

UNDERSTANDING & VALIDATING REGULATORY DEFERRED TAXES

Best practices for utility
tax professionals

Proprietary Information of Regulated Capital Consultants, LLC



Welcome!

ON TODAY'S WEBINAR

Why do we care about ADIT?

How do we make sure your ADIT is correct?

How do you make sure your ADIT stays correct?

Presenters



Elhadj Bah



Panpilas Fischer



Cavan Hayes



Blake Andrews

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Why do we care about ADIT?

Why do we care about ADIT?

ad·it **NOUN**

[ˈadət]

A horizontal passage leading into a mine for the purposes of access or drainage.



Accumulated Deferred Income Taxes (ADIT) **NOUN**

“The tax effect of temporary differences created when an item has been treated differently for financial reporting purposes and for tax purposes in the same period, which are expected to reverse in a future period and create a tax consequence.”

Why do we care about ADIT?

Alternate Ratemaking Formula

A	B	C	D	(E=C*D)
CLASS OF CAPITAL	AMOUNT	PERCENT OF TOTAL	COST RATE	WEIGHTED COST
Short-Term Debt	3,114,231	0.92%	2.50%	0.023%
Long-Term Debt	114,375,000	33.95%	5.64%	1.915%
Preferred Stock	-	0.00%	0.00%	0.000%
Common Equity	135,083,000	40.10%	11.00%	4.411%
Accum Def Inc Tax	84,295,293	25.02%	0.00%	0.000%
Total Capacity	336,867,524	100.00%		6.35%

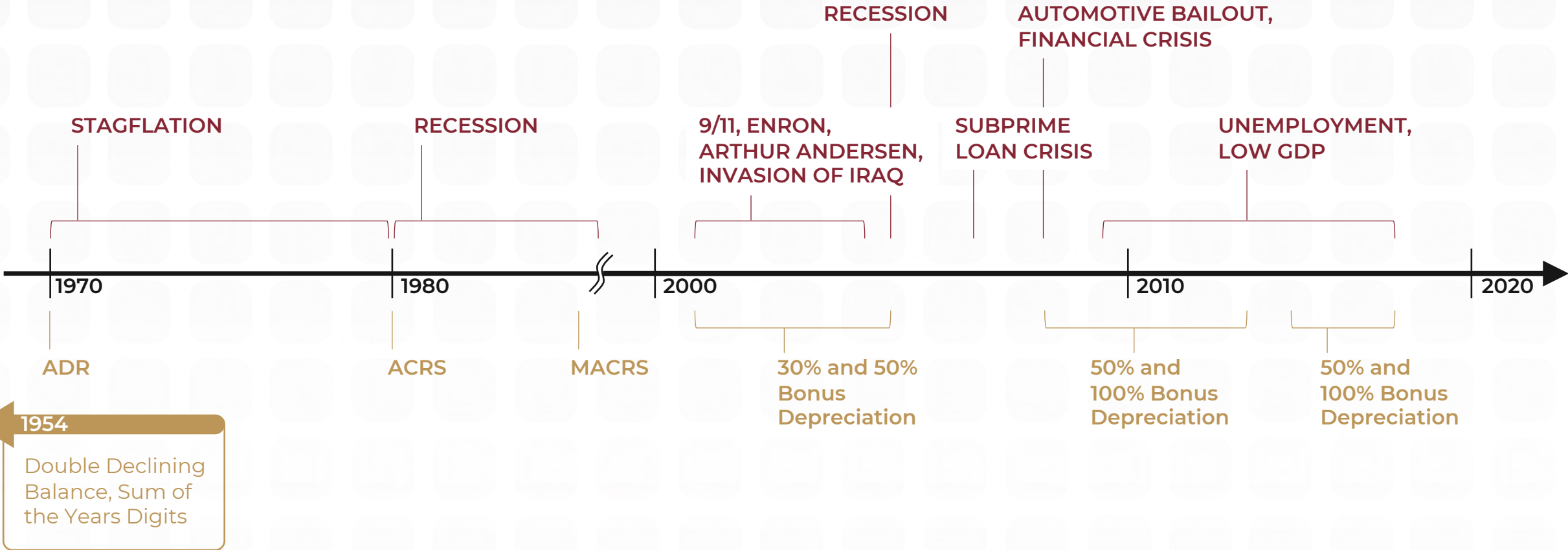
Why do we care about ADIT?

Traditional Ratemaking Formula

- + Plant in service
- + Fuel inventories
- + Materials & supplies
- + Cash working capital
- Accumulated Depreciation
- Accumulated Deferred Income Taxes

RATE BASE

Why do we care about ADIT?



Why do we care about ADIT?

A Harrowing Tale

Significant debt...\$6.4B

Annual Interest payments of \$421M

Lawsuits

Which led to:

- Cash flow crisis
- Risk of Credit Rating being downgraded
- Outsourcing
- Fire Sales

Why do we care about ADIT?

A Harrowing Tale

Significant debt...\$6.4B

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Which led to:

- Cash flow crisis
- Risk of Credit Rating being downgraded
- Outsourcing
- Fire Sales

But the story wasn't over:

FedEx Corp vs. US court case provided opportunity

Allowed Tax Dept to generate interest free funds \$\$\$ (ADIT) to help the Company

We were called Rock Stars!



Why do we care about ADIT?

Being AGGcelent

ADIT in different slices federal, various state jurisdictions

Mini Tax Basis Balance Sheet

Challenges - Time Consuming to prepare

Common Missteps

Why do we care about ADIT?

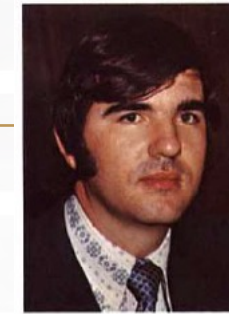
THEN



Theo Ashcraft
Vice President, Security
and Loss Prevention



Dan Davies
Assistant Controller



C. Ray Gash
Controller

Note 4—Income taxes

Reconciliations of the statutory federal income tax rate to the effective tax rate, as a percent of pre-tax financial income, are as follows:

	1985	1984	1983
Statutory tax rate	46.0%	46.0%	46.0%
Investment tax credits	(3.0)	(2.7)	(3.2)
State income taxes	2.0	2.1	2.1
Other	1.0	(.3)	(.2)
Effective tax rate	46.0%	45.1%	44.7%

Investment tax credits resulted in reductions of the current federal income tax provisions for 1985, 1984 and 1983 of \$14,866,000, \$9,675,000 and \$7,148,000, respectively.

Deferred tax expense results from timing differences in the recognition of revenue and expense for tax and financial reporting purposes with respect to the following:

	1985	1984	1983
Depreciation	\$17,263,000	\$9,951,000	\$ 6,286,000
Capital leases	(4,936,000)	(3,326,000)	(1,925,000)
Other	(2,516,000)	2,071,000	9,303,000
	\$9,811,000	\$8,696,000	\$13,664,000

Why do we care about ADIT?

NOW

Note 9. Taxes

The components of income before income taxes are as follows:

(Amounts in millions)	Fiscal Years Ended January 31,		
	2022	2021	2020
U.S.	\$ 15,536	\$ 18,068	\$ 15,019
Non-U.S.	3,160	2,496	5,097
Total income before income taxes	\$ 18,696	\$ 20,564	\$ 20,116

A summary of the provision for income taxes is as follows:

(Amounts in millions)	Fiscal Years Ended January 31,		
	2022	2021	2020
Current:			
U.S. federal	\$ 3,313	\$ 2,991	\$ 2,794
U.S. state and local	649	742	587
International	1,553	1,127	1,205
Total current tax provision	5,515	4,860	4,586
Deferred:			
U.S. federal	(671)	2,316	663
U.S. state and local	41	23	35
International	(129)	(341)	(369)
Total deferred tax expense (benefit)	(759)	1,998	329
Total provision for income taxes	\$ 4,756	\$ 6,858	\$ 4,915

Effective Income Tax Rate Reconciliation

A reconciliation of the significant differences between the U.S. statutory tax rate and the effective income tax rate on pre-tax income from continuing operations is as follows:

	Fiscal Years Ended January 31,		
	2022	2021	2020
U.S. statutory tax rate	21.0 %	21.0 %	21.0 %
U.S. state income taxes, net of federal income tax benefit	2.8 %	2.9 %	2.2 %
Income taxed outside the U.S.	(1.5)%	(0.1)%	(1.0)%
Disposal and wind-down of certain business operations	0.5 %	7.1 %	— %
Valuation allowance	4.4 %	2.3 %	2.3 %
Net impact of repatriated international earnings	(0.3)%	(0.4)%	0.4 %
Federal tax credits	(1.1)%	(0.9)%	(0.8)%
Enacted change in tax laws	— %	— %	(1.9)%
Change in reserve for tax contingencies	0.2 %	0.8 %	2.5 %
Other, net	(0.6)%	0.6 %	(0.3)%
Effective income tax rate	25.4 %	33.3 %	24.4 %

Why do we care about ADIT?

NOW (continued)

Deferred Taxes

The significant components of the Company's deferred tax account balances are as follows:

<i>(Amounts in millions)</i>	January 31,	
	2022	2021
Deferred tax assets:		
Loss and tax credit carryforwards	\$ 9,456	\$ 9,179
Accrued liabilities	2,752	2,582
Share-based compensation	231	224
Lease obligations	4,320	4,450
Other	893	589
Total deferred tax assets	17,652	17,024
Valuation allowances	(9,542)	(8,782)
Deferred tax assets, net of valuation allowances	8,110	8,242
Deferred tax liabilities:		
Property and equipment	4,414	4,802
Acquired intangibles	1,065	1,071
Inventory	1,588	1,235
Lease right of use assets	4,355	4,390
Mark-to-market investments	1,825	2,678
Other	307	675
Total deferred tax liabilities	13,554	14,851
Net deferred tax liabilities	\$ 5,444	\$ 6,609

The deferred taxes noted above are classified as follows in the Company's Consolidated Balance Sheets:

<i>(Amounts in millions)</i>	January 31,	
	2022	2021
Balance Sheet classification		
Assets:		
Other long-term assets	\$ 1,473	\$ 1,836
Liabilities:		
Deferred income taxes and other	6,917	8,445
Net deferred tax liabilities	\$ 5,444	\$ 6,609

Why do we care about ADIT?

NOW (still going)

Unremitted Earnings

Prior to the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), the Company asserted that all unremitted earnings of its foreign subsidiaries were considered indefinitely reinvested. As a result of the Tax Act, the Company reported and paid U.S. tax on the majority of its previously unremitted foreign earnings, and repatriations of foreign earnings will generally be free of U.S. federal tax, but may incur other taxes such as withholding or state taxes. As of January 31, 2022, the Company has not recorded approximately \$3 billion of deferred tax liabilities associated with remaining unremitted foreign earnings considered indefinitely reinvested, for which U.S. and foreign income and withholding taxes would be due upon repatriation.

Net Operating Losses, Tax Credit Carryforwards and Valuation Allowances

As of January 31, 2022, the Company's net operating loss and capital loss carryforwards totaled approximately \$39.3 billion. Of these carryforwards, approximately \$26.6 billion will expire, if not utilized, in various years through 2042. The remaining carryforwards have no expiration.

The recoverability of these future tax deductions and credits is evaluated by assessing the adequacy of future expected taxable income from all sources, including taxable income in prior carryback years, reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. To the extent the Company does not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is generally established. To the extent that a valuation allowance was established and it is subsequently determined that it is more likely than not that the deferred tax assets will be recovered, the change in the valuation allowance is recognized in the Consolidated Statements of Income.

The Company had valuation allowances of \$9.5 billion and \$8.8 billion as of January 31, 2022 and 2021, respectively, on deferred tax assets associated primarily with the net operating loss carryforwards. Activity in the valuation allowance during fiscal 2022 related to valuation allowance builds in multiple markets, as well as releases due to the expiration of underlying deferred tax assets.

Uncertain Tax Positions

The benefits of uncertain tax positions are recorded in the Company's Consolidated Financial Statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities.

As of January 31, 2022 and 2021, the amount of gross unrecognized tax benefits related to continuing operations was \$3.2 billion and \$3.1 billion, respectively. The amount of unrecognized tax benefits that would affect the Company's effective income tax rate was \$1.8 billion and \$1.7 billion as of January 31, 2022 and 2021, respectively.

A reconciliation of gross unrecognized tax benefits from continuing operations is as follows:

	Fiscal Years Ended January 31,		
	2022	2021	2020
<i>(Amounts in millions)</i>			
Gross unrecognized tax benefits, beginning of year	\$ 3,135	\$ 1,817	\$ 1,305
Increases related to prior year tax positions	170	92	516
Decreases related to prior year tax positions	(97)	(264)	(15)
Increases related to current year tax positions	75	1,582	66
Settlements during the period	(5)	(64)	(29)
Lapse in statutes of limitations	(33)	(28)	(26)
Gross unrecognized tax benefits, end of year	<u>\$ 3,245</u>	<u>\$ 3,135</u>	<u>\$ 1,817</u>

The Company classifies interest and penalties related to uncertain tax benefits as interest expense and as operating, selling, general and administrative expenses, respectively. Interest expense and penalties related to these positions were immaterial for fiscal 2022, 2021 and 2020. During the next twelve months, it is reasonably possible that tax audit resolutions could reduce unrecognized tax benefits by an immaterial amount, either because the tax positions are sustained on audit or because the Company agrees to their disallowance. The Company is focused on resolving tax audits as expeditiously as possible. As a result of these efforts, unrecognized tax benefits could potentially be reduced beyond the provided range during the next twelve months. The Company does not expect any change to have a material impact to its Consolidated Financial Statements.

The Company remains subject to income tax examinations for its U.S. federal income taxes generally for fiscal 2014, and 2018 through 2022. The Company also remains subject to income tax examinations for international income taxes for fiscal 2013 through 2022, and for U.S. state and local income taxes generally for the fiscal years ended 2013 through 2022. With few exceptions, the Company is no longer subject to U.S. federal, state, local, or foreign examinations by tax authorities for years before fiscal 2013.

Why do we care about ADIT?

Agg Study Formulas

$$a - b = c$$

Where:

a = Book basis (a1) less Book Reserve (b2)

b = Book vs Tax Differences

c = Net Tax Basis

$$\text{Book Basis (a1)} = d + e + f + g + h$$

Where:

d = Beg Bal

e = Additions

f = Retirements

g = Transfers/Adjustments

h = Other

$$\text{Book Reserve (b2)} = i + j + k + l + m$$

Where:

i = Beg Bal Reserve

j = Depr/Amort Exp

k = Retirements

l = Adjustments

m = Gain/Loss

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How do we make sure your
ADIT is correct?

How do you make sure your ADIT is correct?

