PUC DOCKET NO. 48929

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 UNDER PURA §§ 14.101, 37.154, 39.262, AND 39.915	§ § § § § § § § §	**BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

RESPONSE OF ONCOR ELECTRIC DELIVERY COMPANY LLC TO COMMISSION STAFF'S <u>FOURTH REQUEST FOR INFORMATION TO JOINT APPLICANTS</u>

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Oncor Electric Delivery Company LLC ("Oncor") files this Response to the aforementioned requests for information.

I.
Written Responses

Attached hereto and incorporated herein by reference are Oncor's written responses to the aforementioned requests for information. Each such response is set forth on or attached to a separate page upon which the request has been restated. Such responses are also made without waiver of Oncor's right to contest the admissibility of any such matters upon hearing. Oncor hereby stipulates that its responses may be treated by all parties exactly as if they were filed under oath.

II.
Inspections

In those instances where materials are to be made available for inspection by request or in lieu of a written response, the attached response will so state. For those materials that a response indicates may be inspected at the Austin voluminous room, please call at least 24 hours in advance for an appointment in order to assure that there is sufficient space and someone is available to accommodate your inspection. To make an appointment at the Austin voluminous room, located at 1005 Congress, Suite B-50, Austin, Texas, or to review those materials that a response indicates may be inspected at their usual repository, please call Teri Smart at 214-486-4832. Inspections will be scheduled so as to accommodate all such requests with as little inconvenience to the requesting party and to company operations as possible.

Respectfully submitted,

ONCOR ELECTRIC DELIVERY COMPANY LLC

By: Tab R. Urbantke

Jo Ann Biggs
State Bar No. 02312400
Jaren A. Taylor
State Bar No. 24059069
Vinson & Elkins LLP
2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
214.220.7735
214.999.7735 (fax)
jbiggs@velaw.com
jarentaylor@velaw.com

Tab R. Urbantke
State Bar No. 24034717
Lauren Freeland
State Bar No. 24083023
Hunton Andrews Kurth LLP
1445 Ross Avenue, Suite 3700
Dallas, Texas 75202
214.979.3095
214.880.0011 (fax)
turbantke@HuntonAK.com
lfreeland@HuntonAK.com

Matthew C. Henry
Senior Vice President, General
Counsel, and Secretary
Oncor Electric Delivery Company LLC
1616 Woodall Rodgers Freeway
Dallas, Texas 75202
matt.henry@oncor.com

ATTORNEYS FOR ONCOR ELECTRIC DELIVERY COMPANY LLC

CERTIFICATE OF SERVICE

It is hereby certified that a copy of the foregoing has been hand delivered or sent via email, facsimile, courier service or first class United States mail, postage prepaid, to all parties of record in this proceeding, on this the 28th day of February, 2019.

Tab R. Urbantke

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

The *Agreement and Plan of Merger by and among Sharyland Utilities, L.P., Sharyland* Distribution *& Transmission Services, L.L.C., and Oncor Electric Delivery Company LLC* ("AEMA") and the *Agreement and Plan of Merger by and among Oncor Electric Delivery Company LLC, 1912 Merger Sub LLC, Oncor T&D Partners, LP, InfraREIT, Inc., and InfraREIT Partners, LP* ("APM") (provided as Exhibits DJC-1 and DJC-2 to the direct testimony of Don J. Clevenger) contain the provisions agreed upon by the signatories to those agreements that will ensure that the North Texas Utility will have all available material to support a prudence review of the acquired assets in a future base-rate proceeding. Those provisions are described below.

Item 12 of Schedule A of the AEMA provides that all books and records related to the assets to be owned by the North Texas Utility will be owned by the North Texas Utility. Specifically, that item provides that the North Texas Utility's assets ("NTX Assets") include "[a]ll NTX Books and Records," which are defined to include all books and records (or portion thereof) of Sharyland Utilities, L. P. ("SU") and GS Project Entity, L.L.C. relating primarily, exclusively or otherwise reasonably relating to the SDTS Retained Assets, the SDTS Retained Liabilities, the NTX Assets or the NTX Liabilities. (See Schedule 1 of the AEMA for the definitions of the defined terms.)

Section 10.03(a) of the AEMA also imposes an obligation for SU to provide SDTS, which will be the North Texas Utility, and its affiliates with reasonable access to SU's personnel and records for seven years. That section specifically provides that "[f]or a period of seven years after the Closing Date, upon reasonable written notice, each of SDTS and SU shall afford or cause to be afforded to the other party and its Affiliates and their respective Representatives reasonable access to the personnel, properties, books, Contracts, commitments and records, in each case if and to the extent relating to the STX Package or the NTX Package, as applicable, for any reasonable business purpose, including in respect of the preparation of financial statements, disclosure documents and reports or filings (including Tax Returns) with any Governmental Entity, of such other party and its Affiliates."

Under the APM, Oncor will be acquiring InfraREIT in its entirety; therefore, it will own all of the books and records of InfraREIT, as well as those of its subsidiaries, including SDTS.

Request

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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-02.

Request

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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-03.

Request

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.

Response

The following response was prepared by or under the direct supervision of Salvatore P. Montalbano, the sponsoring witness for this response.

In PLRs 201824005 and 201824006, the IRS determined that the Taxpayer A ADFIT that existed after the like kind exchange was not related to the Taxpayer A ADFIT that existed prior to the exchange. As a result, the ADFIT lost its character as being related to accelerated depreciation, and thus, was no longer subject to the normalization rules. Because the Taxpayer A ADFIT related to the exchanged property is no longer subject to the normalization rules after the exchange, it would not be protected.

---

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

Request

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;
   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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

Oncor does not have the requested information. Please see SU/SDTS's response to Staff RFI Set No. 4 (SU/SDTS), Question No. 4-05. Sharyland, as the current owner of each of the assets in question, is the proper party to provide the requested information.

Request

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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-06.

Request

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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-07.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

The information requested is highly sensitive confidential and will be made available only after the execution of a certification to be bound by the protective order in this docket.

See Attachment 1 for the highly sensitive confidential index that includes the requested files in their native format.

ATTACHMENT:

ATTACHMENT 1 – Non-Voluminous Highly Sensitive Confidential Index, 1 page.

Non-Voluminous Highly Sensitive Confidential Index

1. Filename 'NTX Working Capital (Final).xlsx, CD
2. Filename 'STX Working Capital (Final).xlsx, CD

Request

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.

Response

The following response was prepared by or under the direct supervision of Stephen N. Ragland, the sponsoring witness for this response.

