



September 30, 2022

Silver Run 2023 Annual Update Posting Notice

In accordance with the Silver Run Electric, LLC (“Silver Run”) Formula Rate Implementation Protocols (“Protocols”), Silver Run has determined its Annual Projection for the 2023 rate year (“2023 Projection”) which includes the projected Net Revenue Requirement for rate year 2023 and the True-up Adjustment for rate year 2021. The 2023 Projection contains the populated formula rate template and additional workpapers in Excel and PDF formats along with additional information contained herein. The 2023 Projection is available on the PJM website (pjm.com/markets-and-operations/billing-settlements-and-credit/formula-rates) and Silver Run has posted the 2023 Projection and related materials on its own website (silverrunelectric.com/documents).

Silver Run will host an open meeting for the 2021 True-up between October 28 and November 11, 2022. Details will be posted to the PJM and LSPGNY websites at least seven days in advance.

Please direct any inquiries, information requests, and challenges to:

SilverRunRates@silverrunelectric.com

Accounting Changes

Section 1.c of the Protocols requires that, as part of the Projection, Silver Run identify changes in accounting that may affect 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 1.c.(iii))

None to report.

2. Issues of first impression (Protocols Section 1.c.(iii))

None to report.

3. Prior period adjustments (Protocols Section 1.c.(iii))

None to report.

4. Accounting Estimates (Protocols Section 1.c.(iii))

None to report.

5. Tax Elections (Protocols Section 1.c.(iii))

In response to the requirements of Federal Energy Regulatory Commission's ("Commission") Order No. 864, Silver Run submitted on April 16, 2020, and amended on April 8, 2022, a compliance tariff filing in Docket No. ER20-1633. On August 3, 2022, the Commission accepted Silver Run's amended revisions to its formula rate template in compliance with the requirements of Order No. 864. Silver Run notes that, as stated in the compliance filings, the federal corporate tax rate decrease resulting from the 2017 Tax Cuts and Jobs Act ("2017 TCJA") does not affect rate base or result in refundable excess ADIT amounts or recoverable deficient ADIT amounts because the initial provision of transmission services and collection of revenue requirement occurred after the effective date of the 2017 TCJA changes.

The decrease in the federal corporate tax rate reduced the regulatory asset in Account 182.3 and associated deferred tax liabilities in Accounts 282 and 283 related to accrued/capitalized AFUDC-equity. In addition, the decrease in the federal corporate tax rate reduced the regulatory asset in Account 182.3 and associated deferred tax liabilities in Account 283 related to equity carrying charges recorded with respect to deferred pre-commercial costs. The reduction of the regulatory asset reflects the reduced revenue requirement associated with depreciation of AFUDC-equity accrued and capitalized before the associated plant was placed in service in April 2020.