ADIT Formulas

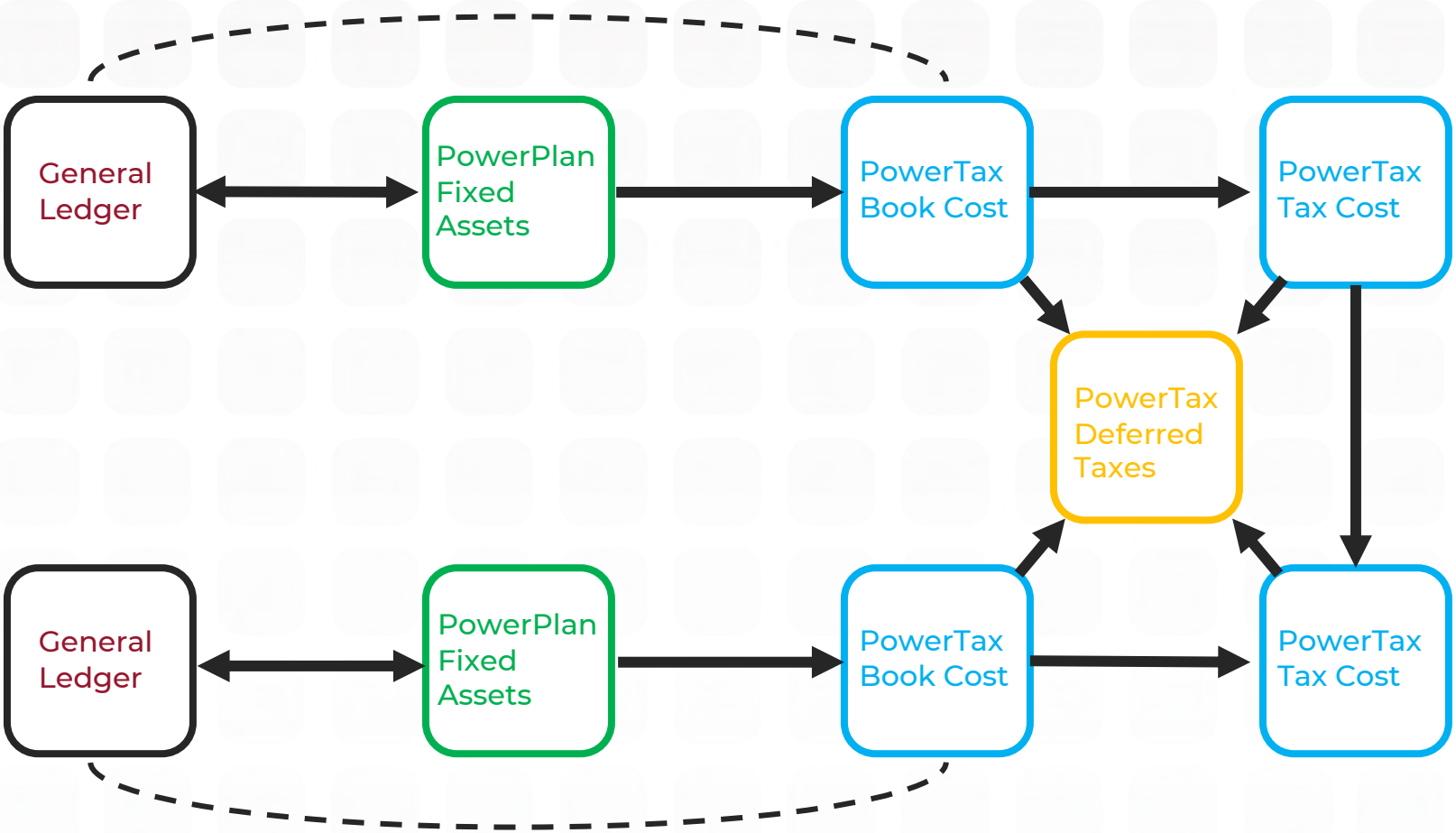
NET BOOK NET TAX

$$(\text{Tax Cost} - \text{Tax Reserve}) - (\text{Book Cost} - \text{Book Reserve})$$

NBNT = TIMING DIFFERENCE

$$\text{Timing Difference} * \text{Income Tax Rate} = \mathbf{ADIT} \checkmark$$

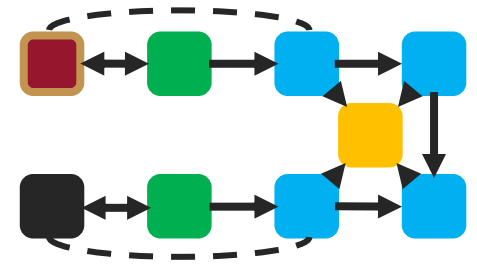
How do you make sure your ADIT is correct?



How do you make sure your ADIT is correct?

Worksheet 1 – Timing Differences

GL ACCOUNT INFORMATIONAL



	Source Doc:	BOY 2019 Tax Return	EOY 2019 Tax Return	Current Change
Asset Related GL Accounts				
1311191 Asset Retirement Cost- Manual posting	Trial Balance	10,742,124	10,449,391	(292,733)
1292010 Goodwill	Trial Balance	249,596,086	249,596,086	-
1313106 Completed Construction Not Classified	Trial Balance	9,480,669	9,188,465	(292,204)
1313101 Plant in Service	Trial Balance	584,818,293	605,655,050	20,836,757
1313111 Intangible Assets PP	Trial Balance	8,725,908	7,639,006	(1,086,903)
1313011 Property Under Capital Leases	Trial Balance	100,563	400,147	299,584
1313121 Nonutility Property	Trial Balance	553,985	553,985	-
1323106 Completed Construction Not Classified-	Trial Balance	644,607	-	(644,607)
1311910 Util PP&E Clearing Acct for Data Conve	Trial Balance	-	4,100	4,100
Total Plant In Service		864,662,236	883,486,230	18,823,994
1323107 Construction Work in Progress- Intangi	Trial Balance	747,007	(4,351)	(751,357)
1313107 Construction Work in Progress	Trial Balance	8,635,145	4,789,922	(3,845,223)
1311900 CWIP Clearing Acct for Data Conversion	Trial Balance	20,155	-	(20,155)
1311000 PowerPlan Clearing	Trial Balance	38,276	1,107,152	1,068,876
Total GL Asset Balance		874,102,818	889,378,953	15,276,135

How do you make sure your ADIT is correct?

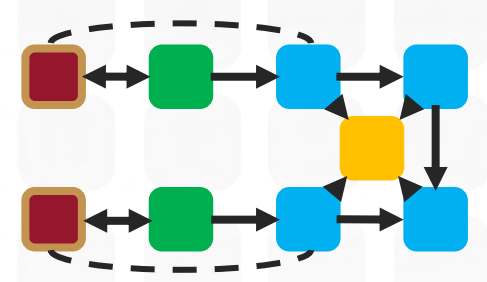
Worksheet 1 – Timing Differences

GL ACCOUNT INFORMATIONAL

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Asset Related GL Accounts			
1311191 Asset Retirement Cost- Manual posting	Trial Balance 10,742,124	10,449,391	(292,733)
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1313106 Completed Construction Not Classified	Trial Balance 9,480,669	9,188,465	(292,204)
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1313111 Intangible Assets PP	Trial Balance 8,725,908	7,639,006	(1,086,903)
1313011 Property Under Capital Leases	Trial Balance 100,563	400,147	299,584
1313121 Nonutility Property	Trial Balance 553,985	553,985	-
1323106 Completed Construction Not Classified-	Trial Balance 644,607	-	(644,607)
1311910 Util PP&E Clearing Acct for Data Conve	Trial Balance -	4,100	4,100
Total Plant In Service	864,662,236	883,486,230	18,823,994
1323107 Construction Work in Progress- Intangi	Trial Balance 747,007	(4,351)	(751,357)
1313107 Construction Work in Progress	Trial Balance 8,635,145	4,789,922	(3,845,223)
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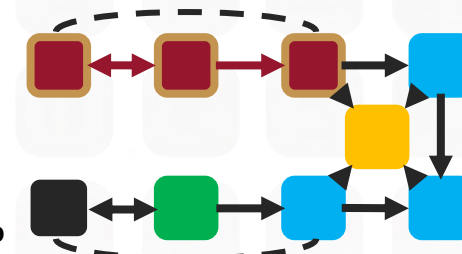
Reserve Related GL Accounts

	BOY 2019 Tax Return	EOY 2019 Tax Return	Current Change
1331101 Accum Amortization-Capital Lease (Manu	Trial Balance (58,715)	(93,829)	(35,113)
1331191 Accum Depreciation - Asset Retirement	Trial Balance (2,334,051)	(2,603,202)	(269,151)
1331800 Accum. Depreciation - Salvage	Trial Balance (509,516)	(455,908)	53,608
1331810 Accum. Depreciation - Cost of Removal	Trial Balance -	-	-
1331811 Accum. Depreciation - Cost of Removal	Trial Balance -	-	-
1331900 Accum Depreciation - Electric Plant Hi	Trial Balance 2,991,997	3,980,348	988,350
1332108 Accumulated Prov for Depreciation	Trial Balance (123,669,093)	(130,333,551)	(6,664,458)
1332111 Accumulated Amortization - Intangibles	Trial Balance (331,816)	(1,229,108)	(897,292)
1333111 Accumulated Amortization - Leasehold I	Trial Balance (2,703,348)	-	2,703,348
2171200 Reg Liab- Cost of Removal- Current Pd	Trial Balance (686,252)	(1,065,461)	(379,209)
2220260 Regulatory Liability - Cost of Removal	Trial Balance (8,568,700)	(7,935,061)	633,639
2220255 Regulatory Liability - COR RWIP	Trial Balance -	198,011	198,011
Total GL Reserve Balance	(135,869,495)	(139,537,762)	(3,668,267)



How do you make sure your ADIT is correct?

Worksheet 2 – Controls for Asset and Reserve Detail



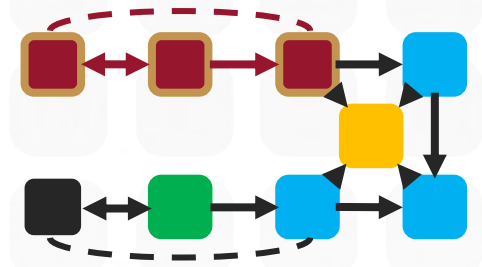
ASSET BALANCE TO PPE RECON

		BOY 2019					EOY 2019
		Tax Return	Adds	Adjustments	Transfers	Retirements	Tax Return
PowerPlant Asset Balance	Rpt 1020	614,965,587	25,592,673	-	-	(7,072,363)	633,485,897
[Month] Estimate	Annualized						-
Reconcile Adjustments:							-
Transfers							-
1323107 Construction Work in Progress- Intangi	Trial Balance	747,007	(751,357)				(4,351)
1313107 Construction Work in Progress	Trial Balance	8,635,145	(3,845,223)				4,789,922
1311900 CWIP Clearing Acct for Data Conversion	Trial Balance	20,155	(20,155)				-
1311000 PowerPlan Clearing	Trial Balance	38,276	1,068,876				1,107,152
1313011 Property Under Capital Leases		100,563	299,584				400,147
1292010 Goodwill	Trial Balance	249,596,086	-				249,596,086
1311910 Util PP&E Clearing Acct for Data Conve		-	4,100				4,100
							-
PPE Reconciled to the GL		874,102,818	22,348,498	-	-	(7,072,363)	889,378,953
General Ledger Balance		874,102,818	15,276,135				889,378,953
Difference			-				-
		BOY 2019					EOY 2019
		Tax Return	Adds	Adjustments	Transfers	Retirements	Tax Return
PowerPlant Asset Balance	Rpt 1020	614,965,587	25,592,673	-	-	(7,072,363)	633,485,897
	Annualized						-
Reconcile Adjustments:							-
ARO Not in PowerTax		(10,742,124)	(18,571)			311,304	(10,449,391)
1313011 Property Under Capital Leases	Trial Balance	100,563	299,584				400,147
							-
							-
Total PPE Asset Balance		604,324,025	25,873,686	-	-	(6,761,059)	623,436,653
PowerTax Book Balance		604,323,977	25,873,686			(6,761,059)	623,436,605
Difference		(48)	(0)	-	-	0	(48)

How do you make sure your ADIT is correct?

Worksheet 2 – Controls for Asset and Reserve Detail

ASSET BALANCE TO PPE RECON

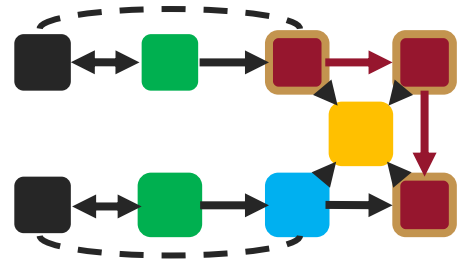


GL - PowerTax Book Cost Reconciliation

	Opening Balance	Ending Balance
Per GL	874,102,818	889,378,953
Minus CWIP	(9,440,582)	(5,892,723)
1311191 Asset Retirement		
Cost- Manual posting	(10,742,124)	(10,449,391)
1292010 Goodwill	(249,596,086)	(249,596,086)
1311910 Util PP&E Clearing		
Acct for Data Conve	-	(4,100)
Per PowerTax Target	604,324,025	623,436,653
PowerTax Actuals	604,323,977	623,436,605
Variance	48	48

How do you make sure your ADIT is correct?

Worksheet 2 – Controls for Asset and Reserve Detail



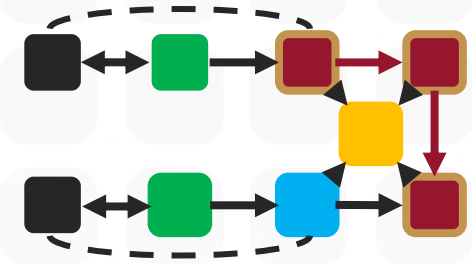
BOOK BASIS – FEDERAL TAX BASIS

		BOY 2019					EOY 2019
		Tax Return	Adds	Adjustments	Transfers	Retirements	Tax Return
PowerTax Book Basis	PTax Rpt 30	604,323,977	25,873,686		-	(6,761,059)	623,436,605
<i>PowerTax Basis Adjustments:</i>							
AFUDC Debt	PTax Rpt 30	(3,223,514)	(209,120)		-	58,496	(3,374,139)
AFUDC Equity	PTax Rpt 30	(1,147,000)	(209,120)		-	8,953	(1,347,167)
Bonus Depr Reduction	PTax Rpt 30	(90,654,402)	-		-	608,051	(90,046,351)
Book Reserve @ Acquisition	PTax Rpt 30	(103,530,511)	-		-	1,479,573	(102,050,938)
IRS to FERC Diff	PTax Rpt 30	227,321,101	-		-	-	227,321,101
Historical Book/Tax Diff	PTax Rpt 30	3,916,387	-		-	(85,029)	3,831,358
Historical Capitalized Interest	PTax Rpt 30	1,263,653	-		-	(9,863)	1,253,790
Sales Tax Recovery	PTax Rpt 30	-	-		-	-	-
Tax Capitalized Interest	PTax Rpt 30	-	289,490		-	-	289,490
Ordinary Retirements	PTax Rpt 30	12,556,583	-		-	4,700,879	17,257,462
		650,826,275	25,744,935	-	-	0	676,571,210
PowerTax FEDERAL Tax Basis	Per Rpt 30	650,826,274	25,744,935	-	-	0	676,571,209
	Check	1	-	-	-	0	1

		BOY 2019	Depreciation	Reserve	Salvage		EOY 2019
		Tax Return	Exp	Transfers	Retires	Impacts	Tax Return
PowerTax FEDERAL Tax Reserve	PTax Rpt 20	158,954,576	47,384,942	-	-	-	206,339,517
							206,339,517

How do you make sure your ADIT is correct?