The following entities named in Exhibit WRS-3 will be affiliates of Oncor Electric Delivery Company LLC upon closing of the Proposed Transactions:

Sharyland Utilities, L.P. (to become Sharyland Utilities, L.L.C. in conjunction with closing of the Proposed Transactions);
InfraREIT Partners, LP;
Sharyland Distribution & Transmission Services, L.L.C.; and
Sempra Energy.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

For the operations function of the O&M agreement, Oncor will continue to plan and budget its operations center in the same manner it does today. Oncor will estimate needed resources based on the facilities monitored and tasks required, and will budget and staff appropriately.

For the maintenance function of the O&M agreement, Sharyland will be responsible for determining any process for planning and budgeting of the maintenance services. Oncor will perform maintenance services (predominantly through Third-Party Providers), within the scope of the O&M agreement, at the direction and request of Sharyland.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

Please see Oncor's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-10.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

a) Please see Oncor's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-10.
b) The Form of Operation and Maintenance Agreement is the only document currently identified that will control, govern, or guide the O&M services to be provided.
c) Sharyland is responsible for all of Oncor's costs incurred related to operation and maintenance of the South Texas Utility Assets.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

a) Confirmed for Operations Services. Oncor has not performed a detailed analysis but anticipates that the provision of Operations Services through Oncor's existing grid control facilities is likely to result in lower costs than if Sharyland were to continue self-providing these services through their own stand-alone Sharyland control center for a significantly reduced set of assets.

   Neither confirmed nor denied for Maintenance Services. Oncor will be providing Maintenance Services predominantly through Third-Party Providers and at the direction and request of Sharyland. Oncor has no basis by which to make a determination or comparison of costs for the provision of these services.

   Please refer to Oncor's response to TIEC RFI Set No. 2 (Oncor), Oncor Question 2-18.

b) Confirmed for Operations Services as these services are typically not available from market providers.

   Neither confirmed nor denied Maintenance Services. Oncor will be providing Maintenance Services predominantly though Third-Party Providers and at the direction and request of Sharyland.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

Under the Form of Operation and Maintenance Agreement, Oncor will be responsible for certain activities that are not pre-planned, such as emergency maintenance and emergency field operations.

Please see the Direct Testimony of Don J. Clevenger Exhibit DJC-1 (pages 157 – 162) filed in this docket.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

Oncor expects that Operations Services for South Texas Utility Assets, as described in the Direct Testimony of Don J. Clevenger Exhibit DJC-1 (pages 154 – 156) filed in this docket, will be provided by the same Oncor work groups and resources who operate the Oncor system and the North Texas Utility Assets.

Maintenance Services, as described in the Direct Testimony of Don J. Clevenger Exhibit DJC-1 (pages 157 – 160) filed in this docket, will primarily be provided by Third-Party Providers.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

Please see Sections 5 and 10 of the Form of O&M Agreement.

Oncor will provide Operations Services to the South Texas Utility consistent with the obligations and responsibilities of a Transmission Operator as defined under the NERC rules. Oncor will operate the South Texas Utility assets in the same manner in which Oncor currently operates existing Oncor assets and will operate the North Texas Utility Assets.

Maintenance Services will predominantly be provided by Third-Party Providers. Given the geographic differences and limited scope of services and facilities, Oncor does not anticipate circumstances that would create a conflict with unexpected, urgent work on Oncor's existing system or the North Texas Utility Assets.

Please see the Direct Testimony of Don J. Clevenger Exhibit DJC-1 (pages 154 – 162) filed in this docket.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

A certain amount, undetermined at this point, of Oncor personnel and contractors will need to devote time and effort to providing operation and maintenance services to the South Texas Utility.

Please refer to Oncor's responses to Staff RFI Set No. 4 (Joint Applicants), Question Nos. 4-13 and 4-15.

Request

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).

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

To the extent additional resources are required, Oncor will need to provide the necessary resources.

Please refer to Oncor's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-20.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

a) Oncor will only provide services consistent with the scope of the Form of O&M Agreement at the request of Sharyland. Oncor may decline to provide any services outside the scope of the agreement.

b) All Maintenance Services provided under the agreement will be at the direction and discretion of Sharyland.

c) Sharyland will be responsible for all costs Oncor incurs to operate and maintain the South Texas Utility Assets.

Request

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.

Response

The following response was prepared by or under the direct supervision of Stephen N. Ragland, the sponsoring witness for this response.

As discussed on page 25, lines 1 through 18 of my direct testimony, the Joint Applicants have not yet finalized the specific details of the methodology to be used by Oncor when billing the North Texas Utility and the South Texas Utility for O&M services. Oncor anticipates that it will first identify each Oncor department that will provide O&M-related services to either the North Texas Utility and/or the South Texas Utility. Next, Oncor will develop and implement a composite formula based on specific cost-driving factors (for example, net plant, miles of transmission line, and circuit breakers) in order to allocate each Oncor department's O&M-related costs between Oncor, the North Texas Utility, and/or the South Texas Utility as applicable (depending on which of these three utilities utilize each particular Oncor department's services). In addition to utilizing this allocation formula, Oncor also anticipates that there may be some costs (such as costs tied to specific supplies and contractor invoices) that may be directly billed to the North Texas Utility and/or the South Texas Utility when possible.

As discussed in Mr. Ragland's direct testimony, Oncor will provide these services at cost–without mark-up or profit–and at the same rates charged to other affiliates or third parties for this item or class of items as required by PURA § 36.058.

Request

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.

Response

The following response was prepared by or under the direct supervision of Stephen N. Ragland, the sponsoring witness for this response.

Except for Sempra Energy, none of the entities listed in Exhibit WRS-3 are Oncor affiliates currently. Oncor provides the following information with respect to its current affiliates:

a) Sempra Gas & Power Marketing LLC
b) Oncor Electric Delivery Company LLC, Tariff for Transmission Service – To, From, and Over Certain Interconnections
c) Please see the following link to the tariff referenced in b) above:

http://oncor.com/en/_layouts/15/WopiFrame.aspx?sourcedoc={BDAB1E02-DBE3-40CD-9F03-7ED40EC979F7}&file=FERC%20TFO%20Tariff.pdf&action=default

Request

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.

Response

The following response was prepared by or under the direct supervision of Stephen N. Ragland, the sponsoring witness for this response.

Oncor does not currently provide the types of services addressed in the Form of Operation and Maintenance Agreement, provided in Exhibit WRS-3, to any affiliated parties.

Request

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.

Response

The following response was prepared by or under the direct supervision of Stephen N. Ragland, the sponsoring witness for this response.

a) Neither confirm nor deny. The carrying period for any expenses billed to Sharyland Utilities, L.P. ("SU") in accordance with the Form of Operation and Maintenance Agreement provided as Exhibit WRS-3 to Mr. Speed's direct testimony will be dependent on: (1) when the service is provided; (2) when Oncor is invoiced for the particular service; and (3) the payment terms established between Oncor and its service provider. The 45-day carrying period suggested in part a) of the question may or may not apply to any Oncor expenditure and subsequent payment by SU.

b) Oncor has not quantified any amounts that Oncor might bear in carrying costs related to the Operation and Maintenance Agreement.

