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Republic Transmission 2024 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).

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)

None to report

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	2023 True-up	2024 True-up	Difference	True-up Variance Driver
Rate Base (13-Month Average)	\$ 46,463,126	\$ 44,914,171	-3.3%	Annual increase in accumulated depreciation.
Rate of Return (RoR)	6.04%	5.98%	-8 bps	Decrease in Long Term Debt (LTD) interest.
Return on Rate Base	2,805,072	2,683,990	-4.5%	Lower average rate base and rate of return.
Income Taxes	554,876	536,787	-3.3%	Lower average rate base
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Operating Expenses: O&M and A&G Expenses	1,355,648	1,288,999	-5%	Increased regulatory and transmission expansion development costs in 2023.
Depreciation Expenses	1,160,263	1,160,414	-0.01%	Property tax increased in 2024 due to increased tax rates. 2023 tax expense was lower than expected due to prior year true-up.
Non-income taxes	556,042	644,835	+14%	
Total Operating Expenses	3,071,953	3,094,248	+0.72%	Lower O&M and depreciation expense partially offset by higher non-income taxes
Gross Revenue Requirement	6,431,900	6,315,025	-1.85%	Lower Return and income taxes, partially offset by higher operating expenses.
Less: Revenue Credits	-	-	-	
Net Revenue Requirement	\$ 6,431,900	\$ 6,315,025	-1.85%	Gross revenue requirement with no revenue credits