Worksheet 2 – Controls for Asset and Reserve Detail



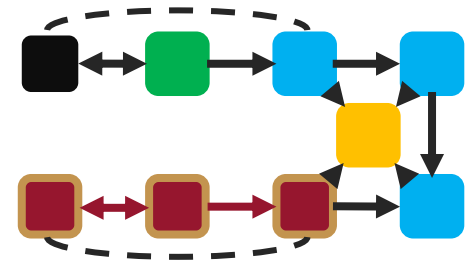
BOOK BASIS – STATE NON-CONFORM TAX BASIS

		BOY 2019 Tax Return	Adds	Adjustments	Transfers	Retirements	EOY 2019 Tax Return
PowerTax Book Basis	PTax Rpt 30	604,323,977	25,873,686		-	(6,761,059)	623,436,605
<i>PowerTax Basis Adjustments:</i>							
AFUDC Debt	PTax Rpt 30	(3,223,514)	(209,120)		-	58,496	(3,374,139)
AFUDC Equity	PTax Rpt 30	(1,147,000)	(209,120)		-	8,953	(1,347,167)
Book Reserve @ Acquisition	PTax Rpt 30	(103,530,511)	-		-	1,479,573	(102,050,938)
CGT- IRS to FERC Diff	PTax Rpt 30	227,321,101	-		-	-	227,321,101
Historical Book/Tax Diff	PTax Rpt 30	3,916,387	-		-	(85,029)	3,831,358
Historical Capitalized Interest	PTax Rpt 30	1,263,653	-		-	(9,863)	1,253,790
Sales Tax Recovery	PTax Rpt 30	-	-		-	-	-
Tax Capitalized Interest	PTax Rpt 30	-	289,490		-	-	289,490
Ordinary Retirements	PTax Rpt 30	12,736,713	-		-	5,308,930	18,045,643
PowerTax STATE NON-CONFORM Tax Basis		741,660,806	25,744,935	-	-	0	767,405,741
Per Rpt 30 Check		741,660,805	25,744,935	-	-	(0)	767,405,740
		1	-	-	-	0	1

		BOY 2019 Tax Return	Depreciation Exp	Transfers	Reserve Retires	Salvage Impacts	COR Impacts	Other/Bonus	EOY 2019 Tax Return
PowerTax STATE NON-CONFORM Tax Reserve	PTax Rpt 30	170,208,159	56,267,240	-	-	-	-	-	226,475,399
									226,475,399

How do you make sure your ADIT is correct?

Worksheet 2 – Controls for Asset and Reserve Detail



RESERVE BALANCE TO PPE RECON

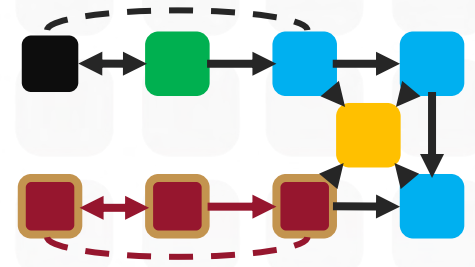
	Source Doc:	BOY 2019 Tax Return	Book Provision	Retirements	Actual COR	Actual Salvage	Transfers/ GainLoss	EOY 2019 Tax Return
Reserve Balance Per PowerPlant	PwrPlant 1033	(135,810,780)	(12,454,983)	7,072,363	1,051,816	-	495,526	(139,646,058)
[Month] Estimate	Annualized							-
Reconcile Adjustments:								-
1331101 Accum Amortization-Capital Lease (M	Trial Balance	(58,715)	(35,113)					(93,829)
2220255 Regulatory Liability - COR RWIP	Trial Balance	-			198,011			198,011
Unknown GL to PP Difference			4,110					4,110
								-
PPE Reconciled to the GL		(135,869,495)	(12,485,986)	7,072,363	1,249,827	-	495,526	(139,537,766)
General Ledger Balance		(135,869,495)						(139,537,762)
Difference		-						4

		BOY 2019 Tax Return	Book Provision	Retirements	Actual COR	Actual Salvage	Transfers/ GainLoss	EOY 2019 Tax Return
PPE to PowerTax Book Recon								
Reserve Balance Per PowerPlant	PwrPlant 1033	(135,810,780)	(12,454,983)	7,072,363	1,051,816	-	495,526	(139,646,058)
[Month] Estimate	Annualized							-
Reconcile Adjustments:								-
Reclass Transfers and Gain/Loss to Provision			495,526				(495,526)	-
								-
1331101 Accum Amortization-Capital Lease (M	Trial Balance	(58,715)	(35,113)					(93,829)
2220255 Regulatory Liability - COR RWIP	Trial Balance	-			198,011			198,011
			4,110					4,110
Unknown GL to PP Difference								
Minus ARO	Rpt 1033	2,334,051	580,454	(311,304)	-	-	-	2,603,202
								-
Total Reserve Balance		(133,535,444)	(11,410,006)	6,761,059	1,249,827	-	-	(136,934,564)
PowerTax Totals	Rpt 248, 216, 30, 249	(133,535,436)	(11,410,006)	6,761,059	1,249,827	-	-	(136,934,556)
Difference		8	(0)	(0)	0	-	-	8

How do you make sure your ADIT is correct?

Worksheet 2 – Controls for Asset and Reserve Detail

RESERVE BALANCE TO PPE RECON



GL - PowerTax Book Reserve Reconciliation

	Opening Balance	Ending Balance
Per GL	(135,869,495)	(139,537,762)
Minus ARO	2,334,051	2,603,202
Per PowerTax Target	(133,535,444)	(136,934,560)
PowerTax Actuals	(133,535,436)	(136,934,556)
Variance	(8)	(4)

How do you make sure your ADIT is correct?

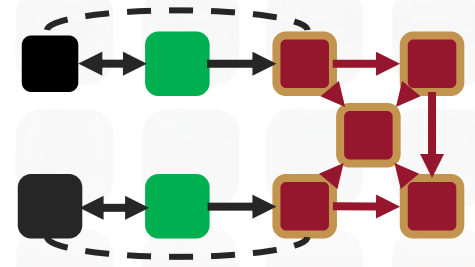
FAS 109 Rate(s) Informational

JURISDICTIONS:	BOY 2019 Tax Return Rates	EOY 2019 Tax Return Rates
Federal	0.21	0.21
State	0.050	0.050
Federal - State Offset	-0.011	-0.011
TOTAL FAS 109 COMPOSITE	0.2495	0.2495

How do you make sure your ADIT is correct?

Worksheet 3 – Plant In-Service Net Book vs Net Tax Tie Out

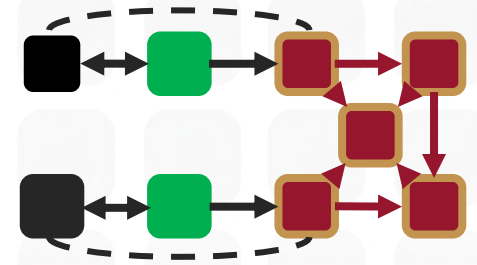
FEDERAL JURISDICTIONAL



	BOY 2019 Tax Return	EOY 2019 Tax Return	2019 Tax Return Current
Federal (FERC) Tax Balance	650,826,274	676,571,209	25,744,935
Federal (FERC) Tax Reserve	(158,954,576)	(206,339,517)	(47,384,942)
Net Tax Basis	491,871,699	470,231,692	(21,640,007)
Book Balance	604,323,977	623,436,605	19,112,627
Book Reserve	(133,535,444)	(136,934,564)	(3,399,120)
Net Book Basis	470,788,533	486,502,040	15,713,507
FAS 109 Temp Diff - Federal	21,083,165	(16,270,348)	(37,353,514)
Per Rpt 257	21,083,157	(16,270,356)	(37,353,513)
Variance	8	8	(0)
SPECIAL NOTE : Permanent Items	169,526,510	154,374,787	
FAS 109 Temp Diff - Federal [less Permanent Related Items]	(148,443,345)	(170,645,135)	(37,353,514)
FAS 109 Federal STATUTORY Rate	21%	21%	21%
FAS 109 Federal Requirement	(31,173,102)	(35,835,478)	(7,844,238)
FAS 109 State Requirement	(2,720,065)	(3,947,886)	(1,227,822)
Total FAS109 Requirement	(33,893,167)	(39,783,365)	(9,072,059)

How do you make sure your ADIT is correct?

Worksheet 3 – Plant In-Service Net Book vs Net Tax Tie Out



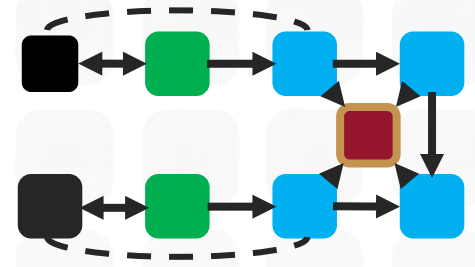
STATE JURISDICTIONAL

	BOY 2019 Tax Return	EOY 2019 Tax Return	2019 Tax Return Current
State Tax Balance	741,660,806	767,405,741	25,744,935
State Tax Reserve	(170,208,159)	(226,475,399)	(56,267,240)
Net Tax Basis	571,452,647	540,930,342	(30,522,305)
Book Balance	604,323,977	623,436,605	19,112,627
Book Reserve	(133,535,444)	(136,934,564)	(3,399,120)
Net Book Basis	470,788,533	486,502,040	15,713,507
FAS 109 Temp Diff - State	100,664,114	54,428,302	(46,235,812)
Per Rpt 257	100,664,105	54,428,293	(46,235,812)
Variance	9	9	(0)

SPECIAL NOTE : Permanent Items	169,526,510	154,374,787	
FAS 109 Temp Diff - State	(68,862,396)	(99,946,485)	(46,235,812)
FAS 109 State STATUTORY Rate	3.95%	3.95%	
FAS 109 State Requirement	(2,720,065)	(3,947,886)	(1,227,822)

How do you make sure your ADIT is correct?

Worksheet 3 – Plant In-Service Net Book vs Net Tax Tie Out



Reg Asset / Liability

TOTAL INCOME STATEMENT RELATED DEFERREDS	(43,573,108)	(49,407,909)	29,169,188
STATUTORY vs INCOME STMT DEFERREDS	9,679,941	9,624,544	(55,397)
FAS 109 REGULATORY REQUIREMENT - INCREMENT	(9,679,941)	(9,624,544)	55,397
FAS 109 REGULATORY REQUIREMENT - GROSSUP	(3,218,048)	(3,199,632)	18,416
TOTAL REGULATORY ACCOUNT	(12,897,989)	(12,824,176)	73,813
Report 257	(12,897,986)	(12,890,003)	7,984
	3	(65,826)	(65,829)

ETR Impact

How do you make sure your ADIT is correct?

Shortcomings:

1

It's in Excel

Not very robust

2

It's a self-contained document

*Limited in scope to plant related
ADIT*

3

It's labor intensive

*Each report must be run and
exported from the system then
dropped into the model*

3

How do we make sure your
ADIT stays correct?

**You are
exceptionally
important to
your company.**



**Your work involves
incredible complexity
that requires a lot of
effort and experience.**

How do
you make
sure your
ADIT stays
correct?

2 KEYS



Experience to know you
have the right answer



Time it takes to make
all the necessary checks

SYSTEMS

(we all know and love)

GL

Fixed Asset subledger

Depreciation subledger

Tax Depreciation system

Deferred Tax subledger

Operations (Repairs)

Excel spreadsheets (for basis differences)

Tax Basis Balance Sheet

Tax Compliance

Tax Accounting

Regulatory ledger

Forecast software

SYSTEMS

■ SOURCES

■ CALCULATION

■ DOWNSTREAM (TARGETS/CONSUMER)

■ Deferred Tax subledger

■ Tax Depreciation system

■ Tax Accounting

■ Tax Basis Balance Sheet

■ Fixed Asset subledger

■ Excel spreadsheets (for basis differences)

■ Forecast software

■ Tax Compliance

■ GL

■ Depreciation subledger

■ Operations (Repairs)

■ Regulatory ledger

ONE, SINGULAR SYSTEM



I.(a) Book Cost: GL Account Informational (ASI 00a) - CWGEG 2016 Return

Business Unit
 CWGEG

Type	Account Type	Ferc Form1 Line	Account	In Fs	In Pp	In Pt	Beg Bal	End Bal	Activity			
Book Cost	Utility Property	FF1 - p110 - 2	101.0020 ARO	yes	yes	no	\$308,287,908	\$322,672,735	\$14,384,827			
			101.0030 ARO	yes	yes	no	\$2,772,649	\$2,772,649	\$0			
			101.0070 ARO	yes	yes	no	\$1,122,677	\$1,122,677	\$0			
			101.0080 Plant In Service	yes	yes	yes	\$21,197,883,535	\$23,202,125,918	\$2,004,242,383			
			101.0090 Contra Asset	yes	yes	no	(\$287,978,827)	(\$272,100,978)	\$15,877,849			
			101.0100 Contra Asset	yes	yes	no	(\$193,486,240)	(\$187,912,352)	\$5,573,888			
			101.0120 Contra Asset	yes	yes	no	(\$525,811,530)	(\$440,466,578)	\$85,344,952			
			101.0150 Lease	yes	no	no	\$14,384,827	\$0	(\$14,384,827)			
			101.0240 Miscellaneous	yes	yes	yes	\$409,091,920	\$0	(\$409,091,920)			
			105.0010 Held For Future Use	yes	yes	yes	\$3,115,775	\$3,115,775	\$0			
			106.0010 Non Unitized In Service	yes	yes	yes	\$1,464,216,560	\$757,814,140	(\$706,402,420)			
			106.0020 Non Unitized In Service	yes	yes	yes	\$44,882,976	\$16,800,376	(\$28,082,600)			
			114.0010 Miscellaneous	yes	yes	yes	\$108,775,774	\$175,838,339	\$67,062,565			
			114.0020 Miscellaneous	yes	no	no	(\$218,843,055)	(\$218,843,055)	\$0			
			118.0020 Utility Property	yes	yes	yes	\$152,588,896	\$197,491,848	\$44,902,952			
			Total						\$22,481,003,845	\$23,560,431,494	\$1,079,427,649	
					FF1 - p110 - 11+7	120.0010 Nuclear Fuel	yes	no	no	(\$30,299,753)	(\$64,605,240)	(\$34,305,487)
						120.0030 Nuclear Fuel	yes	no	no	\$604,488,139	\$694,386,838	\$89,898,699
						120.0040 Nuclear Fuel	yes	no	no	(\$464,421,455)	(\$542,918,193)	(\$78,496,738)
120.0120 Nuclear Fuel	yes	no				no	(\$1,198,326,971)	(\$1,329,807,534)	(\$131,480,563)			
120.0130 Capital Lease Amort	yes	no				no	\$1,528,320,888	\$1,529,513,496	\$1,192,608			
120.0140 Nuclear Fuel	yes	no				no	(\$180,662,182)	(\$200,391,778)	(\$19,729,596)			
120.0150 Nuclear Fuel	yes	no				no	\$190,926,918	\$191,121,465	\$194,547			
Total									\$450,025,584	\$277,299,054	(\$172,726,530)	
		FF1 - p110 - 12	120.0110 Miscellaneous	yes	no	no	\$29,264,780	\$32,461,979	\$3,197,199			
			Total						\$29,264,780	\$32,461,979	\$3,197,199	
Total						\$22,960,294,209	\$23,870,192,527	\$909,898,318				
Nonutility Property			106.0030 Non Unitized In Service	yes	yes	yes	\$20,238,621	\$23,431,244	\$3,192,623			
			121.0020 ARO	yes	yes	no	\$182,619	\$182,619	\$0			
			121.0030 ARO	yes	yes	no	\$35,477,120	\$35,477,120	\$0			
			121.0040 Non Utility Property	yes	yes	yes	\$494,704,951	\$498,631,250	\$3,926,299			
			121.0190 Non Utility Property	yes	no	no	\$17,822,923	\$29,894,728	\$12,071,805			
Total						\$568,426,234	\$587,616,961	\$19,190,727				
Total						\$568,426,234	\$587,616,961	\$19,190,727				
Total						\$23,528,720,443	\$24,457,809,488	\$929,089,045				

