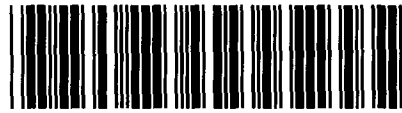




Control Number: 48929



Item Number: 178

Addendum StartPage: 0

DOCKET NO. 48929

RECEIVED

2019 FEB -8 PM 2:55

**JOINT REPORT AND APPLICATION §
OF ONCOR ELECTRIC DELIVERY §
COMPANY LLC, SHARYLAND §
DISTRIBUTION & TRANSMISSION §
SERVICES L.L.C., SHARYLAND §
UTILITIES, L.P., AND SEMPRA ENERGY §
FOR REGULATORY APPROVALS §
PURSUANT TO PURA §§ 14.101, 37.154, §
39.262, AND 39.915 §**

BEFORE THE PUBLIC UTILITY COMMISSION
FILING CLERK

**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION
TO ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES LLC,
SHARYLAND UTILITIES LP, AND SEMPRA ENERGY (JOINT APPLICANTS)
QUESTION NOS. STAFF 4-1 THROUGH STAFF 4-91**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Commission Staff of the Public Utility Commission of Texas (Commission), representing the public interest, requests that Oncor Electric Delivery Company, LLC, Sharyland Distribution & Transmission Services, LLC, Sharyland Utilities, LP, and Sempra Energy (collectively, Joint Applicants), by and through their attorneys of record, provide the following information and answer the following questions under oath. The questions shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer. These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

178

Date: February 8, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney



Rachelle Nicolette Robles

State Bar No. 24060508

Matthew A. Arth

State Bar No. 24090806

Nick Buratto

State Bar No. 24088862

Creighton McMurray

State Bar No. 24109536

1701 N. Congress Avenue

P.O. Box 13326

Austin, Texas 78711-3326

(512) 936-7255

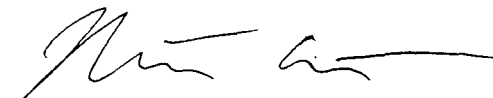
(512) 936-7268 (facsimile)

rachelle.robles@puc.texas.gov

DOCKET NO. 48929

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on February 8, 2019 in accordance with 16 TAC § 22.74.



Matthew A. Arth

DOCKET NO. 48929

**COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION
TO ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES LLC,
SHARYLAND UTILITIES LP, AND SEMPRA ENERGY (JOINT APPLICANTS)
QUESTION NOS. STAFF 4-1 THROUGH STAFF 4-91**

DEFINITIONS

- A. "Joint Applicants," "applicants," or "you" refers to Oncor Electric Delivery Company, LLC, Sharyland Distribution & Transmission Services, LLC, Sharyland Utilities, LP, InfraREIT, Inc., InfraREIT Partners, LP, and Sempra Energy and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
- B. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

DOCKET NO. 48929

**COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION
TO ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES LLC,
SHARYLAND UTILITIES LP, AND SEMPRA ENERGY (JOINT APPLICANTS)
QUESTION NOS. STAFF 4-1 THROUGH STAFF 4-91**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Commission Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Commission Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

DOCKET NO. 48929

**COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION
TO ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES LLC,
SHARYLAND UTILITIES LP, AND SEMPra ENERGY (JOINT APPLICANTS)
QUESTION NOS. STAFF 4-1 THROUGH STAFF 4-91**

