

**Internal Revenue Service****Number: 202551004****Release Date: 12/19/2025****Index Number: 468A.01-00****Department of the Treasury  
Washington, DC 20224****Third Party Communication: None****Date of Communication: Not Applicable****Person To Contact:****Telephone Number:****Refer Reply To:  
CC:ECE:B02  
PLR-106001-25****Date:  
September 15, 2025**

In Re: Ruling Regarding Certain Tax Consequences Under Section 468A of the Internal Revenue Code

**LEGEND:**

Taxpayer =

Transferor =

Transferee =

Company A =

Commission 1 =

Commission 2 =

Commission 3 =

Facility A =

Facility B =

Facility C =

Facility D =

State A	=
State B	=
State C	=
Date 1	=

Dear :

This letter responds to your request, dated March 11, 2025, and supplemented on May 30, 2025, for Rulings under § 468A of the Internal Revenue Code (Code) and § 1.468A-6 of the Income Tax Regulations regarding the transfer of qualified nuclear decommissioning trust funds.<sup>1</sup>

## FACTS

Taxpayer represents the facts and information relating to its request for rulings as follows:

Taxpayer is a corporation organized under the laws of State A and is the common parent of an affiliated group of entities filing a consolidated federal income tax return on a calendar-year basis. Taxpayer is the parent of Transferee, a limited liability company organized under the laws of State A and treated as a corporation for federal income tax purposes.

Transferor is a corporation organized under the laws of State A. Prior to Date 1, Transferor owned all the interests in Company A, a limited liability company organized under the laws of State A and a disregarded entity for federal income tax purposes. Company A is engaged in the generation and sale of electric energy in State B and State C. While Company A was previously subject to the jurisdiction of Commission 1, Commission 2, and Commission 3, Company A is not currently regulated as to rates and conditions of service it provides to customers.

Company A maintains a separate qualified nuclear decommissioning fund (QF) for each of its nuclear power plants (Plants): Facility A, Facility B, Facility C, and Facility D. Each QF is a “nuclear decommissioning reserve fund” within the meaning of § 468A(a) and § 1.468A-5 to fund the decommissioning of their respective applicable Plants.

Pursuant to an acquisition transaction (Disposition), effective as of Date 1, and treated as a contribution under § 351 of the Code, Transferee acquired all the interests in Transferor, the Plants, and the QFs in exchange for cash consideration. Transferee acquired all the interests in Transferor, the Plants, and the QFs, subject to the obligation to decommission the Plants, as well as the assets in the QFs that will ultimately be used to fund such decommissioning. Following the Disposition, Transferor became a member

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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).

of the consolidated group of corporations of which Taxpayer is the common parent and Transferee became the owner of Transferor, the Plants, Company A, and the QFs.

## RULINGS REQUESTED

Taxpayer requests the following rulings:

- (1) The Disposition of interests in the Plants from Transferor to Transferee is treated as satisfying the requirements of § 1.468A-6(b) pursuant to the Internal Revenue Service's (the Service) exercise of discretion under § 468A and the regulations thereunder;
- (2) The Transferor will not recognize any gain or loss, or otherwise take any income or deduction into account, as a result of the transfer of assets in the QFs from Transferor to Transferee;
- (3) The Transferee will not recognize gain or loss, or otherwise take any income or deduction into account, as a result of the transfer of assets in the QFs from Transferor to Transferee;
- (4) The QFs will not recognize gain or loss, or otherwise take any income or deduction into account, as a result of the transfer of assets in the QFs from Transferor to Transferee;
- (5) Following the Disposition of interests in the Plants, the QFs will have the same tax basis in their respective assets as immediately before the transfer of assets in the QFs from Transferor to Transferee; and
- (6) The QFs will not be disqualified by reason of the Disposition of interests in the Plants from Transferor to Transferee.

## LAW AND ANALYSIS

Section 468A(a) provides that a taxpayer that elects the application of § 468A shall be allowed as a deduction for any taxable year the amount of payments made by the taxpayer to a nuclear decommissioning reserve fund during such taxable year.

Section 1.468A-1(b)(4) provides that a "qualified nuclear decommissioning fund" is a fund that satisfies the requirements of § 1.468A-5.

Section 1.468A-5(a) sets out the qualification requirements for nuclear decommissioning funds. It provides, in part, that a qualified nuclear decommissioning fund must be established and maintained pursuant to an arrangement that qualifies as a trust under state law.

Section 1.468A-5(a)(1)(iii) provides that an electing taxpayer can establish and maintain only one qualified nuclear decommissioning fund for each nuclear power plant. If a nuclear power plant is subject to the ratemaking jurisdiction of two or more public utility commissions and any such public utility commission requires a separate fund to be maintained for the benefit of ratepayers whose rates are established or approved by the public utility commission, the separate funds maintained for such plant (whether or not established and maintained pursuant to a single trust agreement) shall be considered a single nuclear decommissioning fund.