End Game

Type	Account Type	Ferc Form/Line	Account	In Fs	In Pp	In Pt	Beg Bal	End Bal	Activity
Book Cost	Utility Property	FF1-c110-2	101.0020 ARO	yes	yes	no	\$308,287,908	\$322,672,735	\$14,384,827
			101.0030 ARO	yes	yes	no	\$2,772,649	\$2,772,649	\$0
			101.0070 ARO	yes	yes	no	\$1,122,677	\$1,122,677	\$0
			101.0080 Plant in Service	yes	yes	yes	\$21,197,883,535	\$23,202,125,918	\$2,004,242,383
			101.0090 Contra Asset	yes	yes	no	(\$287,978,827)	(\$272,100,978)	\$15,877,849
			101.0100 Contra Asset	yes	yes	no	(\$193,486,240)	(\$187,912,352)	\$5,573,888
			101.0120 Contra Asset	yes	yes	no	(\$525,811,530)	(\$440,466,578)	\$85,344,952
			101.0150 Lease	yes	no	no	\$14,384,827	\$0	(\$14,384,827)
			101.0240 Miscellaneous	yes	yes	yes	\$409,091,920	\$0	(\$409,091,920)
			106.0010 Held For Future Use	yes	yes	yes	\$3,115,775	\$3,115,775	\$0
			106.0010 Non Utilized in Service	yes	yes	yes	\$1,464,216,560	\$757,814,140	(\$706,402,420)

I.(a) Book Cost: GL Account Inf... I.(b) Book Cost: Reconcile GL t... I.(c) Book Cost: Reconcile F/S ... I.(d) Book Cost: Reconcile F/S to PP (ASI 01) - CWGEG 2016 Return

Account Type	Source	Data Type	Rec Issue	Rec Item	Beg Bal	End Bal
Utility Property	GL	Unadjusted			\$22,960,294,209	\$23,870,192,527
		Adjustment	PT-In PT not PP	CWIP - Not in PP or GL	\$521,884,000	\$831,021,000
		Adjusted			\$23,482,178,209	\$24,701,213,527
	F/S	Unadjusted			\$23,482,178,000	\$24,701,213,000
		Adjusted			\$23,482,178,000	\$24,701,213,000
		Unreconciled			\$209	\$527
Nonutility Property	GL	Unadjusted			\$568,426,234	\$587,616,961
		Adjustment	F/S Reclass	: F/S Reclass	(\$315,384,704)	(\$319,981,581)
		Adjusted			\$253,041,530	\$267,635,380
	F/S	Unadjusted			\$253,042,000	\$267,635,000
		Adjusted			\$253,042,000	\$267,635,000
		Unreconciled			(\$470)	\$380

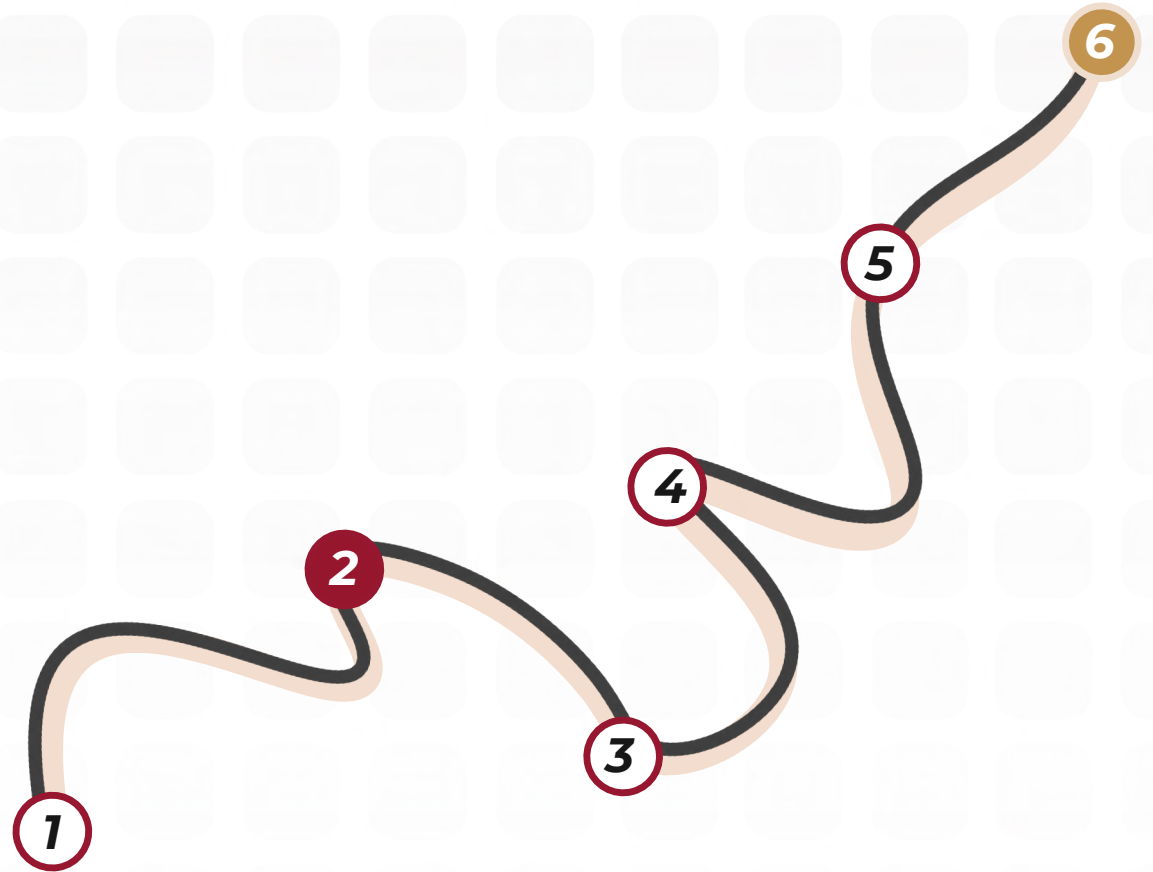
Total of Utility Property and Nonutility Property F/S
 Beginning Balance: \$23,735,220,000
 Ending Balance: \$24,968,848,000

I.(a) Book Cost: GL Account Inf... I.(b) Book Cost: Reconcile GL t... I.(c) Book Cost: Reconcile F/S to PP (ASI 01) - CWGEG 2016 Return I.(d) Book Cost: Reconcile F/S to PP (ASI 01) - CWGEG 2016 Return

Source	Data Type	Rec Issue	Rec Item	Beg Bal	End Bal	
F/S	Unadjusted			\$23,735,220,000	\$24,968,848,000	
	Adjustment	F/S Reclass	122.0020 ARO: F/S Reclass	\$4,064,163	\$5,123,027	
			122.0030 ARO: F/S Reclass	\$138,319	\$141,541	
			122.0130 Depreciation Other: F/S Reclass	\$26,423	\$0	
			122.0140 Depreciation Other: F/S Reclass	\$218,323,796	\$225,014,179	
			253.0160 Defer Credits: F/S Reclass	(\$56,694,083)	(\$59,823,252)	
			253.0170 Defer Credits: F/S Reclass	\$149,526,086	\$149,526,086	
			PT-In F/S not PP	101.0150 Lease: Not in PP	(\$14,384,827)	\$0
			114.0030 Miscellaneous: Not in PP	\$218,843,055	\$218,843,055	
			120.0010 Nuclear Fuel: Not in PP	(\$604,488,139)	(\$694,386,838)	
			120.0030 Nuclear Fuel: Not in PP	\$464,421,455	\$542,918,193	
			120.0040 Nuclear Fuel: Not in PP	\$180,662,182	\$200,391,778	
			120.0070 Nuclear Fuel: Not in PP	\$30,299,753	\$64,605,240	
			120.0110 Miscellaneous: Not in PP	(\$29,264,780)	(\$32,461,979)	
			120.0120 Nuclear Fuel: Not in PP	(\$190,926,918)	(\$191,121,465)	
120.0130 Capital Lease Amort: Not in PP	(\$1,528,320,888)	(\$1,529,513,496)				
120.0140 Nuclear Fuel: Not in PP	\$1,198,326,971	\$1,329,807,534				
121.0190 Non Utility Property: Not in PP	(\$17,822,923)	(\$29,894,728)				
PT-In PT not PP	CWIP - Not in PP or GL	(\$521,884,000)	(\$831,021,000)			
GL Toppides	2015 Topside for Late Adds	\$14,385,010	\$0			
Adjusted			\$23,250,450,655	\$24,336,995,875		
Property Subledger	Unadjusted			\$23,250,450,184	\$24,336,996,760	
	Adjusted			\$23,250,450,184	\$24,336,996,760	
	Unreconciled			\$471	(\$885)	

The Road to ADIT Bliss

- 1 ADIT Annie receives notification that Plant accounting books are closed
- 2 **ADIT Annie kicks off ASI pre-check workflow** (~ 2 minutes)
- 3 ADIT Annie fixes any issues identified by ASI and re-runs the workflow (Wash/Rinse/Repeat **Steps 2 and 3** until you get to 100%)
- 4 ADIT Annie loads book additions into the tax depreciation system
- 5 ADIT Annie kicks off full suite of ASI controls (~2 minutes)
- 6 ADIT Annie fixes any issues identified by ASI and re-runs the workflow (Wash/Rinse/Repeat **Steps 2 and 3** until you get to 100%)



WORKFLOW

The screenshot displays the ASI Aggregate Singularity interface. At the top, there is a navigation bar with the ASI logo and menu items: Dashboard, Workflow(s), Assignments (0), Data Sets, Reconciliation, and Analysis. A search bar and additional menu items (Configuration, Admin, About, bandrews) are on the right. The main content area is titled 'Workflows' and contains a table of workflow instances. A modal window titled 'Initiate Workflow Run' is open, showing 'Run Parameters' for workflow ID 4, 'PT Diag - PowerTax Module'. The parameters are: ASI Instance Name (2022.Q4 2nd close | 2023-2-22 17:22), ASI End Date (202212), IS_MID_QUARTER (yes), POWERTAX_CASE_ID (148), and TAX_YEAR (2022). Below the parameters is a 'Note' section with a 'Re-run' button. The background workflow table lists various tasks like 'ATT 1 - Accrual Pull/Validate Workbook', 'Mixed Service Cost - Generate', and 'PowerTax to Provision'.

ID	Name
41	ATT 1 - Accrual Pull/Validate Workbook
43	ATT 2 - Reconcile to Onesource and M
34	Mixed Service Cost - Generate
38	Mixed Service Cost - Validate
6	PowerTax to Provision
11	Provision Monthly - After Posting
7	Provision Monthly - Before Posting
12	Provision System Integrity
44	PT Def Tax Allocation by Plant Net Boo
5	PT Depr Expense Controls
3	PT Diag - Plant to Tax
4	PT Diag - PowerTax Module
1	PT FAS 109 Agg Study
2	PT FAS 109 TBSHT - Book Depreciatio
9	PT FAS 109 TBSHT - NBNT by TRID
21	PT FCST 01a Additions - Generate Imp
26	PT FCST 01b Additions - Validate Imp
22	PT FCST 02a Retirements - Generate
27	PT FCST 02b Retirements - Validate
23	PT FCST 03a Basis Diff - QPT/CR Extract

Initiate Workflow Run

Run Parameters

ASI Instance Name [Freeform] 2022.Q4 2nd close | 2023-2-22 17:22

ASI End Date [Month (YYYYMM)] 202212

IS_MID_QUARTER [Freeform] yes

POWERTAX_CASE_ID [Number] 148

TAX_YEAR [Number] 2022

Note

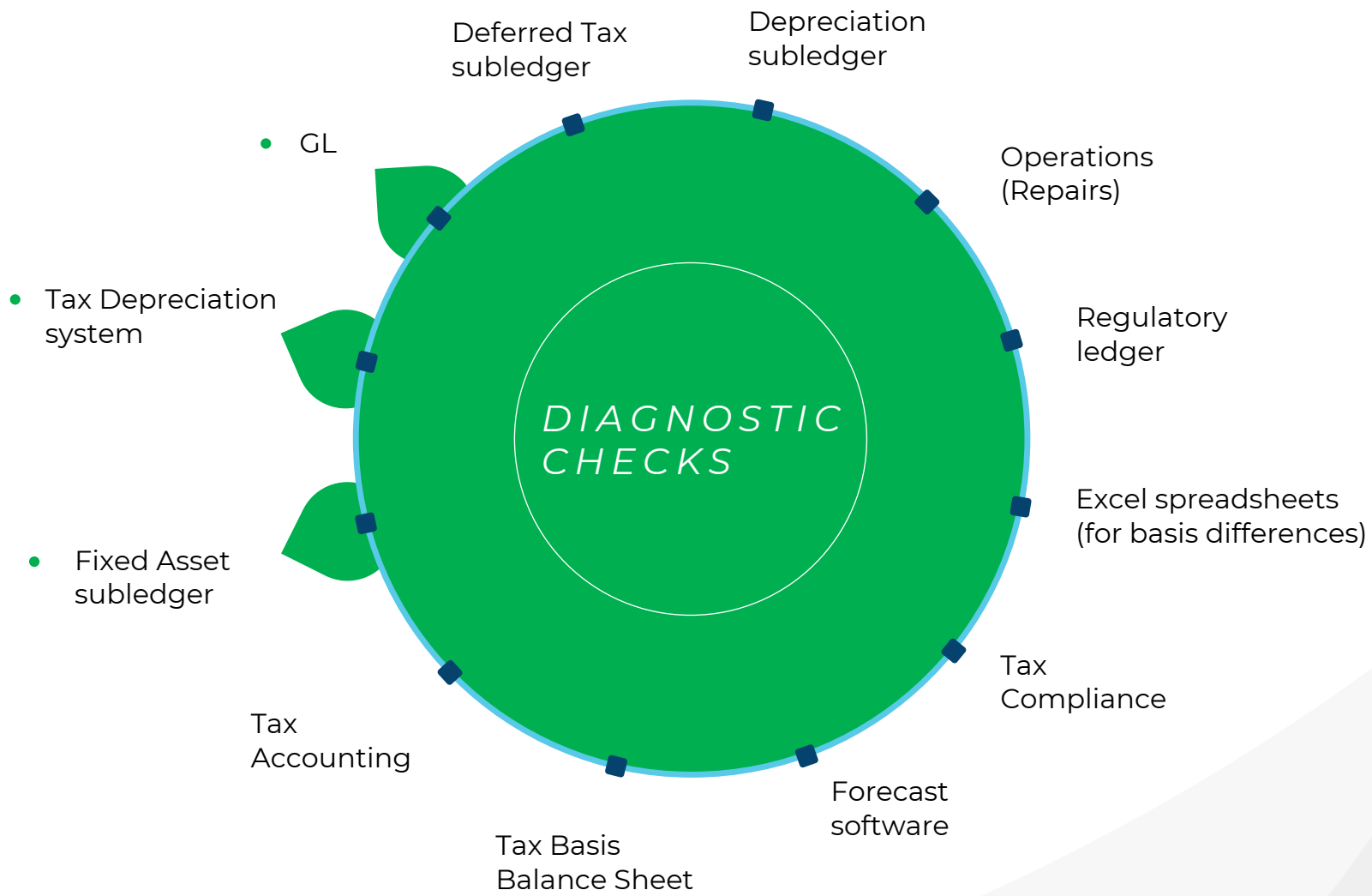
Workflow to pull data for PowerTax module diagnostics.

