



October 1, 2021

Republic Transmission Rate Year 2022 Projection Accounting Changes & Disclosures

The Republic Transmission, LLC (“Republic”) formula rate includes Annual True-Up, Information Exchange, and Challenge Procedures (“Protocols”). Section II.F of the Protocols requires that, as part of publishing its projected net revenue requirement (“Projection”), Republic identify any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”).

Accounting Changes:

1. New Standard or Policy (Protocols Section II.F.5.a.i)

None to report.

2. Issues of first impression (Protocols Section II.F.5.a.ii)

None to report.

3. Prior period adjustments

None to report.

4. Accounting Estimates

None to report.

5. Tax Elections

Order No. 864 Compliance

In response to the requirements of Federal Energy Regulatory Commission (“FERC” or “Commission”) Order No. 864, Republic submitted a compliance filing in Docket No. ER20-1581 that is currently pending before the Commission. Republic has incorporated many of the proposed changes as part of the 2022 Projection and has included proposed new formula rate worksheets as supporting work papers. Republic has also highlighted, in blue text, proposed changes to lines on its Attachment O.



The tax gross-up of AFUDC-equity and equity carrying charges included in regulatory asset calculations changed as a result of the 2017 Tax Cuts and Jobs Act. Values using the original calculations were never recovered through rates because Republic only began commercial operations in June 2020 so there has no need to flow back any excess (or deficient) ADIT to customers. Nevertheless, the original and remeasured values are shown in the work papers for transparency and illustration of the mechanics of the proposed new worksheets included to comply with the Commission's Order No. 864.

Indiana Tax Rates

The enacted Indiana income tax rate was 8.5 percent for 2011 as of the beginning of 2011. Legislation enacted in the second quarter of 2011 reduced Indiana corporate income tax rates beginning in 2012 by one-half percent each year beginning on July 1, 2012, until the rate became 6.5 percent effective July 1, 2015. Legislation enacted in the first quarter of 2014 (i.e., prior to completion of the phase-down of tax rates that began in 2012) reduced Indiana tax rates beginning in 2016 until the rate becomes 4.9 percent on July 1, 2021. Due to tax rate changes effective on July 1 of each year, blended tax rates apply to each calendar year as described below until the tax rate become 4.9 percent for calendar year 2022. Due to the prospective effective dates of the enacted change in tax law, the future tax rates applicable to reversing ADIT are lower than the tax rates used to determine the current tax effect in the year that timing differences arise. As a result, Republic is reporting amounts on Attachment O, Page 3, Line 24a to adjust its tax provision in a manner that mitigates the rate recovery of net excess ADIT that would otherwise become refundable when the timing differences reverse.

Other Disclosures:

6. Valuation

None to report.

7. Reorganization/Merger

None to report.