- Staff 4-1 Please identify the steps taken by and agreed upon by the applicants to ensure that the North Texas Utility will possess any and all documentation or materials needed to support a prudence review of the acquired assets in a future base rate proceeding.
- Staff 4-2 Please refer to the responses of Sharyland Utilities, LP and Sharyland Distribution & Transmission Services, LLC (SDTS) to OPUC request for information (RFI) No. 1-5 in Exhibit SU/SDTS OPUC 1-5 at page 10 of 78. Provide in detail the circumstances leading to the \$5.6 million benefit from the Texas franchise tax settlement.
- Staff 4-3 Has the settlement benefit referenced in Staff RFI No. 4-2 been utilized in any form to offset any of the regulatory assets that are identified in this proceeding? If so, please describe. If not, please explain why not.
- Staff 4-4 Please refer to the IRS private letter rulings (PLR) cited at page 10 of the direct testimony of Salvatore Montalbano, PLRs 201824005 and 201824006—in particular, the PLRs' statement that, "In this case, we are satisfied that the Taxpayer A Liability is unrelated to the relinquished properties' ADFIT, and thus, its regulatory treatment is beyond the scope of the normalization rules."¹ Please indicate whether the Taxpayer A Liability maintained any of the protected or unprotected characteristics that apply to ADFIT. Please provide the basis for the response submitted.
- Staff 4-5 Please refer to Item No. 152 in AIS, "Table of Current and Post-Closing Asset Ownership Under the Proposed Transactions in Docket No. 48929."
- a. For each transmission line item listed, please update the table with separate columns containing the following information. Please provide your response in native Excel format.
- i. Net book value of asset (current market value being used for this STM case);
 - ii. Estimated cost of the asset at the beginning of construction;
 - iii. Actual final construction cost of the asset;
 - iv. Cost variance (between ii. and iii.) and an explanation for any cost variances exceeding +/- 10%;
 - v. Date energized;

¹ I.R.S. PLR 201824005 (IRS PLR June 15, 2018); I.R.S. PLR 201824006 (IRS PLR June 15, 2018).

- vi. Voltage (or voltage breakdown for substations), if not already provided;
 - vii. Associated CCN numbers (when applicable); and
 - viii. The Monthly Construction Report Docket Number and Item Number in which the asset's final cost was reported (when applicable).
- b. Are all of these assets currently energized? If no, please name which specific assets are not, and explain why.
 - c. Are any of these assets listed land or easements without energized facilities? If so, please itemize and explain.
 - d. What is the total net book value of assets being transferred from SDTS to Oncor subsidiary (North Texas Utility)?
 - e. Please refer to Exhibit B, Attachment D of the Application, which lists the value of the transmission plant in service being transferred for FERC account 101 as \$91,877,490. Please confirm in your Excel response to this question that the assets discussed in response to Staff RFI No. 4-5(a) add up to \$91,877,490. If the assets discussed in response to question (a) do not add up to \$91,877,490, please explain.

Staff 4-6 Please explain the discrepancy between Exhibit DGW-4, which lists on page 1 the value of "Total Plant in Service – Electric" that is being transferred from Sharyland to SDTS as \$97,569,700.18 and Exhibit B, Attachment D of the Application, which lists the value of "electric plant in service" that is being transferred as \$91,877,490.

Staff 4-7 Please refer to the direct testimony of D. Greg Wilks at page 9, lines 1 through 4: "All of the assets will be exchanged at net book value, and any difference will be paid in cash at closing. As of June 30, 2018, the assets that Sharyland will transfer to SDTS have a net book value of \$115.5 million, and the assets that SDTS will transfer to Sharyland have a net book value of \$104.8 million." Please explain how these values correspond to the response to Staff RFI No. 4-5(e) and the values listed in Staff RFI No. 4-6.

Staff 4-8 Please refer to Application Item No. 3 ("CONFIDENTIAL – Portions of Don J Clevenger Direct Testimony Exhibit DJC-1 (SU and SDTS Asset Schedules A - H, Dated October 18, 2018)").

- a. On page 3, Schedule A(1)(a), it states that an Excel file called "NTX Working Capital" (also referred to as the "NTX File") was provided to Oncor on October 17, 2018. Please provide this file in native Excel format.
- b. On page 31, Schedule C(1)(a), it states that an Excel file called "STX Working Capital" (also referred to as the "STX File") was provided to Oncor on October 17, 2018. Please provide this file in native Excel format.

Staff 4-9 With respect to all entities named in Exhibit WRS-3, Operation and Maintenance Agreement, please identify those acknowledged to comprise affiliates subject to the Public Utility Regulatory Act and Commission rules.