Request

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.

Response

The following response was prepared by or under the direct supervision of Stephen N. Ragland, the sponsoring witness for this response.

The 1% per annum rate noted in Section 3.2 of the Form of Operation and Maintenance Agreement was a rate agreed to by the parties to this agreement. This rate approximates the 2018 interest rate set by the Public Utility Commission of Texas ("PUCT") for overbillings and underbillings. The PUCT's 2018 interest rate for overbillings and underbillings was 1.05% and was based on the 12-month average (November 2016 – October 2017) of 90-day AA-rated commercial paper as published by the Federal Reserve Board.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

a) Oncor cannot confirm or deny. The question calls for a legal conclusion that will depend on the facts present at the time.

b) Oncor cannot confirm or deny. The question calls for a legal conclusion that will depend on the facts present at the time.

c) The question calls for a legal conclusion that will depend on the facts present at the time.

d) The question calls for a legal conclusion that will depend on the facts present at the time.

e) The question calls for a legal conclusion that will depend on the facts present at the time.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

Oncor's obligations to provide Operations and Maintenance Services to future SU Assets are limited as described in Exhibits A and B to the Form of Operation and Maintenance Agreement. Please see the Direct Testimony of Don J. Clevenger Exhibit DJC-1 (pages 154 and 159) filed in this docket.

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

a) Please see Section 11 of the Form of Operation and Maintenance Agreement regarding termination.

b) Please see Oncor's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-27(a).

Request

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.

Response

The following response was prepared by or under the supervision of Wesley R. Speed, the sponsoring witness for this response.

Generally, yes, the parties may amend their contract by agreement. Whether Commission approval is required will depend on the specific change and any Commission guidance provided in this proceeding.

Request

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).

Response

The following responses were prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

a) Please see Oncor's response to Cities RFI Set No. 1 (Oncor), Question 1-04, Non-Voluminous Highly Sensitive Confidential Index item 4 for the schedule of InfraREIT debt and Oncor's response to TIEC RFI Set No. 4 (Oncor), Question 4-05 (Highly Sensitive Confidential) for the total make-whole payments.

b) No dates for make-whole payments have been determined under any assumed transaction closing date.

c) Oncor has not yet incurred any make-whole payments and has not quantified other expenses. However, for a description of those expenses, please see the direct testimonies of Don J. Clevenger, p. 15, line 1 – p. 17, line 24, and Stephen N. Ragland, p. 14, line 18 – p. 15, line 10.

Request

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.

Response

The following responses were prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

a) Please see Oncor's response to Staff RFI Set No. 1 (Joint Applicants), Question 1-02 for the estimate of goodwill related to the purchase of the North Texas Utility.

b) Please see the direct testimony of witness Don J. Clevenger at page 18, lines 8-12 for Oncor's commitment with respect to rates and rate base.

Request

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 SOTS debt from Merger Agreement to closing, and related to advisor and legal fees and other.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

Portions of the information requested is highly sensitive confidential and will be made available only after execution of a certification to be bound by the protective order in this docket.

Oncor does not have a forecast of the referenced additional debt, the related debt expenses, or the advisor and legal fees expected to be incurred related to the Proposed Transactions. As noted on page 15 of the direct testimony of Oncor witness Don J. Clevenger, Oncor is aware that the InfraREIT debt will increase to include the payment of approximately $40.5 million as a termination fee in connection with the termination of a management agreement between InfraREIT, InfraREIT Partners, and Hunt Utility Services, LLC.

Section 5.1(b) of the *Agreement and Plan of Merger by and among Oncor Electric Delivery Company LLC, 1912 Merger Sub LLC, Oncor T&D Partners, LP, InfraREIT, Inc., and InfraREIT Partners, LP* ("APM") (provided as Exhibit DJC-2 to the direct testimony of Don J. Clevenger) addresses the limits of the additional debt. That section provides the following:

> Between the date of this Agreement and the Company Merger Effective Time, except (w) as required or expressly permitted by (1) this Agreement, (2) the Asset Exchange Agreement (without giving effect to any waiver by SU thereunder) or (3) the Omnibus Termination Agreement, (x) as disclosed in Section 5.1(b) of the Company Disclosure Letter, (y) as required by applicable Law or (z) unless [Oncor] shall otherwise consent in writing (which consent . . . shall not be unreasonably withheld or delayed), neither [InfraREIT] nor any of [its subsidiaries, including TDC and SDTS] shall . . . (viii) (A) make any loans, advances or capital contributions to, or investments in, any other Person (other than a [subsidiary of InfraREIT]), (B) issue or sell any debt securities or warrants or other rights to acquire any debt security (other than the issuance of trade credit issued in the ordinary course of business), (C) enter into any "keep well" or similar agreement to maintain the financial condition of another entity or (D) assume, guarantee, endorse or otherwise become liable or responsible for the indebtedness or other obligations of another Person (other than a guaranty by [InfraREIT] on behalf of any of [its subsidiaries]), in each case, other than in the ordinary course of business consistent with past practice and in any event not in excess of $5,000,000 individually or $10,000,000 in the

> aggregate; . . . (xii) except (A) as otherwise permitted by this Section 5.1(b), (B) for borrowings under existing revolving credit facilities (or replacements thereof on comparable terms) for purposes of funding ordinary course working capital or (C) pursuant to any mandatory payments under any indebtedness or other similar arrangements in existence on the date of this Agreement, incur, pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than (1) in the ordinary and usual course of business consistent with past practice, (2) reflected or reserved against in the most recent consolidated financial statements (or notes thereto) included in the Company SEC Documents filed prior to the date of this Agreement or (3) fees, costs and expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby.

The APM does not limit the fees, costs, and expenses that can be incurred in connection with the preparation, execution, and performance of the APM. [redacted]

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

The approximate difference 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 is goodwill, which, using these dollar figures, amounts to approximately $595.

Please see Oncor's response to Staff RFI Set No. 1 (Joint Applicants), Question 1-02, for the anticipated goodwill to be recorded at Oncor as a result of the Proposed Transactions of $619 million.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

Oncor does not have the requested information. Oncor's exact capital structure is constantly evolving based on the changing financial needs of the Company. At this point, Oncor has not determined the mixture of financing products that it will use to assume and re-finance the InfraREIT debt if the Proposed Transactions are approved. That determination will be impacted by the Commission's decision on the findings requested by the Joint Applicants in this proceeding related to Oncor's calculation and reporting of its Earnings Monitoring Report. (See Exhibit A to the Joint Application filed in this proceeding, paragraphs 7 and 8.) Oncor will continue to meet its debt-to-equity ratio commitment as included in the Commission's final Order in Docket No. 47675.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

a) Oncor does not have an estimate of improvements in credit ratings for North Texas Utility or South Texas Utility. See Oncor's response to OPUC RFI Set No.1 (Oncor), Question 1-03 (Highly Sensitive Confidential) for communications from S&P, Moody's, and Fitch regarding the Proposed Transactions and/or any alternatives to the Proposed Transactions.

b) Oncor does not have the requested estimates of bill credits. Please see Oncor's responses to TIEC RFI Set No. 2 (Oncor), Question 2-24 and Cities RFI Set No. 1 (Oncor), Question 1-04(b).

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

Both Oncor and Oncor Holdings function independently of their owners by virtue of the corporate "ring-fence" that was established originally by the Commission in connection with the TXU Buyout, which closed in October 2007 and was re-established and expanded in the Commission's final Order in Docket No. 47675, which was the change-of-control case related to Sempra's purchase of its indirect 80.25 percent interest in Oncor. In the Commission's Order in Docket No. 47675, the Commission referred to Oncor Holdings, Oncor, *and their subsidiaries* as the "ring-fenced entities" (see Finding of Fact No. 68, emphasis added). On page 11 of his direct testimony, Oncor witness Don J. Clevenger explains that as part of the Proposed Transactions, SDTS will become an indirect wholly owned subsidiary of Oncor that owns the T&D assets previously owned by Sharyland or SDTS in north, central, and west Texas. Oncor Witness Mr. Clevenger also points out in his direct testimony (p. 14) that Oncor and Sempra have committed that the North Texas Utility will be governed and managed within Oncor's existing ring-fencing structure.

If the Commission approves the Proposed Transactions and the Proposed Transactions close, the inclusion of the North Texas Utility inside of Oncor's ring-fence ensures that the transmission and distribution assets to be acquired through the Proposed Transactions will be operated and maintained in the same manner as Oncor's other T&D assets. There are no changes or additions required to ensure full protection.

Request

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.

Response

Please see Sempra and SU/SDTS's responses to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-36.

Request

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.

Response

The following response was prepared by or under the direct supervision of Salvatore P. Montalbano, the sponsoring witness for this response.

Please see the Direct Testimony of Salvatore P. Montalbano on page 11, lines 13 – 26.

Request

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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-38.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

Please see Oncor's response to Staff RFI Set No. 2 (Joint Applicants), Question 2-02.

Request

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 InfraRE!T status as a real estate investment trust.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

As noted in the direct testimony of Oncor witness Don J. Clevenger, p. 21, lines 3 – 5: "resolving the uncertainty surrounding InfraREIT's REIT structure in the manner presented in the Proposed Transactions will be good for customers and ERCOT." There are no quantifiable impacts on Oncor's customers from the elimination of InfraREIT's REIT structure, and Oncor has no quantifications responsive to this request. Please see Oncor's response to Staff RFI Set No. 4 (Joint Applicants), Questions 4-41.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

Based on the diligence conducted by Oncor and its advisors as part of the acquisition process, Oncor is confident that it would not inherit any liabilities specifically related to the acquisition of a REIT. To provide further assurances, the *Agreement and Plan of Merger by and among Oncor Electric Delivery Company LLC, 1912 Merger Sub LLC, Oncor T&D Partners, LP, InfraREIT, Inc., and InfraREIT Partners, LP* ("APM") (provided as Exhibit DJC-2 to the direct testimony of Don J. Clevenger) includes as a condition to closing that InfraREIT provide a written opinion from its legal counsel opining as to InfraREIT's classification as a REIT prior to closing. See section 6.3(g) of the APM.

Request

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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-42.

Request

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 130 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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-43.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

Please see Oncor's response to Staff RFI Set No. 1 (Joint Applicants), Question No. 4-08 for information responsive to this request.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

Please see Oncor's response to Staff RFI Set No.1 (Joint Applicants), Question No. 1-08 (Highly Sensitive Confidential) for information responsive to this request. Oncor has no other responsive information.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

Oncor did not make a stand-alone determination of the "purchase price value" of the upstream merger of GS Project Entity, L.L.C. ("GS") into SDTS. Instead, GS assets were part of the whole set of Proposed Transaction assets valued in the determination of purchase price value. As the direct testimony of Stephen N. Ragland states at page 8, lines 24 - page 9, line 9, the GS assets will continue to be used to serve customers after the merger, and the merger will not adversely affect the availability of service.

Request

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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-47.

Request

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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-48.

Request

Refer to the Greg Wilks testimony, page 9. " ... and the assets that SOTS 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.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-49.

Request

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.

Response

Please see Sempra's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-50.

Request

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.

Response

The following response was prepared by or under the direct supervision of Stephen N. Ragland, the sponsoring witness for this response.

a) The initial accounting for the equity contributions invested by Oncor's owners to finance the acquisition will be a debit to cash and a credit to equity in the amount of approximately \$1.330 billion. Please see page 16, lines 4 through 5, of Mr. Clevenger's direct testimony. As discussed on page 15, lines 1 through 12, of Mr. Clevenger's direct testimony, Oncor will pay the InfraREIT owners and InfraREIT Partners limited partner consideration of approximately \$1.275 billion to acquire InfraREIT and its subsidiaries. For additional information regarding the accounting for this Proposed Transaction, please see Oncor's responses to Staff RFI Set No. 1 (Joint Applicants), Question No. 1-02 and Cities RFI Set No. 2 (Oncor), Question No. 2-13, for the expected accounting journal entries resulting from the Oncor Merger Agreement. As discussed in Mr. Clevenger's direct testimony, beginning on page 15, line 23, and continuing through page 16, line 5, Oncor anticipates using the remainder of the cash contribution from Oncor's owners to pay down assumed debt of InfraREIT and its subsidiaries.

b) Please see Attachment 1 to this response for the example of the equity treatment for Oncor's annual earnings report. Page 1 of the Attachment, identified as Schedule V, excludes the goodwill portion of the equity contribution resulting from the Proposed Transactions and is intended for the traditional calculation of Oncor's regulated earned rate of return for the reporting year. Page 2 of the Attachment, identified as Schedule Va, includes the goodwill portion of the equity contribution resulting from the Proposed Transactions and is intended to reflect Oncor's capital structure in accordance with Generally Accepted Accounting Principles (GAAP), solely for determining compliance with Oncor's debt-to-equity ratio. This second calculation is appropriate in that it allows Oncor to accurately reflect the pertinent value of the assets on its balance sheet, and therefore, Oncor's relevant financial condition when financing new long-term debt. Please see Oncor's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-52 for further discussion of this proposed reporting format.

ATTACHMENT:

ATTACHMENT 1 – Example of the equity treatment for Oncor's earnings report, 2 pages.

Example of Equity Treatment for Earnings Report

Oncor Electric Delivery Company LLC
12 Months Ending June 30, 2018

Schedule V

Weighted Average Cost of Capital

Line		(a) Balance	(b) Percent of Total	(c) Cost	(d) Weighted Cost
1	Common Equity	5,202,535,759	43.32%	9.79% *	4.24%
2	Preferred Stock		0.00%	0.00%	0.00%
3	Long-Term Debt	6,808,143,110	56.68%	5.83%	3.30%
4	Short-Term Debt		0.00%	0.00%	0.00%
5					
6	Total	$12,010,678,870	100.00%		7 54%

*This return on equity was allowed in Docket No: Listed below
The final order was issued on: Listed below

Notes: The costs and balances of preferred stock, long-term debt, and short-term debt should correspond with those provided on Schedules VI, VIa, VII, VIIa, and VIII

[ ] Indicate here if footnote or comment relating to this schedule is included on Supp Sched IV.

(a) Adjustments to Equity·	Oncor	North Texas Utility	Consolidated
Membership interests	$ 8,281,191,671	$ 1,275,000,000	$ 9,556,191,671
Effects of the merger/acquisition	$ (3,734,655,912)	$ (619,000,000)	$ (4,353,655,912)
Common Equity Line 1	$ 4,546,535,759	$ 656,000,000	$ 5,202,535,759
This return on equity was allowed	9.80%	9.70%	9 79%
Docket No·	46957	41474	
The final order was issued on:	10/13/2017	01/23/2014	
Long-Term Debt	$ 5,964,743,110	$ 843,400,000	$ 6,808,143,110
Cost of debt allowed in above Dockets	5 70%	6.73%	5.83%

Example of Equity Treatment for Earnings Report

Oncor Electric Delivery Company LLC
12 Months Ending June 30, 2018

Schedule Va

Weighted Average Cost of Capital

Line		(a) Balance	(b) Percent of Total	(c) Cost	(d) Weighted Cost
1	Common Equity	5,821,535,759	46.09%	9.78% *	4.51%
2	Preferred Stock		0.00%	0.00%	0.00%
3	Long-Term Debt	6,808,143,110	53.91%	5.83%	3.14%
4	Short-Term Debt		0.00%	0.00%	0.00%
5					
6	Total	$12,629,678,870	100 00%		7.65%

*This return on equity was allowed in Docket No: Listed below
The final order was issued on: Listed below

Notes: The costs and balances of preferred stock, long-term debt, and short-term debt should correspond with those provided on Schedules VI, VIa, VII, VIIa, and VIII.

[ ] Indicate here if footnote or comment relating to this schedule is included on Supp Sched IV.

(a)	Adjustments to Equity:	Oncor	North Texas Utility	Consolidated
	Membership interests	$ 8,281,191,671	$ 1,275,000,000	$ 9,556,191,671
	Effects of the merger	$ (3,734,655,912)	[redacted]	$ (3,734,655,912)
	Common Equity	$ 4,546,535,759	$ 1,275,000,000	$ 5,821,535,759
	This return on equity was allowed	9 800%	9.700%	9.78%
	Docket No:	46957	41474	
	The final order was issued on:	10/13/2017	01/23/2014	
	Long-Term Debt	$ 5,964,743,110	$ 843,400,000	$ 6,808,143,110
	Cost of debt allowed in above Dockets	5.70%	6 73%	5 83%

Request

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.

Response

The following response was prepared by or under the direct supervision of Stephen N. Ragland, the sponsoring witness for this response.

Oncor's debt-to-equity ratio established in Docket No. 47675, Finding of Fact No. 56, serves two important separate and distinct purposes.

First, it establishes the approved capital structure to be used for ratemaking purposes. As stated on page 18, lines 11 through 12, of Mr. Clevenger's direct testimony, Oncor is not requesting that the goodwill associated with the Proposed Transactions be included in Oncor's rate base or be recovered through Oncor's rates.

Second, this debt-to-equity ratio was also enacted to ensure that Oncor does not diminish the long-term solvency of the business and its potential capacity to generate and obtain investment resources ("financial strength") by potentially over-leveraging its capital structure. As presented beginning on page 12, line 25, and continuing through page 13, line 5, of Mr. Ragland's direct testimony in this proceeding, the Joint Applicants are requesting that the Commission find that the cash equity contributions invested by Oncor's owners used to directly finance the transactions contemplated by the Oncor Merger Agreement and Asset Exchange Agreement will be included in the calculations reported in Oncor's Earnings Monitoring Report solely for purposes of determining compliance with Oncor's debt-to-equity ratio requirement as set by the final order in Docket No. 47675. This finding requests confirmation from the Commission that this equity contribution, including the goodwill portion, used to fund the purchase of utility plant will be treated consistent with Generally Accepted Accounting Principles ("GAAP"). Under GAAP, the cash equity contribution that Oncor will receive from its parent, including the goodwill portion, will be booked as equity at Oncor. Please see Oncor's response to Cities RFI Set No. 1 (Oncor), Question No, 1-06, for a description of how this information will be presented in Oncor's Annual Earnings Monitoring Report. This treatment of the equity contribution from Oncor's parent, in accordance with GAAP, more accurately recognizes the full value of the assets acquired through the Proposed Transactions and, therefore, demonstrates Oncor's real financial strength. Reporting Oncor's capital structure in this manner affords Oncor more flexibility in future financings. For example, Oncor may more efficiently refinance existing long-term debt with new lower-cost long-term debt, avoiding the necessity for defeasance and its associated costs.

Request

Please provide the credit rating agency report updates from Standard and Poor's, Moody's, and Fitch related to Sharyland, TDC, and SOTS regarding the announcement of the Proposed Transactions.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-53.

Request

Please provide the full, annual credit rating agency reports from Standard and Poor's, Moody's, and Fitch for Sharyland, TDC, and SOTS from 2016 to date.

Response

Please see SU/SDTS's response to Staff RFI Set No. 4 (Joint Applicants), Question No. 4-54.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

The information requested related to Oncor has previously been provided in Oncor's response to OPUC RFI Set No. 1 (Oncor), Question 1-1.

Request

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.

Response

The following response was prepared by or under the supervision of Don J. Clevenger, the sponsoring witness for this response.

The information requested for subpart a) related to Oncor has previously been provided in Oncor's response to OPUC RFI Set No. 1 (Oncor), Question No. 1-1 from the present to April 6, 2017. Please see Attachments 1 through 19 to this response for credit rating reports for Oncor for the period 2016 through April 6, 2017.

Please see the response from Sempra for the response to subpart b).

ATTACHMENTS:

ATTACHMENT 1 – S&P RatingsDirect, Research Bulletin: Oncor Electric Delivery Co. LLC Ratings Unaffected By TCEH Corp. Spin-Off From Energy Future Holdings Corp., October 6, 2016, 2 pages.