- **ASI Instance Name** - this will be the main field used to navigate between ASI data set and reconciliation instances. The recommended naming convention for this process is YYYYMM Timing Case # date time, e.g. "201912 Return c93 | 5/9/19 3:18PM". Suggested Timings - Return, Q1, Q2, Q3, YE, 11+1
- **ASI End Date** - this date is dependent on the year field - YYYY12 (e.g. 201912)
- **Is Mid Quarter?** - denotes whether the workflow is pulling mid-quarter data (e.g. yes)
- **PowerTax Case ID** - target PowerTax Case IDs (e.g. 93)
- **Tax Year** - the target tax year (e.g. 2019)

Re-run

ONE, SINGULAR SYSTEM





DASHBOARD

Dashboard Dashboard Workflow(s)

aggregatesingularity.com/dashboard/index

AGGREGATE SINGULARITY

Dashboard Workflow(s) Assignments (0) Data Sets Reconciliation Analysis

Search...

Configuration Admin About bandrews

Deferred Tax Proof

Deferred Tax Tie-Outs				Max End Date:				
Name ↑	Instance		Percent Reviewed					
✓ 00-GL Cost and Reserve Balances	2022 Tax Return	2023-2-21 9:52	100.0% (8,383 / 8,383)					
✓ 01a-Book Cost: GL to PP	2022 Tax Return	2023-2-21 9:52	95.6% (7,389 / 7,733)					
✓ 01b-Book Cost: GL to PT	2022 Tax Return	2023-2-21 9:52	100.0% (8 / 8)					
✓ 02a-Book Cost: PP to PT - Fed	2022 Tax Return	2023-2-21 9:52	95.6% (86 / 90)					
✓ 02b-Book Cost: PT Fed to Non Fed	2022 Tax Return	2023-2-21 9:52	100.0% (2,722 / 2,722)					
✓ 03a-PT Book to Tax	2022 Tax Return	2023-2-21 9:52	100.0% (848 / 848)					
✓ 03d-PT Basis Diffs: Fed to Non Fed (no B...	2022 Tax Return	2023-2-21 9:52	100.0% (13,621 / 13,621)					
✓ 03e-PT Basis Diffs: Fed to Non Fed (Bonus)	2022 Tax Return	2023-2-21 9:52	94.9% (575 / 606)					
✓ 04a-Book Depr: GL to PP	2022 Tax Return	2023-2-21 9:52	84.2% (123 / 146)					
✓ 04b-Book Reserve: GL to PT	2022 Tax Return	2023-2-21 9:52	100.0% (3 / 3)					
✓ 05-Book Reserve: PP to PT	2022 Tax Return	2023-2-21 9:52	92.2% (59 / 64)					
✓ 06a-ASI Internal: NBNT Book Cost Check	2022 Tax Return	2023-2-21 9:52	100.0% (848 / 848)					
✓ 06b-ASI Internal: NBNT Tax Cost Check	2022 Tax Return	2023-2-21 9:52	100.0% (848 / 848)					
✓ 06c-ASI Internal: NBNT Book Depr Check ...	2022 Tax Return	2023-2-21 9:52	100.0% (762 / 762)					
✓ 07-Tax Reserve Check	2022 Tax Return	2023-2-21 9:52	100.0% (848 / 848)					
✓ 08a-NBNT to DIT Fed and State	2022 Tax Return	2023-2-21 9:52	100.0% (1,449 / 1,449)					
✓ 08b-NBNT to DIT Fed Offsets	2022 Tax Return	2023-2-21 9:52	100.0% (595 / 595)					
✓ 08c-NBNT to DIT State Offsets	2022 Tax Return	2023-2-21 9:52	100.0% (492 / 492)					

18 Total

Book To Tax Integration - Diagnostic				Max End Date:				
Name ↑	Instance		Percent Reviewed					
✓ 01 Tax Location Map Check	2022.Q4 2nd 2023-1-12 15:34		99.9% (2,093 / 2,095)					
✓ 02 Depr Group Map Check	2022.Q4 2nd 2023-1-12 15:34		99.7% (945 / 948)					
✓ 03 Tax Class w/out BAG Map	2022.Q4 2nd 2023-1-12 15:34		0.0% (0 / 1)					
✓ 04 TBT Dup Rows	2022.Q4 2nd 2023-1-12 15:34		100% (0 / 0)					
✓ 06 TBT Dup BAGs	2022.Q4 2nd 2023-1-12 15:34		100% (0 / 0)					
✓ 07 TBT Unassigned Tax Class	2022.Q4 2nd 2023-1-12 15:34		100% (0 / 0)					
✓ 08 Asset to Depr Group Map Changes	2022.Q4 2nd 2023-1-12 15:34		100% (0 / 0)					
✓ 09 TBT vs Depr Group Map (Asset Activity)	2022.Q4 2nd 2023-1-12 15:34		0.0% (0 / 11)					

8 Total

Deferred Tax System Diagnostics				Max End Date:				
Name ↑	Instance		Percent Reviewed					
✓ 00 Tax Records Needed for Adds	2022.Q4 2nd close 2023-1-12 15:35		4.0% (112 / 2,766)					
✓ 01 Bonus Vintage vs Tax Credit	2022.Q4 2nd close 2023-1-12 15:35		100% (0 / 0)					
✓ 02 Records w/ No Book Cost Map	2022.Q4 2nd close 2023-1-12 15:35		0.0% (0 / 121)					
✓ 03 Records w/ No Book Depr Map	2022.Q4 2nd close 2023-1-12 15:35		100% (0 / 0)					
✓ 04 Comp Tax Class Rollups	2022.Q4 2nd close 2023-1-12 15:35		100.0% (1,372 / 1,372)					
✓ 06 Zero Rate Records	2022.Q4 2nd close 2023-1-12 15:35		100% (0 / 0)					
✓ 07 Deferred Tax Schema Checks	2022.Q4 2nd close 2023-1-12 15:35		100% (0 / 0)					
✓ 08 COR Vintage Checks	2022.Q4 2nd close 2023-1-12 15:35		100% (0 / 0)					

8 Total



Dashboard | Workflow(s) | Assignments (0) | Data Sets | Reconciliation | Analysis

Deferred Tax Proof

Deferred Tax Tie-Outs | Max End Date: []

Book To Tax Integration - Diagnostic | Max End Date: []

Name ↑	Instance	Percent Reviewed	
✓ 01 Tax Location Map Check	2022.Q4 2nd 2023-1-12 15:34	99.9% (2,093 / 2,095)	[?]
✓ 02 Depr Group Map Check	2022.Q4 2nd 2023-1-12 15:34	99.7% (945 / 948)	[?]
✓ 03 Tax Class w/out BAG Map	2022.Q4 2nd 2023-1-12 15:34	0.0% (0 / 1)	[?]
✓ 04 TBT Dup Rows	2022.Q4 2nd 2023-1-12 15:34	100% (0 / 0)	[?]
✓ 06 TBT Dup BAGs	2022.Q4 2nd 2023-1-12 15:34	100% (0 / 0)	[?]
✓ 07 TBT Unassigned Tax Class	2022.Q4 2nd 2023-1-12 15:34	100% (0 / 0)	[?]
✓ 08 Asset to Depr Group Map Changes	2022.Q4 2nd 2023-1-12 15:34	100% (0 / 0)	[?]
✓ 09 TBT vs Depr Group Map (Asset Activity)	2022.Q4 2nd 2023-1-12 15:34	0.0% (0 / 11)	[?]

18 Total

8 Total

Dashboard | Workflow(s) | Assignments (0) | Data Sets | Reconciliation | Analysis

Deferred Tax Proof

Deferred Tax Tie-Outs

Name ↑	Instance	Max End Date:
00-GL Cost and Reserve Bal...		
01a-Book Cost: GL to PP		
01b-Book Cost: GL to PT		
02a-Book Cost: PP to PT - Fe		
02b-Book Cost: PT Fed to No		
03a-PT Book to Tax		
03d-PT Basis Diffs: Fed to No		
03e-PT Basis Diffs: Fed to No		
04a-Book Depr: GL to PP		
04b-Book Reserve: GL to PT		
05-Book Reserve: PP to PT		
06a-ASI Internal: NBNT Book		
06b-ASI Internal: NBNT Tax Cost Check	2022 Tax Return	2023-2-21 9:52
06c-ASI Internal: NBNT Book Depr Check	2022 Tax Return	2023-2-21 9:52
07-Tax Reserve Check	2022 Tax Return	2023-2-21 9:52
08a-NBNT to DIT Fed and State	2022 Tax Return	2023-2-21 9:52
08b-NBNT to DIT Fed Offsets	2022 Tax Return	2023-2-21 9:52
08c-NBNT to DIT State Offsets	2022 Tax Return	2023-2-21 9:52

18 Total

Overview: 02 Depr Group Map Check

Summary

Are there new depreciation groups that need to be mapped to a PowerTax Book Allocation Group?

Action: Map Depreciation Group to Book Alloc Group
Go to "Deferred Taxes -> Setup -> Book Allocation Groups -> Groups to Depr"

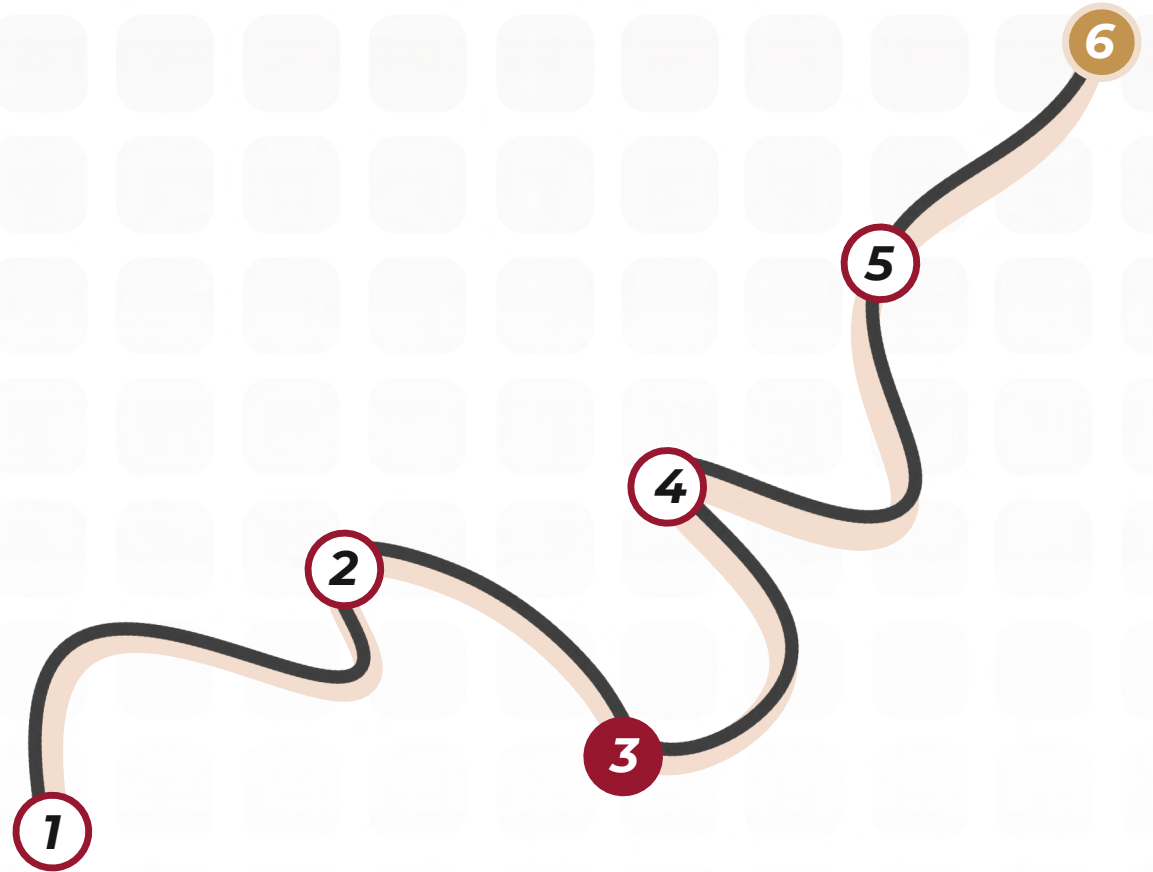
Deferred Tax System Diagnostics

Name ↑	Instance	Max End Date:	Percent Reviewed
00 Tax Records Needed for Adds	2022 Q4 2nd close 2023-1-12 15:35		4.0% (112 / 2,766)
01 Bonus Vintage vs Tax Credit	2022 Q4 2nd close 2023-1-12 15:35		100% (0 / 0)
02 Records w/ No Book Cost Map	2022 Q4 2nd close 2023-1-12 15:35		0.0% (0 / 121)
03 Records w/ No Book Depr Map	2022 Q4 2nd close 2023-1-12 15:35		100% (0 / 0)
04 Comp Tax Class Rollups	2022 Q4 2nd close 2023-1-12 15:35		100.0% (1,372 / 1,372)
06 Zero Rate Records	2022 Q4 2nd close 2023-1-12 15:35		100% (0 / 0)
07 Deferred Tax Schema Checks	2022 Q4 2nd close 2023-1-12 15:35		100% (0 / 0)
08 COR Vintage Checks	2022 Q4 2nd close 2023-1-12 15:35		100% (0 / 0)

8 Total

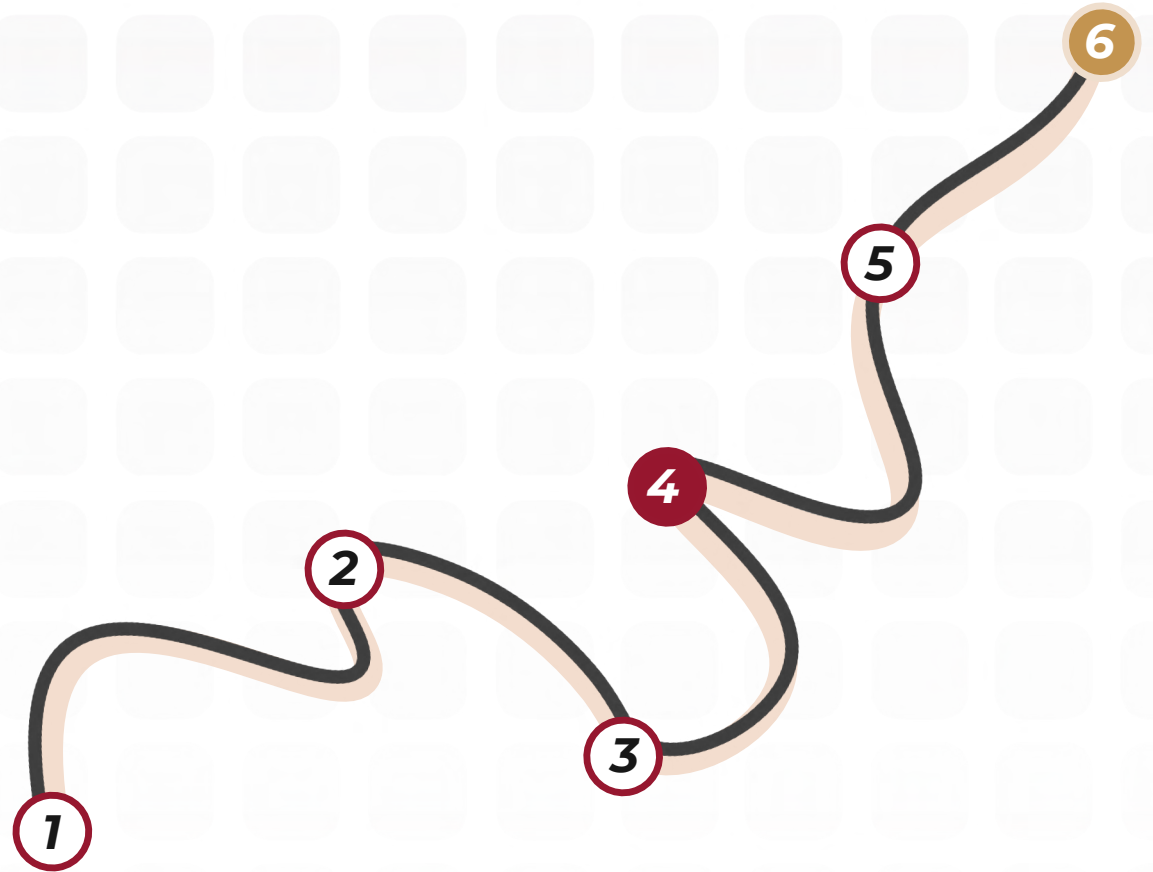
The Road to ADIT Bliss

- 1 ADIT Annie receives notification that Plant accounting books are closed
- 2 ADIT Annie kicks off ASI pre-check workflow (~ 2 minutes)
- 3 **ADIT Annie fixes any issues identified by ASI and re-runs the workflow**
(Wash/Rinse/Repeat **Steps 2 and 3** until you get to 100%)
- 4 ADIT Annie loads book additions into the tax depreciation system
- 5 ADIT Annie kicks off full suite of ASI controls (~2 minutes)
- 6 ADIT Annie fixes any issues identified by ASI and re-runs the workflow
(Wash/Rinse/Repeat **Steps 2 and 3** until you get to 100%)



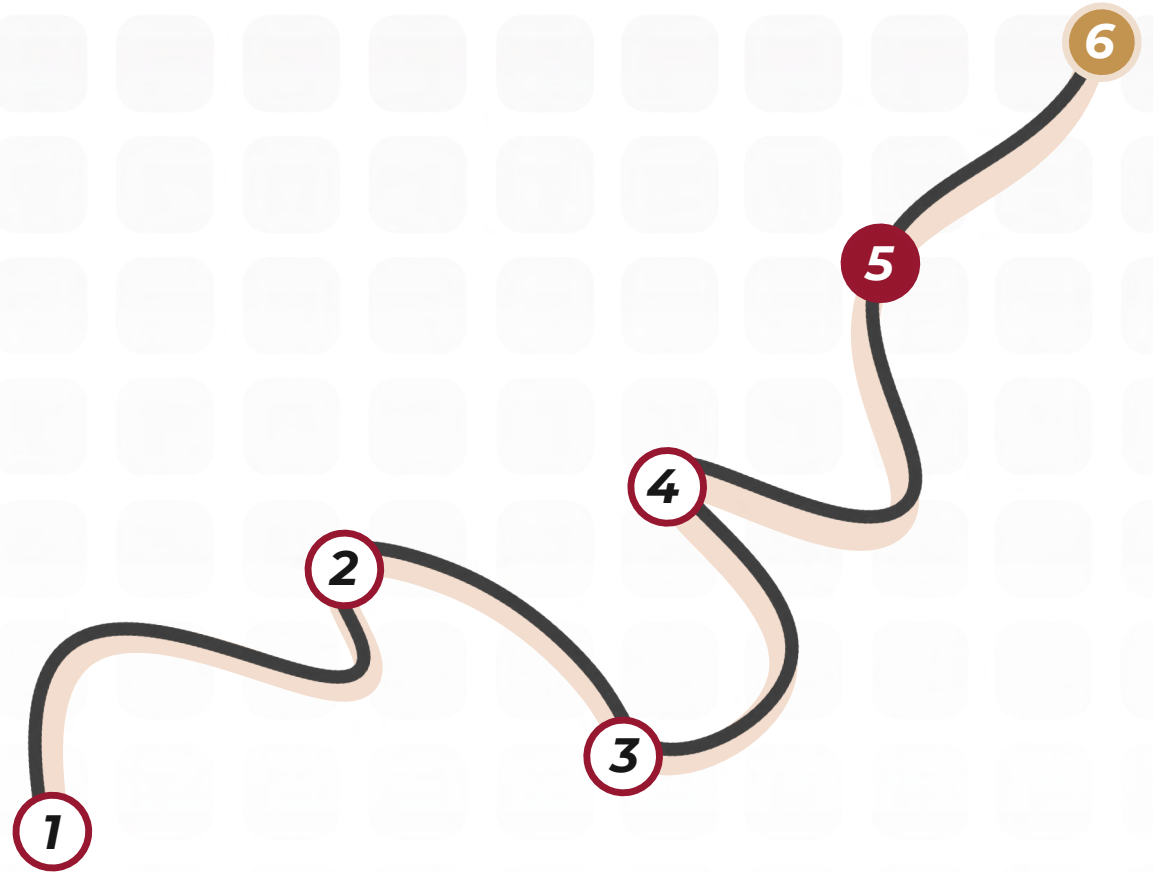
The Road to ADIT Bliss

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The Road to ADIT Bliss

- 1 ADIT Annie receives notification that Plant accounting books are closed
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- 3 ADIT Annie fixes any issues identified by ASI and re-runs the workflow (Wash/Rinse/Repeat **Steps 2 and 3** until you get to 100%)
- 4 ADIT Annie loads book additions into the tax depreciation system
- 5 **ADIT Annie kicks off full suite of ASI controls** (~2 minutes)
- 6 ADIT Annie fixes any issues identified by ASI and re-runs the workflow (Wash/Rinse/Repeat **Steps 2 and 3** until you get to 100%)



WORKFLOW

Workflows

New

ID	Name
41	ATT 1 - Accrual Pull/Validate Workbook
43	ATT 2 - Reconcile to Onesource and Month 13
34	Mixed Service Cost - Generate
38	Mixed Service Cost - Validate
6	PowerTax to Provision
11	Provision Monthly - After Posting
7	Provision Monthly - Before Posting
12	Provision System Integrity
44	PT Def Tax Allocation by Plant Net Book
5	PT Depr Expense Controls
3	PT Diag - Plant to Tax
4	PT Diag - PowerTax Module
1	PT FAS 109 Agg Study
2	PT FAS 109 TBSHT - Book Depreciation
9	PT FAS 109 TBSHT - NBNT by TRID
21	PT FCST 01a Additions - Generate Import
26	PT FCST 01b Additions - Validate Import
22	PT FCST 02a Retirements - Generate Import
27	PT FCST 02b Retirements - Validate Import
23	PT FCST 03a Basis Diffs - QPT/CR Extract
24	PT FCST 03b Basis Diffs - Generate Import
28	PT FCST 03c Basis Diffs - Validate Import
25	PT FCST 04a Book Depreciation - Generate Import

Runs

Start

Order	Start Time	Stop Time	Status	Created By	Instance Name	Category
373	2/21/2023 9:52:54AM	2/21/2023 10:07:32AM	Success	81718	2022 Tax Return - ITC 2023-2-21 9:52	
372	2/02/2023 4:30:04PM	2/02/2023 4:42:26PM	Success	azarnitsyn	2022 Tax Return - AMS 2023-2-2 17:29	
371	2/02/2023 2:07:08PM	2/02/2023 2:21:50PM	Success	81718	2022 Tax Return - AMS 2023-2-2 14:06	
370	2/02/2023 10:55:24AM	2/02/2023 11:08:43AM	Success	81718	2022 Tax Return - AMS 2023-2-2 10:53	
369	1/31/2023 2:10:37PM	1/31/2023 2:24:07PM	Success	81718	2022 Tax Return c147-AMC 2023-1-31 14:10	

1 - 20 of 373 items

Steps

^ v Create

Run Order	Name	Step Type	Linked Object	
1	(PT FCST-AUTO) Forecast Toggle	Extract and Load	Data Set: 168	On
2	(PT FCST) Additions Import Template	Copy and Re-Translate ...	Data Set: 129	On
3	(PT FCST) Retirements Import Template	Copy and Re-Translate ...	Data Set: 142	On
4	(PT FCST) Book Depreciation Import Template	Copy and Re-Translate ...	Data Set: 146	On
5	Trial Balance from EBS	Extract and Load	Data Set: 13	On
6	00-GL Cost and Reserve Balances	Create Rec Instance	Amount Rec: 85	On
7	(FAS 109) PP Book Cost	Extract and Load	Data Set: 15	On
8	01a-Book Cost: GL to PP	Create Rec Instance	Amount Rec: 52	On
9	(FAS 109) PT Book Cost	Extract and Load	Data Set: 14	On
10	01b-Book Cost: GI to PT	Create Rec Instance	Amount Rec: 190	On

DASHBOARD

Deferred Tax Tie-Outs			Max End Date:		
	Name ↑	Instance	Percent Reviewed		
✓	00-GL Cost and Reserve Balances	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (8,383 / 8,383)	?	
✓	01a-Book Cost: GL to PP	2022 Tax Return - ITC 2023-2-21 9:52	95.6% (7,389 / 7,733) !	?	
✓	01b-Book Cost: GL to PT	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (8 / 8) !	?	
✓	02a-Book Cost: PP to PT - Fed	2022 Tax Return - ITC 2023-2-21 9:52	95.6% (86 / 90) !	?	
✓	02b-Book Cost: PT Fed to Non Fed	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (2,722 / 2,722)	?	
✓	03a-PT Book to Tax	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (848 / 848)	?	
✓	03d-PT Basis Diffs: Fed to Non Fed (no B...	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (13,621 / 13,621)	?	
✓	03e-PT Basis Diffs: Fed to Non Fed (Bonus)	2022 Tax Return - ITC 2023-2-21 9:52	94.9% (575 / 606)	?	
✓	04a-Book Depr: GL to PP	2022 Tax Return - ITC 2023-2-21 9:52	84.2% (123 / 146) !	?	
✓	04b-Book Reserve: GL to PT	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (3 / 3) !	?	
✓	05-Book Reserve: PP to PT	2022 Tax Return - ITC 2023-2-21 9:52	92.2% (59 / 64) !	?	
✓	06a-ASI Internal: NBNT Book Cost Check	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (848 / 848)	?	
✓	06b-ASI Internal: NBNT Tax Cost Check	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (848 / 848)	?	
✓	06c-ASI Internal: NBNT Book Depr Check ...	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (762 / 762)	?	
✓	07-Tax Reserve Check	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (848 / 848)	?	
✓	08a-NBNT to DIT Fed and State	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (1,449 / 1,449)	?	
✓	08b-NBNT to DIT Fed Offsets	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (595 / 595)	?	
✓	08c-NBNT to DIT State Offsets	2022 Tax Return - ITC 2023-2-21 9:52	100.0% (492 / 492)	?	

RECONCILIATION

Rec. Name: 02a-Book Cost-Does Property Subledger Tie to PT?

Instance: 2022 Return

155/177 (87.6%)

Dataset-A: Book Fixed Assets

Dataset-B: Tax Fixed Assets

				EndBal_Book ...	EndBal_Tax ...	EndBal_Variance	EndBal_Reconciled	EndBal_UnReconciled
Status	BU	Function						
BU: BNUC								
<input type="checkbox"/>	Reviewed	BNUC	BNUC1 - NU Nuc Generation NonDepr	\$3,340,673.00	\$3,340,677.00	(\$4.00)	\$0.00	(\$4.00)
<input type="checkbox"/>	Reviewed	BNUC	BNUC1 - NU Intangible	\$9,534,209.00	\$9,534,209.00	\$0.00	\$0.00	\$0.00
<input type="checkbox"/>	Reviewed	BNUC	BNUC1 - xx ARO - Externally Tracked	\$143,904,636.00	\$0.00	\$143,904,636.00	\$143,904,636.00	\$0.00
<input checked="" type="checkbox"/>	Reviewed	BNUC	BNUC - Nuc Fuel	\$0.00	\$116,940,050.00	(\$116,940,050.00)	(\$116,940,050.00)	\$0.00
<input type="checkbox"/>	Reviewed	BNUC	BNUC1 - NU Nuc Generation	\$629,630,387.00	\$629,630,378.00	\$9.00	\$0.00	\$9.00
Total:				\$786,409,905.00	\$759,445,314.00	\$26,964,591.00	\$26,964,586.00	\$5.00
BU: CWACA								
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Elec Dist	\$717,680,251.00	\$632,551,619.00	\$85,128,632.00	\$85,128,677.11	(\$45.11)
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Gas Dist	\$214,085,401.00	\$214,085,423.00	(\$22.00)	\$0.00	(\$22.00)
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Elec Intangible	\$94,558,243.00	\$94,476,762.00	\$81,481.00	\$81,495.72	(\$14.72)
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Gas Intangible	\$23,442,495.00	\$23,523,996.00	(\$81,501.00)	(\$81,495.72)	(\$5.28)
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Steam Generation	\$184,452,482.00	\$184,452,483.00	(\$1.00)	\$0.00	(\$1.00)
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Elec General NonDepr	\$1,104,233.00	\$1,104,234.00	(\$1.00)	\$0.00	(\$1.00)
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Elec Trans NonDepr	\$3,477,716.00	\$2,202,821.00	\$1,274,895.00	\$1,274,895.20	(\$0.20)
<input type="checkbox"/>	Reviewed	CWACA	CWACA - xx REGULATORY Externally Tracked	\$16,670,627.00	\$0.00	\$16,670,627.00	\$16,670,627.00	\$0.00
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Gas General NonDepr	\$94,122.00	\$94,122.00	\$0.00	\$0.00	\$0.00
<input type="checkbox"/>	Reviewed	CWACA	CWACA - Steam Generation NonDepr	\$507,329.00	\$507,329.00	\$0.00	\$0.00	\$0.00
<input type="checkbox"/>	Reviewed	CWACA	CWACA - xx Contra All Externally Tracked	(\$28,008,820.00)	\$0.00	(\$28,008,820.00)	(\$28,008,820.00)	\$0.00
Grand Total:				\$53,333,551,761.00	\$58,197,173,369.00	(\$4,863,621,608.00)	(\$4,868,621,574.00)	\$4,999,966.00

AUTOMATED RECONCILING ITEM

Rec Result(s) Drilldown



< 1 of 1 >

Variance Details | Data Set Details

Open

Reviewed



Result Master Key

BU: BNUC

Function: BNUC - Nuc Fuel

IsFederal: yes

Dataset-A: [Book Fixed Assets \(Instance: 2015\)](#)