- Staff 4-10 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe in detail all anticipated long-term processes for planning and budgeting regarding services to be provided by Oncor.
- Staff 4-11 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe in detail all anticipated annual processes for planning and budgeting regarding services to be provided by Oncor.
- Staff 4-12 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe:
- a) The processes for coming to agreement on annual plans and budgets;
 - b) What documentation will result from those processes and what it will control, govern, or guide; and
 - c) Who bears responsibility for Oncor's costs incurred to the extent that services do not reach planned and budgeted levels.
- Staff 4-13 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please confirm (or if not confirmed, explain the reasons for not confirming):
- a) That the provision of services from Oncor will produce, or is highly likely to produce, lower costs than if recipients self-provide them; and
 - b) That the provision of services from Oncor will produce, or is highly likely to produce, lower costs than available from market providers of them.
- Staff 4-14 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe Oncor's responsibilities for performing activities not comprising a part of pre-planned and budgeted activities.
- Staff 4-15 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe the organizations, work groups, functions, and activities expected to be staffed on a dedicated basis to agreement services versus, for example, the use of resources who work on both agreement and Oncor system activities.
- Staff 4-16 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe the degree to which unforeseen conditions allow Oncor (and with what consequences to Oncor under the agreement) to delay performance under the agreement due to unforeseen circumstances that require unexpected, urgent work on Oncor's system.
- Staff 4-17 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe whether, and if so, how and on what basis, Oncor will be (a) obliged to make and (b) is expected to make commitments to, or investments in, resources (human, physical, or other) needed to provide services.

- Staff 4-18 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe who will be responsible for resources added to provide services to the extent that the services required are not at a level that fully uses such resources (for example, and without limitation, assuming that two added transmission design engineers are added, is it possible that activity-based charging for their services could amount to less than their fully allocated costs, thus leaving Oncor responsible for the difference).
- Staff 4-19 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe with respect to services or activities not part of previously agreed to plans and schedules:
- a) The basis on and the degree to which Oncor may decline to provide such services;
 - b) The basis on and the degree to which Oncor may defer for a length of time that it deems necessary the provision of such services; and
 - c) Who bears (and how) any premium costs (for example, and without limitation, retaining higher-priced outside services) for providing such services.
- Staff 4-20 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe in detail how Oncor intends to define, describe, control, calculate, and bill its costs.
- Staff 4-21 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please:
- a) Identify all affiliates to whom Oncor provides goods and services;
 - b) Describe the bases and methods for Oncor's charges for each; and
 - c) Provide the cost allocation or pricing manuals, documented procedures and practices, and other documents controlling or describing pricing and costing methods.
- Staff 4-22 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe in detail how the manners under which Oncor intends to define, describe, control, calculate, and bill its costs compare and contrast with costing and pricing under for each of the affiliates identified in the response to Staff RFI No. 4-21.
- Staff 4-23 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please:
- a) Confirm (or if not confirmed, explain the reasons for not confirming) that Oncor will be required to carry expenditures it incurs for a period of 45 days or more (an average of 15 days during the month for which costs are billed plus up to 30 days thereafter assuming billing is made on the first day following month close) without recovery of the costs it incurs for carrying such expenditures; and
 - b) State quantitatively, and provide the basis therefore, the amount(s) that Oncor will bear in carrying costs in the manner described.

- Staff 4-24 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please justify the annual 1% rated as reflective of Oncor's costs in respect of payment delays.
- Staff 4-25 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please:
- a) Confirm (or if not confirmed, explain the reasons for not confirming) that Oncor is liable for failure to perform its contractual responsibilities to the agreement parties;
 - b) Confirm (or if not confirmed, explain the reasons for not confirming) that Oncor is liable for negligence and intentional conduct in its performance under the agreement;
 - c) Identify all current employee and contractor entities and personnel with respect to whom the contract parties now have a right of recovery for contract breach or negligence;
 - d) Describe whether any such liability confirmed in the preceding parts of the question presents risk of economic loss to Oncor and, if so, explain how Oncor is compensated for the cost or value of its risks assumed; and
 - e) Explain how Section 10.2 limits all forms of liability or responsibility addressed by this question.
- Staff 4-26 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please confirm (or if not confirmed, explain the reasons for not confirming) that Oncor's obligations to provide services may in the future involve projects, assets, proposals, or other opportunities regarding which the recipient of services under the agreement may have to or have had to compete with other parties for the rights or powers to execute such projects, build or operate such assets, or offer such proposals.
- Staff 4-27 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please describe fully:
- a) All costs (including but not limited to employee reductions, employees partially or totally idled pending reassignment or other change, contract termination, equipment disposal, for example) for which Oncor is entitled to recovery upon agreement termination; and
 - b) The bases on which such costs will be determined.
- Staff 4-28 With respect to Exhibit WRS-3, Operation and Maintenance Agreement, please confirm (or if not confirmed, explain the reasons for not confirming) that the parties to the agreement may amend any terms thereof without requiring prior Commission approval.

- Staff 4-29 Please refer to the testimony of Don J. Clevenger, page 17. Please provide:
- a) A schedule of potential InfraREIT debt individual series and total make-whole payments required;
 - b) The dates of such make-whole payments, assuming a transaction closing date of June 30, 2019; and
 - c) The estimated amounts of the “regulatory asset” for the make-whole payments and other expenses referenced, in accordance with a) and b).
- Staff 4-30 Please refer to the testimony of Don J. Clevenger, page 18. Please:
- a) Provide a detailed estimate of the Goodwill related to the purchase of InfraREIT assets by Oncor; and
 - b) State whether Oncor commits that none of the Goodwill amounts will be included in Oncor’s future rates.
- Staff 4-31 Please refer to the testimony of Don J. Clevenger, page 15, starting on line 16: “additional debt issued by TDC and SDTS prior to closing if that additional debt was incurred in compliance with the applicable agreements.” Please provide forecasts of and limits on all such additional debt related to termination fees, additional TDC and SDTS debt from Merger Agreement to closing, and related to advisor and legal fees and other.
- Staff 4-32 Please refer to the testimony of Don J. Clevenger, pages 15 and 16. Please provide a detailed reconciliation of the differences between the equity contribution (\$1.330 billion) plus the assumed debt (\$945 million) versus the transmission assets’ book value acquired by Oncor of \$1.68 billion, as referenced.
- Staff 4-33 Please refer to the testimony of Don J. Clevenger, page 17. Following the expected refinancings of InfraREIT debt as described by Mr. Clevenger, please describe and quantify the forward-looking capital structure, debt and equity components, and related costs of the financing for:
- a) InfraREIT assets acquired by Oncor; and
 - b) Oncor in total.
- Staff 4-34 Please refer to the testimony of Don J. Clevenger, page 25: “First, each of the North Texas Utility and the South Texas Utility will provide bill credits for 90 percent of the interest savings that they realize as a result of the improved credit quality of the North Texas Utility and the South Texas Utility.” Please provide:
- a) An estimate of improvements in credit ratings expected at each; and
 - b) Estimates of the bill credits for the North Texas Utility and the South Texas Utility for each of the five years after transaction closings.
- Staff 4-35 Please refer to the Don Clevenger testimony, page 21, line 28. Please explain in detail how the North Texas Utility assets and operations will be legally and financially protected by the existing Oncor ring fence, and any changes or additions that may be required to ensure full protection.

- Staff 4-36 Regarding the South Texas Utility, please explain all circumstances and risk differentials making ring-fencing appropriate for the North Texas Utility but not for Sharyland Utilities.
- Staff 4-37 Please refer to the Brant Meliski testimony, page 8. Please explain why it is necessary to maintain InfraREIT Partners LP, North Texas Utility, and SDTS as corporate entities within the Oncor corporate structure.
- Staff 4-38 Please refer to the Brant Meliski testimony, page 7. “Under this agreement, Sharyland and SDTS have agreed to terminate the leases between them as part of the Proposed Transactions, and InfraREIT Partners, LP is required to pay HUS a termination fee in the amount of \$40,536,000...” Please provide a quantification of the components of the termination fees referenced.
- Staff 4-39 Please refer to Staff RFI No. 4-38. Describe all methods intended to insulate Oncor customers from any negative effects of the fees paid for the lease terminations.
- Staff 4-40 Please refer to the Brant Meliski testimony, page 8. Please explain and quantify the forward-looking impacts on Oncor customers of “eliminating the current REIT structure” and terminating the InfraREIT status as a real estate investment trust.
- Staff 4-41 Please refer to Staff RFI No. 4-40. Please identify all necessary and existing Transaction conditions, if any, that insulate all Oncor customers from any negative effects of eliminating the REIT structure.
- Staff 4-42 Please refer to the Brant Meliski testimony, page 10. Please provide the InfraREIT preliminary proxy statement with the Securities and Exchange Commission (SEC) regarding additional background on the negotiations that led to the Proposed Transactions.
- Staff 4-43 Please refer to the Brant Meliski testimony, page 9. “The (Oncor) purchase price represents an 18% premium over InfraREIT’s \$17.79 share price as of the last trading day prior to HCI’s January 16, 2018 Schedule 13D disclosure regarding its ongoing evaluation of alternative arrangements between itself and InfraREIT.” Please provide the evaluations referenced and the supporting analysis of the purchase price valuations.
- Staff 4-44 Please refer to the Don Clevenger testimony, page 23. “Oncor believes that the value is reasonable. The consideration that Oncor will pay for the North Texas Utility was established based on our analysis.” Please provide the referenced analysis from the Oncor point of view with supporting documentation.
- Staff 4-45 Please provide all other relevant valuation analyses of the Oncor acquisition price for InfraREIT, in addition to the evaluations provided in response to Staff RFI Nos. 4-43 and 4-44.

- Staff 4-46 With respect to purchase price value of the upstream merger of GS Project Entity, L.L.C. into SDTS, please:
- a) Provide the purchase price value of the upstream mergers; and
 - b) Explain why this purchase price is a reasonable value for Oncor, and its future impact on Oncor customers.
- Staff 4-47 With respect to the purchase price value of the upstream merger of CV Project Entity, L.L.C. into Sharyland Utilities, please:
- a) Provide the purchase price value of the upstream mergers; and
 - b) Explain why this purchase price is a reasonable value for SU, and its future impact on SU customers.
- Staff 4-48 Refer to the Greg Wilks testimony, page 9. "All of the assets will be exchanged at net book value, and any difference will be paid in cash at closing. As of June 30, 2018, the assets that Sharyland will transfer to SDTS have a net book value of \$115.5 million ..." Please:
- a) Provide all related and relevant valuation analyses of this Asset Exchange price to Sharyland;
 - b) Provide the supporting documentation for the purchase price valuations; and
 - c) Explain how Sharyland Utilities, L.P. will receive consideration equal to the reasonable value of the assets that it exchanges.
- Staff 4-49 Refer to the Greg Wilks testimony, page 9. "... and the assets that SDTS will transfer to Sharyland have a net book value of \$104.8 million." Please:
- a) Provide all related and relevant valuation analyses of this Asset Exchange price to SDTS;
 - b) Provide the supporting documentation for the purchase price valuations; and
 - c) Explain how SDTS will receive consideration equal to the reasonable value of the assets exchanged.
- Staff 4-50 Please refer to the Trevor Mahalik testimony, page 21. "Sempra's acquisition of a 50% indirect interest in Sharyland Holdings, which will be Sharyland's parent, was negotiated on an arms-length basis between Sempra and Hunt for \$98 million." Please:
- a) Provide all related and relevant valuation analyses of this purchase pricing;
 - b) Provide the supporting documentation for the purchase price valuations; and
 - c) Explain why Sempra believes it will receive consideration equal to the reasonable value of 50% of the Sharyland Holdings assets acquired.
- Staff 4-51 Please refer to the Don J. Clevenger testimony, page 18. Please:
- a) Explain and provide a quantified accounting treatment of the cash equity contributions invested by Oncor's owners to finance the acquisition; and
 - b) Provide an example of the equity treatment for Oncor's earnings monitor report.

- Staff 4-52 Refer to Staff RFI No. 4-51. Please also explain how the cash equity contributions invested by Oncor's owners to finance the acquisition specifically comply with the debt-to-equity ratio requirement (No. 56) set by the final Order in Docket No. 47675.
- Staff 4-53 Please provide the credit rating agency report updates from Standard and Poor's, Moody's, and Fitch related to Sharyland, TDC, and SDTS regarding the announcement of the Proposed Transactions.
- Staff 4-54 Please provide the full, annual credit rating agency reports from Standard and Poor's, Moody's, and Fitch for Sharyland, TDC, and SDTS from 2016 to date.
- Staff 4-55 Please provide the credit rating agency report updates from Standard and Poor's, Moody's, and Fitch related to Sempra and Oncor regarding the announcement of the Proposed Transactions.
- Staff 4-56 Please provide:
- a) The full, annual credit rating agency reports from Standard and Poor's, Moody's, and Fitch for Sempra, Oncor, and all other Sempra subsidiaries from 2016 to date; and
 - b) The credit upgrade reports from each of the rating agencies as described by Trevor I. Mahalik on page 14 of his testimony.
- Staff 4-57 Please refer to the Trevor Mahalik testimony, page 16, stating that "Sempra intends to use the proceeds from the sale of its U.S. renewables business to fund its 80.25% share of the consideration payable under the Oncor Merger Agreement." Please provide a current update on the status of the sale of the Sempra renewables business and the availability of the amounts of equity and cash to fund the \$1.067 billion payable for the 80.25% share.
- Staff 4-58 Please refer to the testimony of Trevor Mahalik, page 17. Please describe Sempra's financing sources for \$98 million for the 50% interest in Sharyland Holdings.
- Staff 4-59 Following the purchase of a 50% interest in Sharyland Holdings by Sempra, please describe and quantify the resulting capital structure, debt and equity components, and related costs of the financing and forward-looking credit ratings for Sharyland Holdings.
- Staff 4-60 Please refer to the testimony of Trevor Mahalik, pages 17 to 19. Please:
- a) State whether Sharyland Holdings L.P. should be protected by a ring-fencing structure and conditions/commitments similar to that included for Oncor in Docket No. 47675?
 - b) If not, please explain why not in detail.

- Staff 4-61 Please refer to the testimony of Trevor Mahalik, page 17, which states, "... Sharyland complements those other investments and provides a platform for Sempra to continue investing in electric transmission infrastructure to reliably serve Texas's growing population and economy." Please describe the projects and magnitude of such investments that is anticipated for Sharyland Holdings in the next five years.
- Staff 4-62 Please refer to the testimony of Trevor Mahalik, page 25, which states, "In addition, Sempra's financial strength will ensure that Sharyland continues to have access to capital at a reasonable cost." Please explain how the credit rating and capital market viability for Sharyland Holdings will be viewed by investors following the Proposed Transactions.
- Staff 4-63 Please refer to the testimony of Don J. Clevenger, beginning on page 25, which states, "The Proposed Transactions offer tangible and quantifiable benefits to Joint Applicants and customers on a timely basis." Please provide a reasonable estimate of the total amount of quantifiable benefits to Texas customers of the Oncor acquisition transaction for each year for 5 and 10 years following the closing of the transaction.
- Staff 4-64 Refer to Staff RFI No. 4-63. Please provide a reasonable estimate of the total amount of quantifiable costs to Texas customers of the Oncor acquisition for each year for 5 and 10 years following the closing of the transaction.
- Staff 4-65 Refer to Staff RFI Nos. 4-63 and 4-64. Please:
- a) Explain whether the quantifiable benefits of the transaction to Texas ratepayers exceed the corresponding costs to those same ratepayers over 5 and 10 year horizons; and
 - b) Identify and describe the primary risks to achieving each source of benefits for the Oncor acquisition.
- Staff 4-66 Please identify any Oncor acquisition transaction costs that would cause Texas ratepayers to be charged costs unrelated to the corresponding transaction benefits.
- Staff 4-67 With respect to any non-quantifiable Oncor acquisition transaction benefits, please:
- a) Identify and describe all sources of them; and
 - b) Explain the nature and extent of those benefits to Oncor operations and Texas ratepayers.
- Staff 4-68 With regard to the Asset Exchange, please provide a reasonable estimate of the total amount of quantifiable benefits to Texas customers of the transaction for each year for 5 and 10 years following the closing of the transaction.
- Staff 4-69 Refer to the immediately preceding RFI. Please provide a reasonable estimate of the total amount of quantifiable costs to Texas customers of the Asset Exchange for each year for 5 and 10 years following the closing of the transaction.

