollars) by the Taxpayer's e percent ownership interest in Unit. The total estimated cost of decommissioning Taxpayer's share of Unit in Year 3 dollars is \$k determined by escalating Taxpayer's share of annual estimated decommissioning costs (Year 5 dollars) by l percent.

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 Date 7 to Date 8. The assumed after-tax return to be earned by the assets in the Fund is m percent. The fair market value of the assets in the Fund as of Date 7 was \$n. The expected earnings of the assets of the Fund over the period Date 7, the first day of the first taxable year to which the revised schedule of ruling amounts would apply, through Date 8, the last day of the funding period, is \$o. The amount of decommissioning costs allocable to the Fund pursuant to § 1.468A-3(d) is \$k (Year 3 dollars). The total estimated future cost of decommissioning Unit is \$p (Year 3 dollars). Taxpayer's share of the total estimated future decommissioning costs pursuant to § 1.468A-3(d)(3) is \$k (Year 3 dollars) determined by escalating the Taxpayer's share of the annual estimated decommissioning costs in current (Year 5 dollars) by l percent.

#### RULING REQUESTED

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

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(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.

Section 1.468A-6(e)(2)(ii) provides that a transferee of a qualifying interest in a nuclear power plant must file a request for a revised schedule of ruling amounts with respect to that interest on or before the deemed payment deadline for the first taxable year of the transferee beginning after the disposition.

Section 1.468A-3(f)(2) provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to § 1.468A-3(e) can request a revised schedule of ruling amounts. Such a request must be made in accordance with the rules of § 1.468A-3(e). The Service will not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for such taxable year.

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 on the date of the Request, 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. 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.
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

<u>Year</u>	<u>Ruling Amount</u>
Years 1 through 2	\$ <u>h</u>
Year 3	\$ <u>i</u>

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.

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.

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,

Rika Valdman  
Branch Chief, Branch 2  
Office of Associate Chief Counsel  
(Energy, Credits, & Excise Tax)

CC: