SilverRun ELECTRIC

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<u>Silver Run Rate Year 2022 Projection Accounting Changes and Disclosures</u>

The Silver Run Electric, LLC ("Silver Run") filed transmission rate includes Formula Rate Implementation Protocols ("Protocols"). Sections 1.c and 3.d.(iii) of the Protocols require that, as part of the publication of its projected Net Revenue Requirement ("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"). Additional disclosures required by the Protocols are also included below.

Accounting Changes:

1. New standard or policy (Protocols Section 3.d.(iii).A.I)

   None to report.

2. Issues of first impression (Protocols Section 3.d.(iii).A.II)

   None to report.

3. Prior period adjustments (Protocols Section 3.d.(iii).A.III)

   None to report.

4. Accounting estimates (Protocols Section 3.d.(iii).A.IV)

   None to report.

5. Tax elections (Protocols Section 3.d.(iii).A.V)

   In response to the requirements of Federal Energy Regulatory Commission's ("FERC" or "Commission) Order No. 864, Silver Run submitted, on April 16, 2020, a compliance tariff filing in Docket No. ER20-1633 ("April 16 Filing") that is currently pending before the Commission. While these proposed changes are not yet reflected in the Projection for the 2022 rate year, Silver Run notes that, as stated in the April 16 Filing, 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 the revenue requirement associated with depreciation of AFUDC-equity accrued and capitalized before the associated plant was placed in service in April 2020.

Other Disclosures:

6. Cost valuation (Protocols Section 3.d.(iii).B)

   None to report.

7. Reorganization/Merger (Protocols Section 3.d.(iii).C)

   None to report.