ATTACHMENT 2 - Fitch News Release: Fitch Rates Oncor's Senior Secured Notes 'BBB+', Fitch Ratings, August 16, 2016, 4 pages.

ATTACHMENT 3 - Moody's Credit Opinion: NextEra Energy, Inc., A Major Hybrid Utility and Power Company, August 3, 2016, 7 pages.

ATTACHMENT 4 - S&P RatingsDirect, Research: Oncor Electric Delivery Co. LLC Outlook Revised To Positive From Developing; Ratings Affirmed, S&P Global Ratings, August 2, 2016, 4 pages.

ATTACHMENT 5 - Fitch News Release: Fitch Affirms NextEra's Ratings Following EFH's Acquisition Announcement; Outlook Stable, August 1, 2016, 4 pages.

ATTACHMENT 6 - Moody's Credit Opinion: Oncor Electric Delivery Company LLC, Largest Texas T&D Electric Utility, Moody's Investors Service, August 1, 2016, 6 pages.

ATTACHMENT 7 - Fitch News Release: Fitch Places Oncor On Positive Watch Following EFH'S Acquisition Announcement, Fitch Ratings, August 1, 2016, 4 pages.

ATTACHMENT 8 - Moody's Issuer Comment: NextEra's Acquisition Of Oncor Is Credit Positive for Both, Moody's Investors Service, August 1, 2016, 3 pages.

ATTACHMENT 9 - Moody's Rating Action: Moody's Upgrades Oncor Electric Delivery Company's Senior Secured Rating To A3 From Baa1; Rating On Review For Further Upgrade, Moody's Investors Service, July 29, 2016, 4 pages.

ATTACHMENT 10 - Moody's Rating Action: Moody's Affirms NextEra Energy (Baa1 stable) On Oncor Acquisition Announcement, Moody's Investors Service, July 29, 2018, 6 pages.

ATTACHMENT 11 - S&P Research: Oncor Electric Delivery Ratings Unaffected By NextEra's Acquisition Agreement, S&P Global Ratings, July 29, 2016, 2 pages.

ATTACHMENT 12 - Fitch Corporates: Oncor Electric Delivery Company, Full Rating Report, Fitch Ratings, May 2, 2016, 11 pages.

ATTACHMENT 13 - Moody's Issuer Comment: Energy Future Holdings' New Reorganization Plan Is Credit Positive For Texas Competitive Electric, Moody's Investors Service, May 5, 2016, 2 pages.

ATTACHMENT 14 - Moody's Sector Comment: Texas Regulators Suspend Investigation Into Utility Tax Collections, A Credit Positive For Select Utilities, Moody's Investors Service, April 18; 2016, 3 pages.

ATTACHMENT 15 - Fitch News Release: Fitch Affirms Oncor At 'BBB'; Outlook Stable, Fitch Ratings, April 7, 2016, 4 pages.

ATTACHMENT 16 - Standard & Poor's Research: Bonus Depreciation Extension Could Support Credit For U.S. Regulated Utilities, Report Says, Standard & Poor's Ratings Services, McGraw Hill Financial, March 29, 2016, 3 pages.

ATTACHMENT 17 - Standard & Poor's Research Bulletin: Oncor Electric Delivery Co. LLC Ratings Unaffected By Regulator's Acquisition Approval, Standard & Poor's Ratings Services, McGraw Hill Financial, March 28, 2016, 2 pages.

ATTACHMENT 18 - Moody's Credit Opinion: Oncor Electric Delivery Company LLC, Largest Texas T&D Electric Utility, Moody's Investors Service, February 4, 2016, 7 pages.

ATTACHMENT 19 - Fitch Press Release: Fitch Affirms Oncor Electric Delivery Transition Bond Company Bond Company LLC Series 2004-1, Fitch Ratings, January 25, 2016, 2 pages.

DOCKET 48929 ATTACHMENT 1
TO STAFF RFI SET 4
QUESTION NO. 4-56

S&P Global
Ratings

Research

Bulletin:

Oncor Electric Delivery Co. LLC Ratings Unaffected By TCEH Corp. Spin-Off From Energy Future Holdings Corp.

Primary Credit Analyst:
Dimitri Nikas, New York (1) 212-438-7807; dimitri.nikas@spglobal.com

Secondary Contact:
Michael Pastrich, New York 212-438-0604; michael.pastrich@spglobal.com

NEW YORK (S&P Global Ratings) Oct. 6, 2016--S&P Global Ratings said today that the its ratings and outlook on Oncor Electric Delivery Co. LLC (BBB+/Positive/--) are not affected by TCEH Corp.'s recent spin-off from Energy Future Holdings Corp. (EFH).

EFH and its subsidiary Energy Future Intermediate Holding Co. LLC, through which EFH owns about 80% of Oncor, remain in bankruptcy. Importantly, Oncor's corporate structure remains unchanged, including the existence of a minority owner who has effective influence over decision making and an independent board of directors that looks after the company's best interests.

Only a rating committee may determine a rating action and this report does not constitute a rating action.

FITCH RATES ONCOR'S SENIOR SECURED NOTES 'BBB+'

Fitch Ratings-New York-16 August 2016: Fitch rates Oncor Electric Delivery Company LLC's (Oncor) $175 million 3.75% senior secured notes due April 1, 2045 'BBB+'. Oncor's ratings are on Rating Watch Positive. Fitch placed the ratings on Rating Watch on July 29, 2016 following the announcement by Nextera Energy, Inc. (Nextera; Issuer Default Rating [IDR] 'A-'/Outlook Stable) to acquire 100% of the equity of reorganized Energy Future Holdings Corp. (EFH), which indirectly owns an 80% equity interest in Oncor.

The notes will constitute an additional issuance of the currently outstanding $375 million 3.75% senior notes due 2045, previously issued on March 24, 2015. The net proceeds will be used by Oncor to repay borrowings under its revolving credit facility and for general corporate purposes. The notes are secured equally and ratably with the existing secured indebtedness.

The acquisition of EFH by Nextera, when completed, will finally resolve the drawn-out bankruptcy proceedings for Oncor's indirect parent holding companies as well as eliminate the significant amount of debt above Oncor. Fitch has been constraining Oncor's IDR by one-notch compared to its peer electric T&D utilities in Texas, and the notching of the senior secured debt at Oncor has been further constrained to reflect ownership by a distressed parent. Fitch sees lifting of these constraints under the ownership of Nextera. After the transaction is completed, Oncor will become a subsidiary of Nextera.

