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*Republic has become aware of a presentation error in Table 1 of this document originally published June 1, 2023. This revised document includes corrections to values reported in Table 1 Variance Analysis of Net Revenue Requirement Components. There is no change to any values in the 2022 True-up.*

### **Republic Transmission 2022 True-up 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 a narrative explanation of the individual impact of such changes on the True-Up Adjustment (Protocols Section II.E.9.d).

Republic expects to resubmit its 2022 Form No. 1 by June 5, 2023. Please refer to Page 106b in the resubmitted Form No. 1 for information on formula rate inputs different from amounts reported in the Form No. 1.

#### **Accounting Changes:**

1. New accounting standard or policy (Protocols Section II.E.9.a.i)

*None to report.*

2. Issues of first impression (Protocols Section II.E.9.a.ii)

*None to report.*

3. Prior period adjustments (Protocols Section II.E.9.a.iii)

*None to report.*

4. Accounting estimates (Protocols Section II.E.9.a.iv)

*None to report.*

5. Tax elections (Protocols Section II.E.9.a.v)



### 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.*

*Through 2021, due to the prospective effective dates of the enacted change in tax law, the future tax rates applicable to reversing ADIT were lower than the tax rates used to determine the current tax effect in years that timing differences arose. In such years, Republic reported amounts on Attachment O, Page 3, Line 24a to adjust its tax provision in a manner that mitigated the rate recovery of net excess ADIT that would otherwise become refundable when the timing differences reverse. Such adjustment was not applicable in 2022 and will not be applicable again unless another similar tax law change occurs.*

### **Other Disclosures:**

6. Valuation (Protocols Section II.E.9.b)

*None to report.*

7. Reorganization/merger (Protocols Section II.E.9.c)

*None to report.*

### **Explanation of Variances**

Table 1 below includes a variance analysis of actual net revenue requirement components including rate base, operating and maintenance expenses, depreciation expense, taxes, return on rate base, and revenue credits, compared to the same components in the actual net revenue requirement that was calculated for the prior Rate Year.



**Table 1 – Variance Analysis of Net Revenue Requirement Components**

Attachment O item	2021 True-up	2022 True-up	Difference	True-up Variance Driver
Rate Base (13-Month Average)	\$ 49,441,583	\$ 48,181,772	-2.5%	Accumulated depreciation partially offset by general and intangible plant additions
Rate of Return (RoR)	5.84%	5.96%	+12 bps	Higher long term debt (LTD) cost
<b>Return on Rate Base</b>	<b>2,885,196</b>	<b>2,872,464</b>	<b>-0.4%</b>	<b>Lower average rate base partially offset by higher RoR</b>
Income Taxes	578,639	574,166	-0.8%	Projected equity AFUDC depreciation and equity carrying charges differed from actual
<b>Total Return &amp; Taxes</b>	<b>3,463,835</b>	<b>3,446,630</b>	<b>-0.5%</b>	<b>Lower state tax rate (see tax note above) and RoR</b>
Operating Expenses:				
O&M and A&G Expenses	1,223,733	1,160,851	-5.1%	Lower regulatory- and tax-related expenses
Depreciation Expenses	1,139,724	1,157,799	+1.6%	Increased amortization of added software
Non-income taxes	357,324	646,710	+81%	Increased property tax due to full year assessment
<b>Total Operating Expenses</b>	<b>2,720,781</b>	<b>2,965,360</b>	<b>+9.0%</b>	<b>Higher property taxes and depreciation expense partially offset by lower O&amp;M</b>
<b>Gross Revenue Requirement</b>	<b>6,184,616</b>	<b>6,411,990</b>	<b>+3.7%</b>	<b>Higher operating expenses partially offset by lower return and income taxes</b>
Less: Revenue Credits	0	0	-	
<b>Net Revenue Requirement</b>	<b>\$ 6,184,616</b>	<b>\$ 6,411,990</b>	<b>+3.7%</b>	<b>Gross revenue requirement with no revenue credits</b>