Section 1.468A-6 provides rules applicable to the transfer of an interest in a nuclear power plant (and transfer of the qualified nuclear decommissioning fund) where certain requirements are met. Specifically, § 1.468A-6(b) provides that § 1.468A-6 applies if—

- (1) Immediately before the disposition, the transferor maintained a qualified nuclear decommissioning fund with respect to the interest disposed of; and
- (2) Immediately after the disposition—
  - i. The transferee maintains a qualified nuclear decommissioning fund with respect to the interest acquired;
  - ii. The interest acquired is a qualifying interest of the transferee in the nuclear power plant;
- (3) In connection with the disposition, either—
  - i. The transferee acquires part or all of the transferor's qualifying interest in the plant and a proportionate amount of the assets of the transferor's fund (all such assets if the transferee acquires the transferor's entire qualifying interest in the fund) is transferred to a fund of the transferee;
  - ii. The transferee acquires the transferor's entire qualifying interest in the plant and the transferor's entire fund is transferred to the transferee; and
- (4) The transferee continues to satisfy the requirements of § 1.468A-5(a)(iii), which permits an electing taxpayer to maintain only one qualified nuclear decommissioning fund for each plant.

Section 1.468A-6(c) provides that a disposition that satisfies the requirements of § 1.468A-6(b) will have the following tax consequences at the time it occurs:

- (1)(i) Neither the transferor nor the transferor's qualified nuclear decommissioning fund will recognize gain or loss or otherwise take any income into account by reason of the transfer of a proportionate amount of the assets of the transferor's qualified nuclear decommissioning fund to the transferee's qualified nuclear decommissioning fund (or by reason of the transfer of the transferor's entire qualified nuclear decommissioning fund to the transferee). For purposes of the regulations under section 468A, this transfer (or the transfer of

the transferor's qualified nuclear decommissioning fund) will not be considered a distribution of assets by the transferor's qualified nuclear decommissioning fund.

(ii) Notwithstanding § 1.468A-6(c)(1)(i), if the transferor has made a special transfer under § 1.468A-8 prior to the transfer of the fund or fund assets, any deduction with respect to that special transfer allowable under § 468A(f)(2) for a taxable year ending after the date of the transfer of the fund or fund assets is allowed under § 468A(f)(2)(C) for the taxable year that includes the date of the transfer of the fund or fund assets.

(2) Neither the transferee nor the transferee's qualified nuclear decommissioning fund will recognize gain or loss or otherwise take any income into account by reason of the transfer of a proportionate amount of the assets of the transferor's qualified nuclear decommissioning fund to the transferee's qualified nuclear decommissioning fund (or by reason of the transfer of the transferor's entire qualified nuclear decommissioning fund to the transferee). For purposes of the regulations under section 468A, this transfer (or the transfer of the transferor's qualified nuclear decommissioning fund) will not constitute a payment or a contribution of assets by the transferee to its qualified nuclear decommissioning fund.

(3) Transfers of assets of a qualified nuclear decommissioning fund to which this section applies do not affect basis. Thus, the transferee's qualified nuclear decommissioning fund will have a basis in the assets received from the transferor's qualified nuclear decommissioning fund that is the same as the basis of those assets in the transferor's qualified nuclear decommissioning fund immediately before the distribution.

Under § 1.468A-6(f), the Internal Revenue Service (Service) may treat any disposition of an interest in a nuclear power plant occurring after December 27, 1994, as satisfying the requirements of the regulations if the Service determines that such treatment is necessary or appropriate to carry out the purposes of § 468A.

We have examined the representations and information submitted by Taxpayer in relation to the requirements set forth in § 468A and the regulations thereunder. As reflected in the Ruling section, based solely upon the representations by the Taxpayer and the application of the law, we have reached the conclusions below.

## RULING

Based solely upon the facts as represented by Taxpayer on the date of the request and the supplemental request, we reach the following conclusions:

- (1) The Disposition of interests in the Plants from Transferor to Transferee will be treated as satisfying the requirements of § 1.468A-6(b) pursuant to the

Service's exercise of discretion under § 468A and the regulations thereunder;

- (2) The Transferor will not recognize any gain or loss, or otherwise take any income or deduction into account, as a result of the transfer of assets in the QFs from Transferor to Transferee;
- (3) The Transferee will not recognize gain or loss, or otherwise take any income or deduction into account, as a result of the transfer of assets in the QFs from Transferor to Transferee;
- (4) The QFs will not recognize gain or loss, or otherwise take any income or deduction into account, as a result of the transfer of assets in the QFs from Transferor to Transferee;
- (5) Following the Disposition of interests in the Plants, the QFs will have the same tax basis in their respective assets as immediately before the transfer of assets in the QFs from Transferor to Transferee; and
- (6) The QFs will not be disqualified by reason of the Disposition of interests in the Plants from Transferor to Transferee.

Except as specifically determined above, no opinion is expressed or implied concerning the federal income tax consequences of the matters described above, including but not limited to the tax consequences of the Disposition under § 351.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent. This ruling is based upon information and representations submitted by the taxpayer and accompanied by penalties of perjury statements executed by the appropriate parties. While this office has not verified any of the material submitted in support of the request for a ruling, it is subject to verification on examination.

In accordance with the power of attorney on file with this office, copies of this letter ruling are being sent to your authorized representatives.

Sincerely,

/s/

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

CC:	
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