There could be additional bids, and Fitch will reassess its ratings for Oncor if EFH were to accept a superior bid. Otherwise, Fitch will likely resolve the Rating Watch at or close to the completion of the transaction. The transaction is subject to receiving approvals from the bankruptcy court of the EFH's amended plan of reorganization, the Public Utility Commission of Texas (PUCT) and the Private Letter Ruling from the IRS confirming the tax free nature of the transaction. Approvals are also needed from the Federal Energy Regulatory Commission and under Hart-Scott-Rodino Act.

KEY RATING DRIVERS

Regulatory Approval is Key: Nextera plans to apply for PUCT's approval for the change of control of Oncor shortly. The PUCT has statutorily 180 days to decide, which places the closing of the transaction toward the end of the first quarter of 2017. Fitch currently does not anticipate any significant customer concessions as part of the merger approval process; the ring fencing provisions and the governance structure at both Oncor and its direct parent, Oncor Electric Delivery Holdings Company LLC (Oncor Holdings), would likely occupy greater attention in the merger proceedings. Fitch believes Oncor's credit ratings will benefit from ownership by a higher rated parent even if the current ring fencing provisions are diluted to reflect traditional utility ring-fencing protections.

Strong Operational Performance: Oncor's operational performance continues to be robust. Weather-adjusted residential sales and large commercial and industrial (C&I) sales continue to be robust despite the slowdown in oil and gas related activity. Residential customer base grew 1.5%, and large C&I GWH sales increased 1.8% in 2015. For the recently concluded second quarter, residential customer base grew 1.6% while the large C&I GWH sales declined 0.3% over the prior year's quarter. Another significant driver of Oncor's performance has been growth in transmission investments, which still remains a focus area for the PUCT.

Strong Credit Metrics: For year-end Dec. 31, 2015, Oncor reported EBITDA to interest ratio of 5.5x and adjusted debt to EBITDA of 3.6x. Oncor is planning to spend approximately $1.4

billion in capex in 2016 and could potentially spend more than $1.5 billion annually over 2017-2021. Various tracker mechanisms allow Oncor to earn a return on transmission related capital investment with minimal regulatory lag. However, Fitch believes the absence of distribution rate increases since 2012 may cause Oncor to trail its authorized return on equity (ROE) by the end of 2016. Timing of the next rate case remains uncertain. Oncor is likely to file a general rate case only after the change in ownership is effective. Fitch's financial projections for Oncor incorporate a rate increase in 2017 that would allow the company to earn an ROE closer to its currently authorized level. In such a scenario, Fitch estimates Oncor's EBITDA to interest ratio to remain above 5.0x over 2016-2018 and debt to EBITDA to approximate 3.8x over the same period.

KEY ASSUMPTIONS

Fitch's key assumptions within the rating case for Oncor include:

--No material customer concessions required as part of PUCT's approval;
--Volumetric sales growth of 1% p.a. in 2016 and 1.5% thereafter;
--O&M costs inflated at 3% annually;
--Rate increase in 2017 that allows Oncor to earn ROE close to its current authorized levels;
--Capex of $4.4 billion over 2016-2018;
--Dilution of the existing ring-fencing provisions.

RATING SENSITIVITIES

Positive: Fitch will likely upgrade Oncor's IDR by one-notch and its senior secured debt by two notches after EFH's acquisition by Nextera is complete. Oncor's current and forecasted credit metrics are comparable with those of its peer T&D utilities in Texas, which Fitch rates one-notch above Oncor's IDR. The notching of the senior secured debt at Oncor has been further constrained to reflect ownership by a distressed parent.

Negative: Future developments that may, individually or collectively, lead to negative rating action include:

--Ownership by a weak ultimate parent that tops Nextera's bid as a superior bid;
--Weak ring-fencing provisions that lead to a close rating linkage between Oncor and a weak parent;
--Material amount of debt above Oncor Holdings with limited visibility on deleveraging;
--Adverse outcomes in future rate cases such as significant sharing of tax benefits or material reduction in authorized ROEs;
--Sustained weakness in total adjusted debt to EBITDAR measures above 4.5x.

LIQUIDITY

Oncor has adequate availability under the corporate revolver. As of June 30, 2016, Oncor had $860 million of availability under its $2 billion corporate revolving facility, currently due October 2017. The drawn balances are large and reflect a high capex spend; Oncor typically draws on its corporate revolver to fund capital work in progress and subsequently replaces the drawn balances with permanent financing and/or internally generated funds. Oncor can request the lenders to increase the borrowing capacity of the revolver by $100 million and to extend the maturity in two one-year increments. Oncor exercised one of the two one-year extensions in October 2015. Under the terms of the corporate revolver, the lenders' commitments are several and not joint.

Contact:

Primary Analyst
Shalini Mahajan, CFA
Managing Director
+1-212-908-0351
Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004

Secondary Analyst
Philip Smyth, CFA
Senior Director
+1-212-908-0531

Committee Chairperson
Mark Sadeghian
Senior Director
+1-312-368-2090

Media Relations: Alyssa Castelli, New York, Tel: +1 (212) 908 0540, Email: alyssa.castelli@fitchratings.com.

Date of Relevant Rating Committee: July 29, 2016.

There were no financial statement adjustments made that were material to the rating rationale outlined above.

Additional information is available on www.fitchratings.com.

future events that by their nature cannot be verified as facts As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report A Fitch rating is an opinion as to the creditworthiness of a security This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned Fitch is not engaged in the offer or sale of any security All Fitch reports have shared authorship Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein The individuals are named for contact purposes only A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch Fitch does not provide investment advice of any sort Ratings are not a recommendation to buy, sell, or hold any security Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent) The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers

For Australia, New Zealand, Taiwan and South Korea only Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no 337123) which authorizes it to provide credit ratings to wholesale clients only Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

DOCKET 48929 ATTACHMENT 3
TO STAFF RFI SET 4
QUESTION NO. 4-56

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
3 August 2016

RATINGS
NextEra Energy, Inc

Domicile	Juno Beach, Florida, United States
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information The ratings and outlook shown reflect information as of the publication date

Contacts

Mihoko Manabe 212-553-1942
Senior Vice President
mihoko manabe@moodys com

Jim Hempstead 212-553-4318
Associate Managing Director
james hempstead@moodys com

NextEra Energy, Inc.