- Staff 4-70 Refer to Staff RFI Nos. 4-68 and 4-69. Please:
- a) Explain whether the quantifiable benefits of the Asset Exchange transaction to Texas ratepayers exceed the corresponding costs to those same ratepayers over 5 and 10 year horizons; and
 - b) Identify the primary risks to achieving any net benefits for the Asset Exchange.
- Staff 4-71 Please identify any Asset Exchange transaction costs that would cause Texas ratepayers to be charged costs unrelated to the corresponding transaction benefits.
- Staff 4-72 With respect to any sources of non-quantifiable Asset Exchange transaction benefits, please:
- a) Identify and describe all sources of them; and
 - b) Explain the nature and extent of those benefits to Oncor operations and Texas ratepayers.
- Staff 4-73 With regard to the Sempra Energy Investment, please provide a reasonable estimate of the total amount of quantifiable benefits to Texas customers of this transaction for each year for 5 and 10 years following the closing of the transaction.
- Staff 4-74 Refer to Staff RFI No. 4-73. Please provide a reasonable estimate of the total amount of quantifiable costs to Texas customers of the Sempra Investment for each year for 5 and 10 years following the closing of the transaction.
- Staff 4-75 Refer to Staff RFI Nos. 4-73 and 4-74. Please:
- a) Explain whether the quantifiable benefits of the Sempra Investment transaction to Texas ratepayers exceed the corresponding costs to those same ratepayers over 5 and 10 year horizons; and
 - b) Identify the primary risks to achieving any net benefits for the Sempra Investment.
- Staff 4-76 Please identify any Sempra Investment transaction costs that would cause Texas ratepayers to be charged costs unrelated to the corresponding transaction benefits.
- Staff 4-77 With respect to any Sempra Investment transaction benefits not quantifiable, please:
- a) Identify and describe all sources of them; and
 - b) Explain the nature and extent of those benefits to Oncor operations and Texas ratepayers.
- Staff 4-78 Please provide calculations of amount of the gains on sale, if any, resulting from the proposed transfers of assets in the Asset Exchange for each of the transaction parties.

- Staff 4-79 Please provide calculations of amount of the gains on sale, if any, resulting from the proposed acquisition of assets in the Oncor Acquisition for the selling party.
- Staff 4-80 Please provide calculations of amount of the gains on sale, if any, resulting from the proposed acquisition of assets in the Sempra Investment for the selling party.
- Staff 4-81 With respect to Sections 2.01 and 3.01 of the Joint Development Agreement provided as Exhibit WRS-2, please:
- a) State whether or not the intent of the parties is to apportion costs of all projects, assets, and other interests strictly according to ownership percentages;
 - b) If this is not the intent, quantify and describe the basis for each cost apportionment basis that differs; and
 - c) Identify any inconsistencies, and propose appropriate amendments for any discrepancy that exists between the sections or uncertainty that describes the language of the existing agreement or any uncertainty that the existing language may create.
- Staff 4-82 With respect to the ability of the Majority Owner to designate “another Oncor Affiliate” under the Joint Development Agreement provided as Exhibit WRS-2 (for example, but not limited to Section 2.02), please state (and, if so, identify and explain) whether any limits will exist on the nature or types of Sempra owned or controlled entities to whom such transfer may occur.
- Staff 4-83 Please describe the rights, privileges, responsibilities, and obligations of all those holding ownership shares in projects developed under the Joint Development Agreement provided as Exhibit WRS-2.
- Staff 4-84 Please explain all differences in the powers of Oncor to own, operate, maintain, control the use of, dispose, or otherwise act in respect of facilities developed under the Joint Development Agreement provided as Exhibit WRS-2, as compared with those it now owns outright and in total.
- Staff 4-85 In the event of a bankruptcy, receivership, or similar circumstance involving projects developed under the Joint Development Agreement provided as Exhibit WRS-2, please describe all risks to Oncor with respect to ownership, attachment, disposition, encumbrance, powers to operate, and all other constraints and limitations that would differentiate the facilities involved under that agreement from those otherwise owned outright by Oncor.
- Staff 4-86 Please describe all limits on leverage that would apply to non-Oncor owners of interests in total or in respect of projects developed under the Joint Development Agreement provided as Exhibit WRS-2.
- Staff 4-87 Please provide the most recent five year transmission plans (Section 1.01(a)), or their closest equivalents existing, for all parties to the Joint Development Agreement provided as Exhibit WRS-2.

- Staff 4-88** Please provide current business plans for all Sempra and Sharyland entities insofar as they address electricity transmission in or connecting to the State of Texas.
- Staff 4-89** Please provide the most recent available projections of capital and expenses for post-closing new or expanded electricity transmission by Sharyland in or connecting to the State of Texas.
- Staff 4-90** With respect to the post-closing capital structures of SU and each existing and proposed subsidiary, please:
- a) Provide five- and ten-year projections; and
 - b) Identify and explain all limits that will assure the maintenance of minimum equity amounts in those structures.
- Staff 4-91** Please identify and describe all other formal and informal business relationships, arrangements, and agreements that exist between Sempra and any of its affiliates, on the one hand, and SU and its affiliates and principal owners, on the other hand.