



March 14, 2023

Republic has become aware of labeling errors in the 2023 Projection Accounting Changes & Disclosures document originally published September 30, 2022. This revised document is substantively identical to the original version (including Protocols sections), except that references to the 2021 True-up have been corrected to reflect the 2023 Projection. Republic regrets any confusion.

Republic Transmission 2023 Projection Accounting Changes & Disclosures

The Republic Transmission, LLC (“Republic”) formula rate includes Annual True-Up, Information Exchange, and Challenge Procedures (“Protocols”) requiring Republic to identify any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”) and to provide a narrative explanation of the individual impact of such changes on the net revenue requirement (Protocols Section II.F.5).

Accounting Changes:

1. New accounting 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 (Protocols Section II.F.5.a.iii)

None to report.

4. Accounting estimates (Protocols Section II.F.5.a.iv)

None to report.

5. Tax elections (Protocols Section II.F.5.a.v)

Order No. 864 Compliance

On March 21, 2022, in Docket No. ER20-1581, the Federal Energy Regulatory Commission (“FERC” or “Commission”) accepted Republic’s amended revisions to



its formula rate template in compliance with the requirements of Order No. 864. In addition to the revisions to Republic's Attachment O, the accepted filing included new Attachments 2, 2.1, and 2.2. These revisions and new attachments were effective as of the 2021 rate year and Republic has incorporated them as part of the 2023 Projection.

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 been no need to flow back any excess (or deficient) ADIT to customers. Nevertheless, the original and remeasured values are shown in Attachments 2, 2.1, and 2.1 in accordance with the Commission's Order No. 864.

Indiana Tax Rates

The enacted Indiana income tax rate was 8.5 percent 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 became 4.9 percent on July 1, 2021. Due to tax rate changes effective on July 1 of each year, blended tax rates applied to each calendar year as described above until the tax rate became 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 (Protocols Section II.F.5.b)

None to report.

7. Reorganization/merger (Protocols Section II.F.5.c)

None to report.