	Rec Item	BegBal	EndBal
+			
Raw Data	---	\$0.00	\$0.00
Q	Nuclear Fuel: In PT not PP	\$154,412,229.00	\$116,940,050.00
Adjusted ⓘ		\$154,412,229.00	\$116,940,050.00

Dataset-B: [Tax Fixed Assets \(Instance: 2015\)](#)

	Rec Item	BegBal	EndBal
+			
Raw Data	---	\$154,412,229.00	\$116,940,050.00
Adjusted ⓘ		\$154,412,229.00	\$116,940,050.00

	BegBal	EndBal
Unreconciled	\$0.00	\$0.00

MANUAL RECONCILING ITEM

Rec. Name: 02a-Book Cost-Does Property Subledger Tie to PT? Dataset-A: Book Fixed Assets
 Instance: 2022 Return 155/177 (87.6%) Dataset-B: Tax Fixed Assets

Rec Result(s) Drilldown

< 1 of 2 > Variance Details | Data Set Details Open Reviewed

Result Master Key

BU: CWGEG
 Function: CWGEG North - Nuc Generation
 IsFederal: yes

Dataset-A: Book Fixed Assets (Instance: 2015)			
	Rec Item	BegBal	EndBal
Raw Data	---	\$4,189,028,696.00	\$4,246,198,872.00
	Reclass BAG Nuclear<->General	\$0.00	\$4,492.09
Adjusted		\$4,189,028,696.00	\$4,246,203,364.09

Dataset-B: Tax Fixed Assets (Instance: 2015)			
	Rec Item	BegBal	EndBal
Raw Data	---	\$4,243,574,121.00	\$4,246,203,369.00
Adjusted		\$4,243,574,121.00	\$4,246,203,369.00

Unreconciled		BegBal	EndBal
			(\$4.91)

Total: \$23,733,445,650.00 \$23,733,446,007.00 (\$357.00) \$0.00 (\$357.00)
 Grand Total: \$23,733,445,650.00 \$23,733,446,007.00 (\$357.00) \$0.00 (\$357.00)

100 items per page 1 - 22 of 22 items

DETAILED DATA

Rec Result(s) Drilldown

< 1 of 2 > Variance Details | Data Set Details Open Reviewed ☰

Result Master Key

BU: CWGEG

Function: CWGEG North - Nuc Generation

IsFederal: yes

Dataset-A: [Book Fixed Assets \(Instance: 2015\)](#)

COMPANY	FUNC_CLASS	UTILITY_ACCO	UTILITY_ACCO	SUB_ACCOUNT	SUB_ACCOUNT	VINTA
Glacier Electric and Gas	Production Nuclear	13230	3230 Turbogenerator Units	13230	3230 Turbogenerator Units	2009
Glacier Electric and Gas	Production Nuclear	13250	3250 Misc Power Plant Eq...	13250	3250 Misc Power Plant Eq...	1986
Glacier Electric and Gas	Production Nuclear	13250	3250 Misc Power Plant Eq...	13250	3250 Misc Power Plant Eq...	2011
Glacier Electric and Gas	Production Nuclear	13212	3210 Structures And Impr...	13212	3212 Structures And Impr...	1990

Viewing instance "Book Fixed Assets (Instance: 2015)" (ID: 17) 161 rows

Dataset-B: [Tax Fixed Assets \(Instance: 2015\)](#)

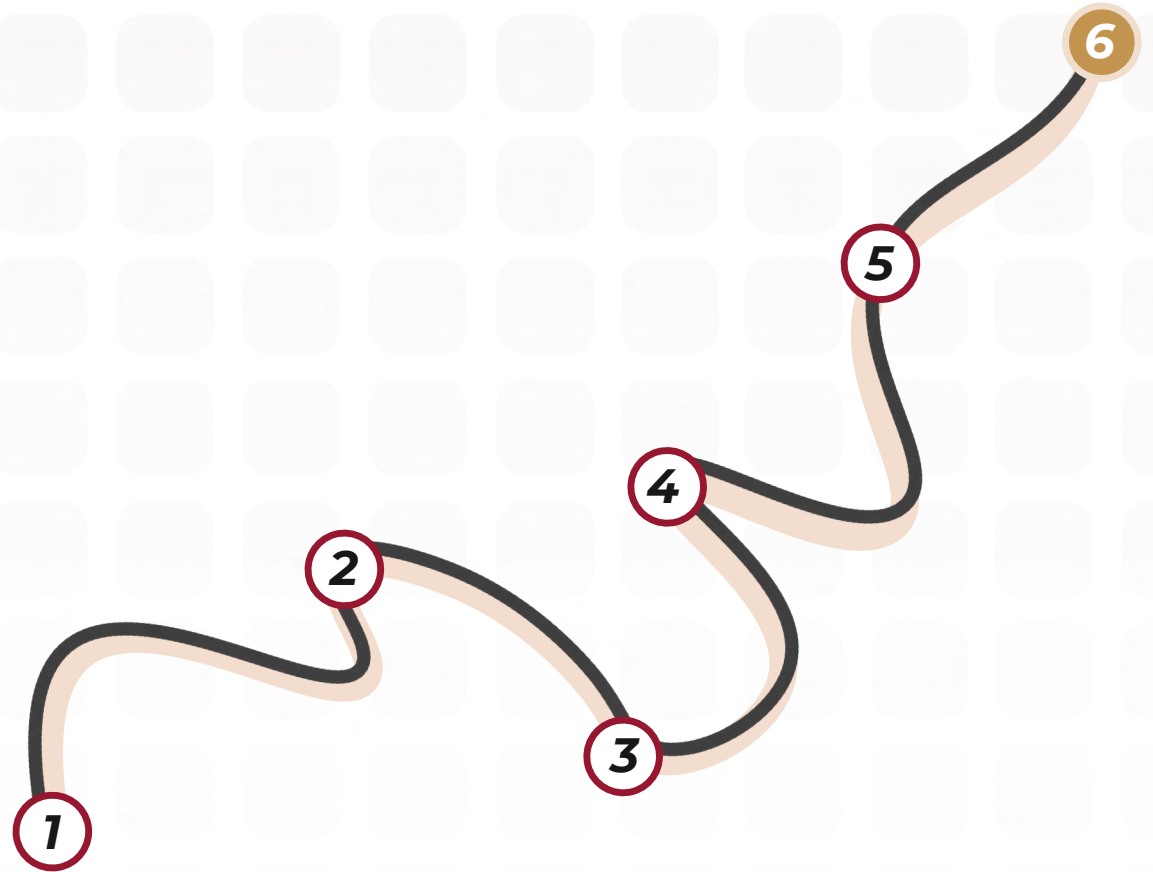
COMPANY	TAX_CLASS	TAX_RECORD_	BAG_ID	BAG	IsNucFuelBAG	BAG
Glacier Electric and Gas	77 877E -NUC =PR8 North	TRID	44251	CWGEG North - Nuc Gen...		
Glacier Electric and Gas	77 287E -NUC =PR8 North	TRID	44251	CWGEG North - Nuc Gen...		
Glacier Electric and Gas	77 297E -NUC =PR8 North	TRID	44251	CWGEG North - Nuc Gen...		
Glacier Electric and Gas	31 292E -NUC =PR8 North	TRID	44251	CWGEG North - Nuc Gen...		

Viewing instance "Tax Fixed Assets (Instance: 2015)" (ID: 20) 9 rows

Unreconciled	BegBal	EndBal
	(\$54,545,425.00)	(\$4.91)

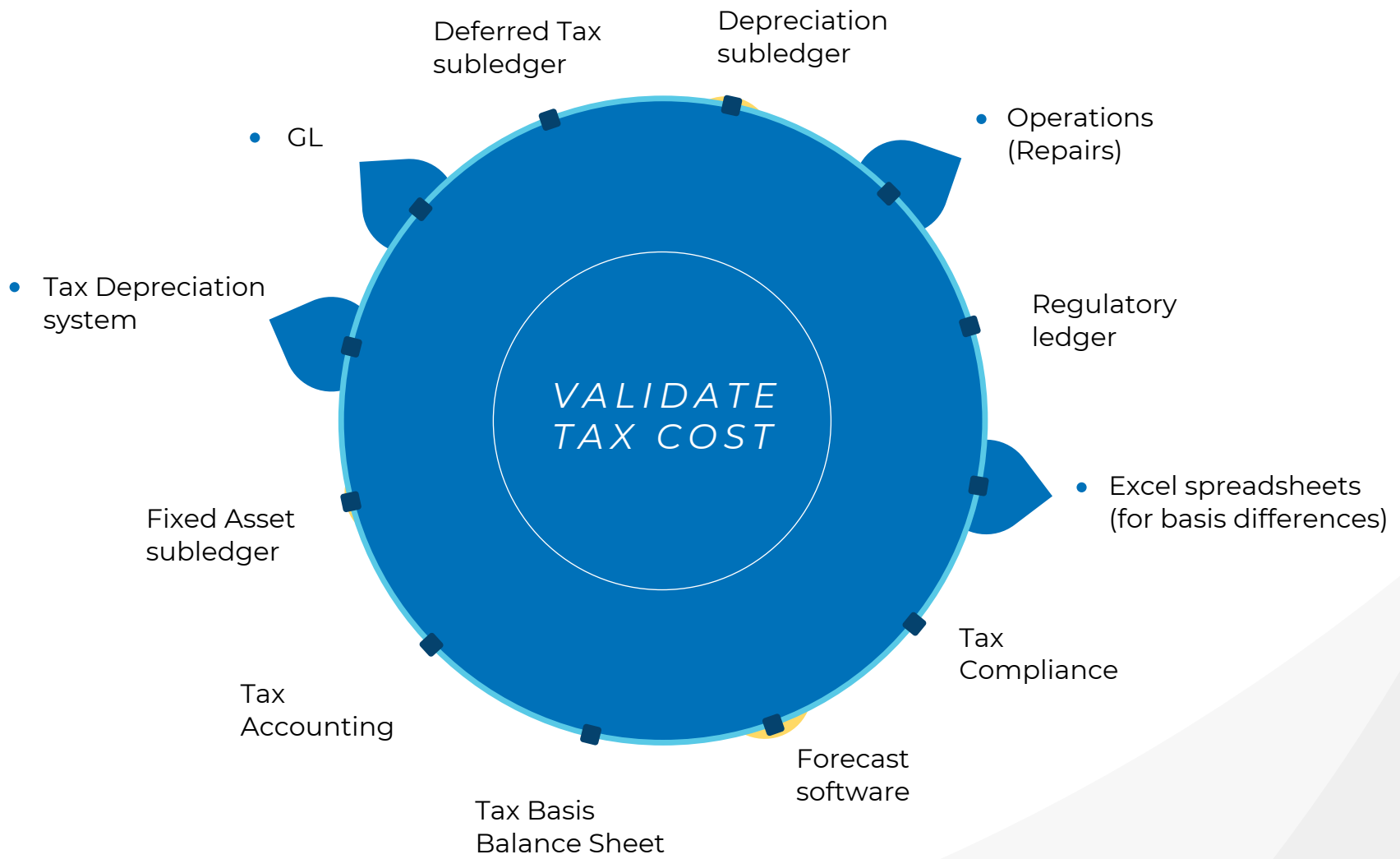
The Road to ADIT Bliss

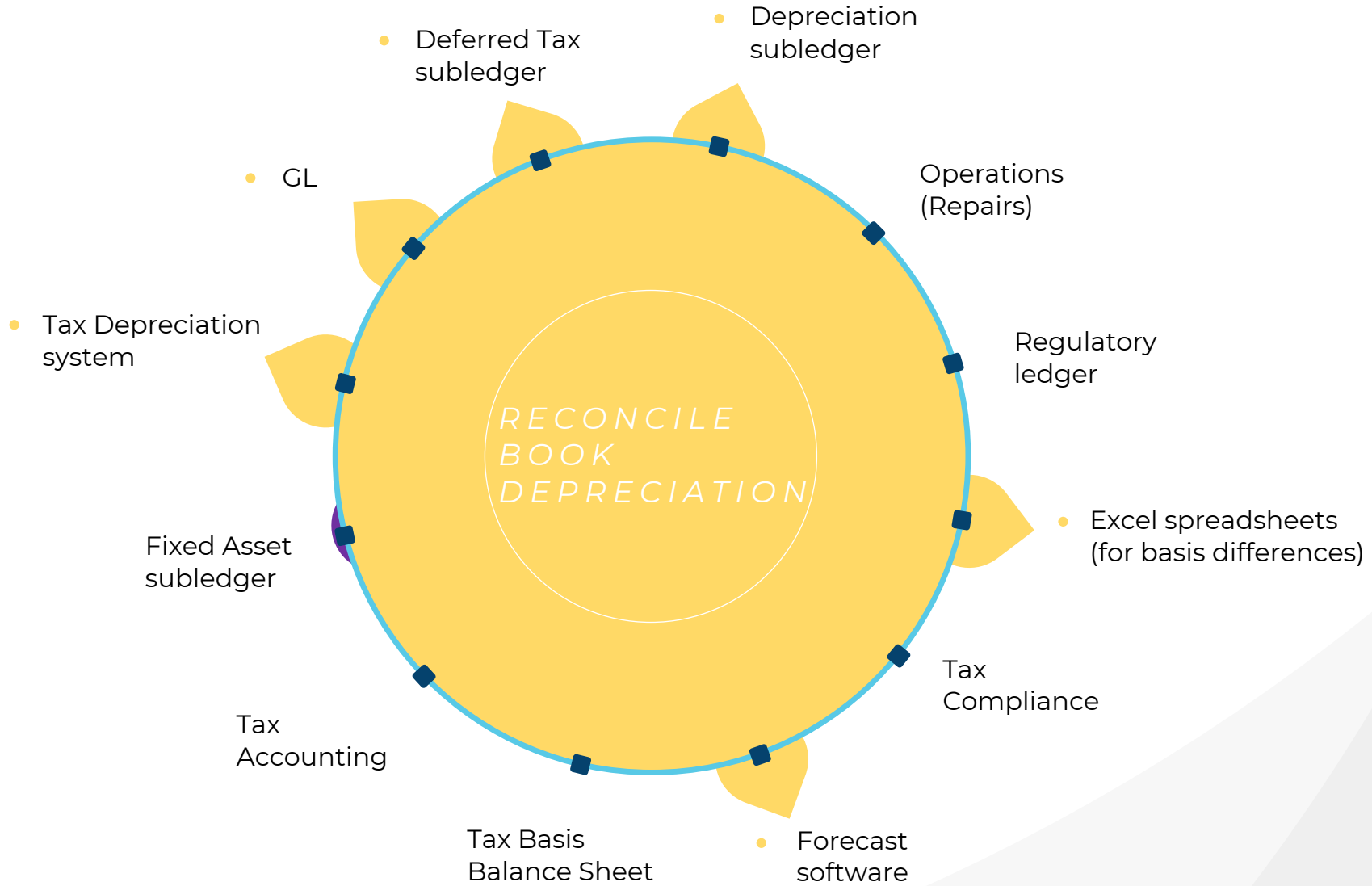
- 1 ADIT Annie receives notification that Plant accounting books are closed
- 2 ADIT Annie kicks off ASI pre-check workflow (~ 2 minutes)
- 3 ADIT Annie fixes any issues identified by ASI and re-runs the workflow (Wash/Rinse/Repeat **Steps 2 and 3** until you get to 100%)
- 4 ADIT Annie loads book additions into the tax depreciation system
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- 6 **ADIT Annie fixes any issues identified by ASI and re-runs the workflow (Wash/Rinse/Repeat **Steps 2 and 3** until you get to 100%)**

