

Susco, Jeremy

From: Paul Aitken [paul.aitken@dom.com]
Sent: Thursday, June 03, 2010 1:01 PM
To: Susco, Jeremy
Subject: FW: NRC follow-up request for Tax info related to Kewaunee license renewal

Jeremy

This is what I received from my tax person regarding your last question:

The megawatt-based payment is not a tax paid by DEK (Dominion Energy Kewaunee), but represents the methodology used by the state to allocate state funds to jurisdictions with utility infrastructure – the Utility Aid Payment. As noted in the Taxes Paid by DEK section, DEK pays a gross receipts tax to the state and does not directly pay any material taxes to the local jurisdictions. In years prior to 2009, the state computed the Utility Aid Payment based on net book value of utility assets subject to a cap and floor – Carlton's & Kewaunee's Utility Aid Payment received from the state, not DEK, was based on net book value. Post 2009, the payment made to Carlton & Kewaunee County by the state (again not DEK) is based on a rate per megawatt for DEK. In my opinion, you only need to change the wording in the megawatt-based payment section as noted below. There has been no change in the property tax or gross receipts tax regime (although some changes have been proposed since D acquire the unit.) The only change directly related to DEK (other than a change in the income tax structure in the state in 2009) resulted in a change in allocation of revenues by the state to the local jurisdictions which had no effect on the taxes levied on DEK.

Megawatt-based payment

Through 2008, this component only applied to electric generating plants that began operation or were "repowered" after December 31, 2003. Beginning in 2009, this component may apply to KPS in lieu of the ad valorem payment. The payment is \$2,000 per MW of name-plate generating capacity. For a plant in a town, one-third (\$666.67) is paid to the town and two-thirds (\$1,333.33) is paid to the county. For a plant in a village or city, two-thirds (\$1,333.33) is paid to the village or city and one-third (\$666.67) is paid to the county.

Taxes Paid by DEK

In lieu of property tax on its electrical generating plant and other facilities, DEK pays the State of Wisconsin a lump sum gross revenue tax. There is no direct correlation between the amount of taxes paid to the State of Wisconsin and the distribution of funds to local taxing jurisdictions. The allocation of tax revenue attributable to KPS to local taxing jurisdictions is not recorded. Wisconsin state law requires that utility aid funds be paid to the municipalities and counties where utility property is located. The utility aid payments to the town of Carlton and Kewaunee County from the state could be attributed to the presence of KPS in these jurisdictions. Tables 2-15 through 2-19 present information about the town of Carlton's and Kewaunee County's total 23 tax revenues and the utility aid payments to the town of Carlton and Kewaunee County from the State of Wisconsin (for all utility property located in the town of Carlton). As presented in Table 2-16, the utility aid payments represent approximately 58.0 to 69.2 percent of the town of Carlton's total tax revenues. The vast majority of the payments are attributed to KPS. In 2004 and 2005, the town of Carlton collected no general property tax from its residents (DEK, 2008). Additionally, as shown in Table 2-17, the utility aid payments to Kewaunee County represent approximately 2.3 to 3.8 percent of Kewaunee County's total tax revenue.

From: Susco, Jeremy [mailto:Jeremy.Susco@nrc.gov]
Sent: Thursday, June 03, 2010 8:30 AM

To: Paul Aitken (Generation - 6)

Subject: RE: NRC follow-up request for Tax info related to Kewaunee license renewal

Paul,

Thanks for this info. From my original email, one question still remains open:

- Page 2-48, Line 31: Does this tax now apply to KPS? We want to reword the second sentence of the paragraph to reflect the current tax situation. If this tax does now apply, we may need to reword the "Taxes Paid by DEK" section on the next page.

If you get the answer today, could you give me a call at 202-236-8931 (working from home)? Otherwise, I'll be back in the office tomorrow.

Thanks,
Jeremy

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(148.184.200.145) with Microsoft SMTP Server id 8.1.393.1; Thu, 3 Jun 2010
13:01:02 -0400

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X-MID: 15174952

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mail1.nrc.gov with ESMTP; 03 Jun 2010 13:01:02 -0400

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13:00:56 -0400

From: Paul Aitken <paul.aitken@dom.com>

To: "Susco, Jeremy" <Jeremy.Susco@nrc.gov>

Date: Thu, 3 Jun 2010 13:00:52 -0400

Subject: FW: NRC follow-up request for Tax info related to Kewaunee license
renewal

Thread-Topic: NRC follow-up request for Tax info related to Kewaunee license
renewal

Thread-Index:

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12, 2005) at 06/03/2010 01:00:57 PM,

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Return-Path: paul.aitken@dom.com

Affected Environment

1 **Table 2-15. Wisconsin Shared Revenue Utility Payments to the Town of Carlton for Utility**
 2 **Property in the Town of Carlton, 2004 to 2008**

Item	2004	2005	2006	2007	2008
Utility Property: Net Book Value:					
Wisconsin Power & Light	48,276,451	44,689,234	6	6	6
Wisconsin Public Service	70,717,380	73,240,209	0	240,250	154,309
Dominion Energy Kewaunee	0	0	75,773,083	36,556,659	37,503,448
American Transmission	1,310,499	1,281,173	1,872,469	2,209,085	2,043,656
Total	120,304,330	119,210,616	77,643,558	39,006,000	39,701,413
Value Guarantee	1,093,714	0	17,062,594	55,702,152	55,006,739
Total Value	121,398,044	119,210,616	94,708,152	94,708,152	94,708,152
Payment:					
Payment Rate	0.003	0.003	0.003	0.003	0.003
Payment – Rate X Total Value	364,194.13	357,631.85	284,124.46	284,124.46	284,124.46
Population	1,032	1,037	1,031	1,034	1,081
Payment Limit – Per Capita	300.00	300.00	300.00	300.00	300.00
Maximum Payment	309,600.00	311,100.00	309,300.00	310,200.00	318,300.00
Value-Based payment	309,600.00	311,100.00	284,124.46	284,124.46	284,124.46
Spent Nuclear Fuel payment	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Total Utility Payment	359,600.00	361,100.00	334,124.46	334,124.46	334,124.46

Source: DEK, 2008

Note: The shared revenue payment is funded from general state revenues; it is not paid by the utilities in the town. It is a payment for the presence of the utilities in the town and county.

Most recent data, no change in bottom line payment just change in inputs. Confirmed with state

1 **Table 2-16. Wisconsin Shared Revenue Utility Payments to Kewaunee County for Utility**
 2 **Property in the Town of Carlton, 2004 to 2008**

Item	2004	2005	2006	2007	2008
Utility Property: Net Book Value:					
Wisconsin Power & Light	48,276,451	44,689,234	6	6	6
Wisconsin Public Service	70,717,380	73,240,209	0	240,250	154,309
Dominion Energy Kewaunee	0	0	75,773,083	36,556,659	37,503,448
American Transmission	1,310,499	1,281,173	1,872,469	2,209,085	2,043,656
Total	120,304,330	119,210,616	77,643,558	39,006,000	39,701,413
Value Guarantee	1,093,714	0	17,062,594	55,702,152	55,006,739
Total Value	121,398,044	119,210,616	94,708,152	94,708,152	94,708,152
Payment:					
Payment Rate	0.006	0.006	0.006	0.006	0.006
Payment – Rate X Total Value	728,388.26	715,263.70	568,248.91	568,248.91	568,248.91
Population	20,648	21,082	12,157	21,198	21,358
Payment Limit – Per Capita	100.00	100.00	100.00	100.00	100.00
Maximum Payment	2,064,800.00	2,108,200.00	2,115,700.00	2,119,800.00	2,135,800.00
Value-Based payment	728,388.26	715,263.70	568,248.91	568,248.91	568,248.91
Spent Nuclear Fuel payment	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Total Utility Payment	778,388.26	765,263.70	618,248.91	618,248.91	618,248.91

Source: DEK, 2008

Note: The shared revenue payment is funded from general state revenues; it is not paid by the utilities in the town. It is a payment for the presence of the utilities in the town and county.

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Most recent computation, no change to bottom line just inputs. Confirmed w/ state.
 ✓ Agreed to D final records

Table 2.7-3 WSR Utility Payments for Utility Property in the Town of Carlton
2009 Actual Data

	Carlton	Kewaunee	Combined Total
Utility Property: Net Book Value			
Non KPS Utility Property -- Carlton	2,145,830.00	2,145,830.00	2,145,830.00
Total	<u>2,145,830.00</u>	<u>2,145,830.00</u>	<u>2,145,830.00</u>
Payment Rate for Towns & Villages	0.003	0.006	
Value Based Payment	6,437.49	12,874.98	19,312.47
Megawatt - Based Payment:			
\$ per MW of Capacity	666.67	1,333.33	2,000.00
MW Capacity	535.00	535.00	535.00
MW - Based Payment	356,666.67	713,333.32	1,070,000.00
Maximum Payment:			
Population	1,064	21,488	
Payment Limit - Per Capita	425.00	125.00	
Maximum Payment	452,200.00	2,686,000.00	3,138,200.00
Utility Property -- Value Based Payment	6,437.49	12,874.98	19,312.47
Utility Property -- Megawatt Based Payment	356,666.67	713,333.32	1,070,000.00
Spent Nuclear Fuel Payment	50,000.00	50,000.00	100,000.00
Total Utility Aid Payment	<u>413,104.16</u>	<u>776,208.30</u>	<u>1,189,312.47</u>

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