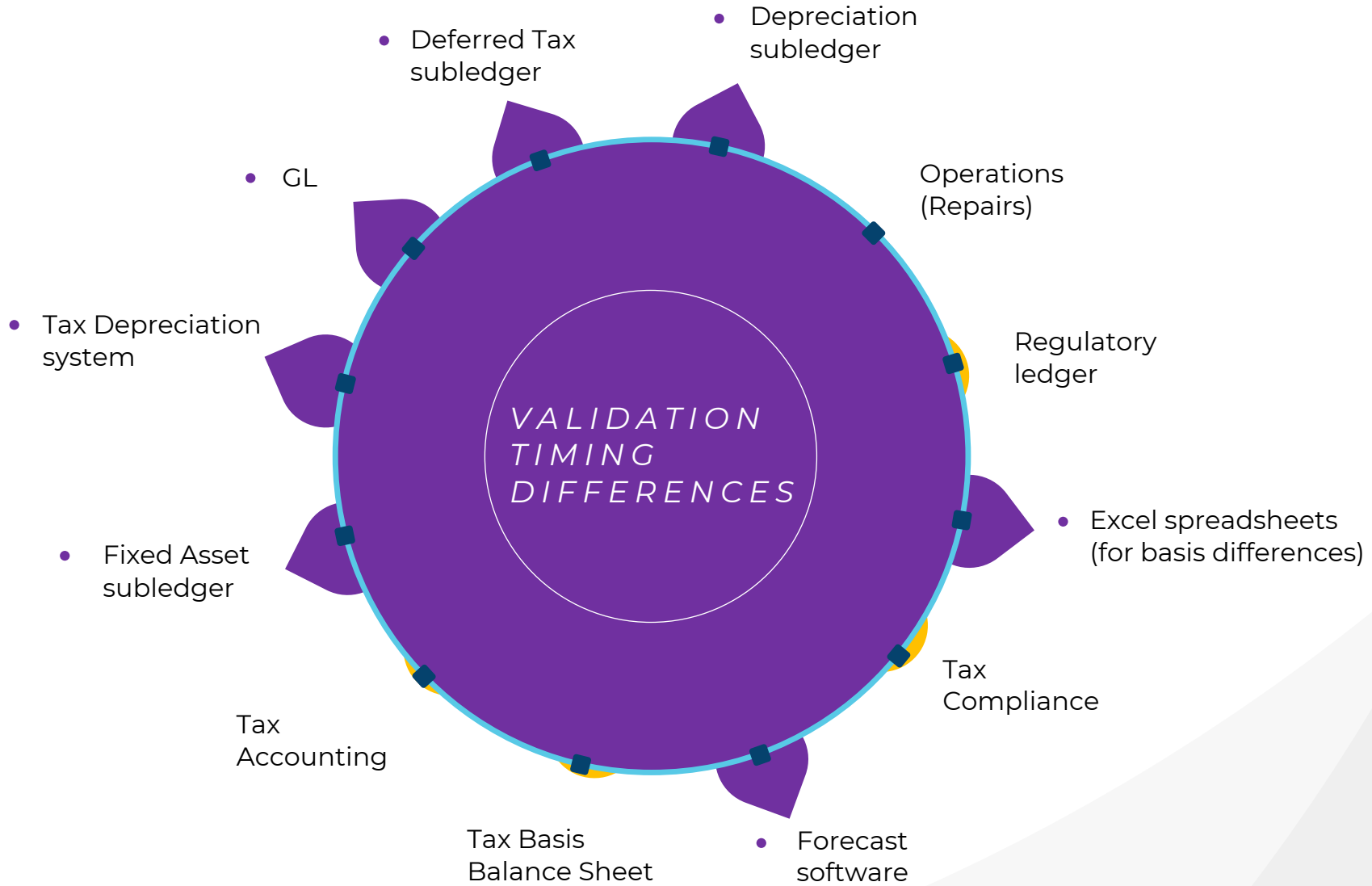


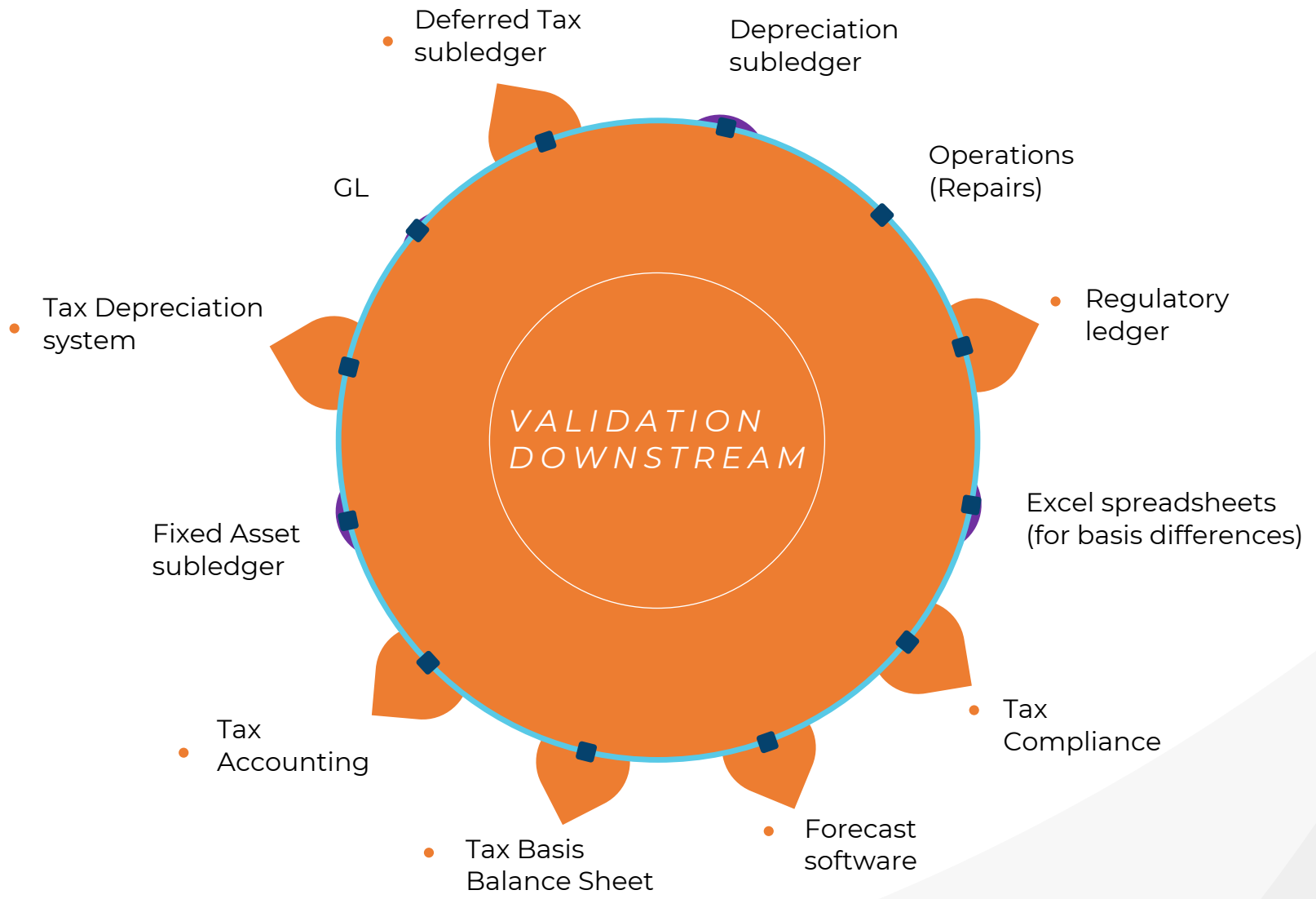
ONE, SINGULAR SYSTEM





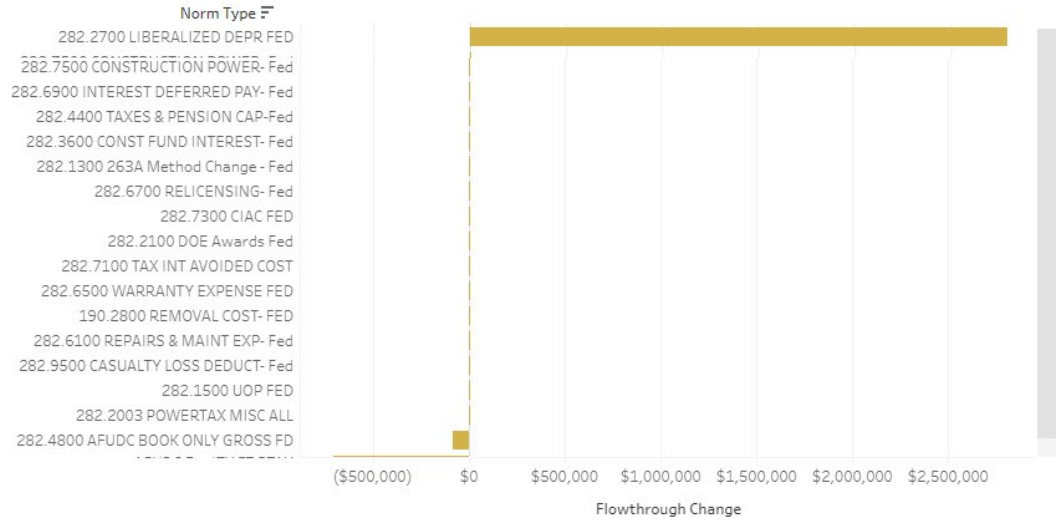




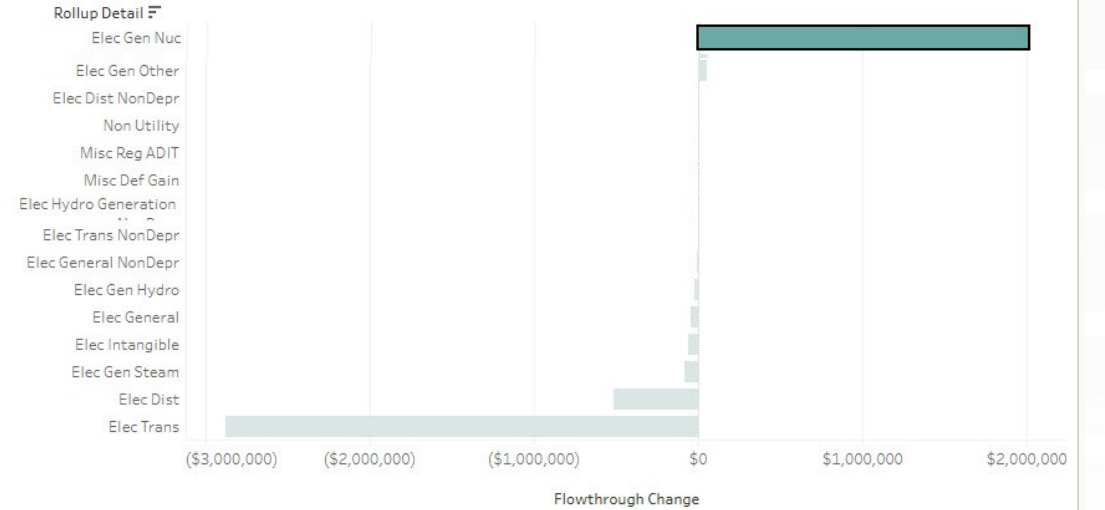


TAX EXPENSE ANALYSIS SUPPORT

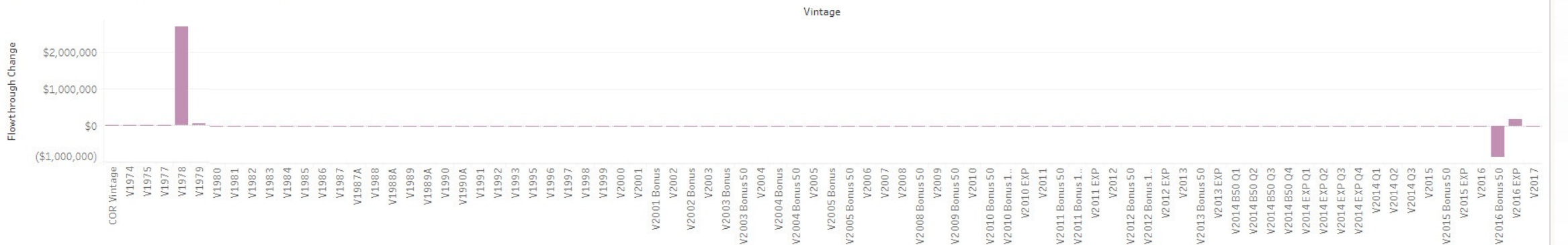
Reg Asset Activity Change By Norm Type



Reg Asset Activity Change By Tax Class Rollup



Reg Asset Activity Change By Vintage



TAX EXPENSE ANALYSIS SUPPORT

The screenshot displays a software interface with the following elements:

- Navigation Bar:** Dashboard, Workflow(s), Assignments (0), Data Sets, Reconciliation, Analysis.
- Search Bar:** Search [] Configuration Admin About Andrews, Blake
- Summary Tabs:** Summary, General DrillDown, Reg Asset Activity Change By..., Tax Class DrillDown, Norm Schema DrillDown, Reg Asset Activity Change Bre..., Tax Record Detail, Export.
- Main View:** Reg Asset Activity Change By Norm Type (left) and Reg Asset Activity Change By Tax Class Rollup (right).
- Norm Type Filter:** 282.2700 LIBERALIZED DEPR FED
- Rollup Detail Filter:** Elec Gen Nuc
- Waterfall Chart:** Shows a large positive change in the 1978 vintage.
- Bar Chart:** Shows a significant positive value for 'Elec Gen Nuc'.
- Flowthrough Change Table:**

COR Vintage	Flowthrough Change
V1974	(\$1,000,000)
V1975	(\$1,000,000)
V1977	(\$1,000,000)
V1978	(\$2,000,000)
V1979	(\$1,000,000)
- Chat Interaction:**
 - TAX DIRECTOR TAMMY:** "Help me understand why on earth our ETR is so much higher on the return than the estimate."
 - ADIT ANNIE:** "No problem Tammy. It's because we had a flow-through vintage that has no more capacity to accept book depreciation. Specifically, the Method/Life depreciation related to Nuclear generation in the 1978 vintage."
 - TAMMY:** "Holy Regulatory Filings Annie! You are a rock star! 🎸🎸🎸"

Benefit from a Platform Hand-Built for Utilities



Eliminates hundreds of hours of validation cycles



Time to value is extremely fast



Includes decades of embedded experience



Entire annual property ETR movement explained and validated

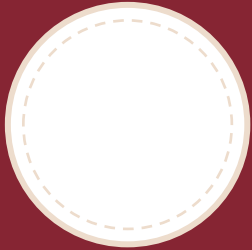


Security blanket for new resources



Entire reg asset/liability position explained and validated

What's next?



Deeper dive training with your team



Analysis of your PowerTax data quality



Streamline your tax function and enable your team with ASI

UNDERSTANDING & VALIDATING REGULATORY DEFERRED TAXES

Best practices for utility
tax professionals

Proprietary Information of Regulated Capital Consultants, LLC



Thank You!