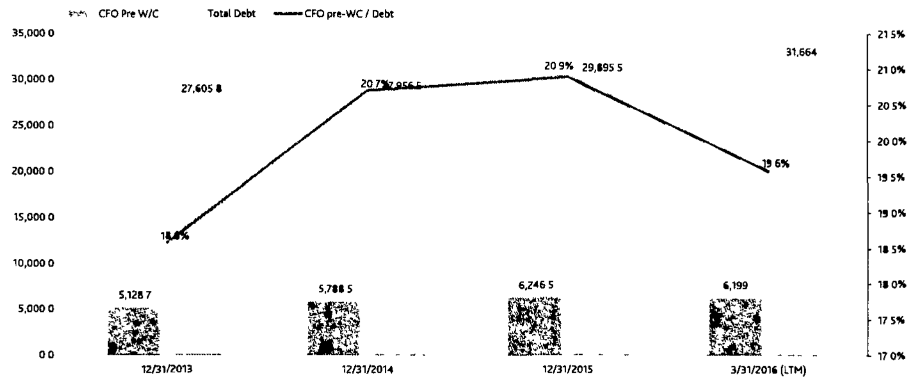
A Major Hybrid Utility and Power Company

Summary Rating Rationale

NextEra Energy, Inc.'s (NEE, Baa1 issuer rating) rating reflects its leading industry positions in the US as the owner of one of the strongest regulated electric utilities (Florida Power and Light Company (FPL, A1 stable), 58% of FY 2015 consolidated EBITDA) as well as the largest portfolio of renewable power projects under NextEra Energy Capital Holdings (NEECH, Baa1 stable for senior unsecured for debt guaranteed by NEE) (the remaining 42% of EBITDA). NEECH's largest subsidiary is NextEra Energy Resources (NEER, not rated), an intermediate holding company for NEE's independent power projects and its yieldco, NextEra Energy Partners, LP (NEP, not rated). Over the past few years, NEE has been de- emphasizing merchant power activities, and focusing instead on lower-risk contracted or regulated businesses in a credit-positive strategic shift. NEE has fortified its balance sheet going into another construction wave at NEER in 2016, but will need continued good access to the bank and debt capital markets to maintain its liquidity If it is successful in acquiring Oncor Electric Delivery Company LLC (Oncor, A3 senior secured, review for upgrade), NEE would improve its regulated business mix, but debt would also increase.

For further detail, please refer to our research on NEECH (focused on the non-FPL aspects of NEE) and FPL.

Exhibit 1



Source: Moody's Investors Service

Credit Strengths

» Oncor acquisition: a bid to increase regulated businesses

» FPL: Strong foundation to NEE's credit profile

» NEER: Growing, de-risking a leading clean-energy portfolio

Credit Challenges

» Geographic concentration in Florida

» Acquisition event risk

» Significant negative free cash flow

Rating Outlook

The stable outlook incorporates the expectation that incremental debt and dividends would be sufficiently supported by a concomitant increase in stable cash flow from regulated and contracted assets.

Excluding any potential impact from Oncor, we base our outlook on NEE sustaining CFO pre-WC / Debt in the 21%-23% range (19.6% in LTM March 2016), CFO pre-WC - Dividends / Debt in the 16%-17% range (14.8% in LTM), dividends divided by Net Profit After-tax Before Unusual Items below 70% (61% in LTM), and the percentage of holding company debt below 40% (pro forma for the $500 million of hybrids issued in June, 35% of NEE's reported debt, 34% with the hybrid adjustment).

Some of the metrics being on the weak end of our long-term range is due to a temporary lag in cash flow from a construction wave of new power plants, which will add a meaningful amount of incremental cash flow over the next couple of years. NEE has a solid record of project execution that supports the likelihood of a steady recovery in its credit metrics over the 2017-18 period. If NEE consummates the Oncor acquisition, the lower business risk would provide limited additional debt capacity, for example, CFO pre-wc / Debt above approximately 18%.

Factors that Could Lead to an Upgrade

An upgrade is unlikely in the foreseeable near future, in light of the significant capital projects ahead of NEE, and the pending M&A transactions. Not assuming Oncor, an upgrade is possible longer term if NEE substantially reduces debt at NEECH/NEER and its unregulated activities while improving its cash flow metrics, such as consolidated CFO pre-WC / Debt sustained above 30%.

Factors that Could Lead to a Downgrade

A downgrade could result for NEE and NEECH if NEE's consolidated CFO pre-wc / Debt is sustained below 20% (approximately 18% if the Oncor acquisition is consummated) from inadequate debt reduction and organic increase in cash flow expected from new power plants under NEECH. Downgrades could also result if the holding company-level debt is sustained above 40%. A downgrade of NEE and NEECH could also result in a downgrade of FPL, due to affiliation with a weaker parent.

Key Indicators

Exhibit 2

KEY INDICATORS [1]					
NextEra Energy, Inc.					
	12/31/2012	12/31/2013	12/31/2014	12/31/2015	3/31/2016(LTM)
CFO pre-WC + Interest / Interest	4.3x	5.1x	5.3x	5.8x	5.2x
CFO pre-WC / Debt	14.6%	18.6%	20.7%	20.9%	19.6%
CFO pre-WC – Dividends / Debt	10.6%	14.3%	16.0%	16.0%	14.8%
Debt / Capitalization	53.2%	50.7%	48.2%	47.1%	48.0%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations
Source Moody's Financial Metrics™

Detailed Rating Considerations

ONCOR AND ACQUISITION EVENT RISK

NEE is seeking new shareholder growth avenues beyond the next few years of identified projects. The company also wants to reduce business risk by increasing the proportion of regulated and contracted assets. In keeping with NEE's strategic efforts to grow regulated businesses, NEE continually reviews opportunities to buy other utilities, though the odds of consummating a utility merger are generally low. On 18 July 2016, NEE terminated its $4.3 billion deal to acquire Hawaiian Electric Industries Inc. but on 29 July, NEE announced its agreement to acquire the majority ownership of Oncor Electric Delivery Company LLC (Oncor, A3 senior secured, review for upgrade), the largest transmission and distribution utility in Texas, for an enterprise value of about $18 billion. Oncor is an attractive target because it is a low-risk utility (no risks related to electric generation) and located in a constructive regulatory environment and a growing service territory. Oncor would bring a meaningful but still minor change to NEE's business mix, (Oncor's EBITDA is about 25% of NEE's).

NEE faces a number of risks to closing this deal. Oncor could attract competing bidders. The bankruptcy of Oncor's parent Energy Future Holdings (EFH) adds complications, such as the need for approval from the bankruptcy court and a private letter ruling from the Internal Revenue Service that the transaction would be tax-free. The Oncor deal includes $9.3 billion of debt of its bankrupt parent, which NEE would somehow want to restructure.

FPL: STRONG FOUNDATION TO NEE'S CREDIT PROFILE

FPL is NEE's legacy core asset. As one of the strongest regulated electric utilities in the US, FPL forms a strong foundation to NEE's credit profile. FPL gives NEE a geographic concentration in Florida; however, the political and regulatory environment for Florida utilities is stable. FPL is currently in a rate case, expected to be decided by year-end2016 We assume that the rate decision will be constructive. The company has good cost recovery mechanisms that produce consistently above-average credit metrics. Unusual among many US electric utilities, FPL has a growing service territory that will generate organic sales growth and new investment opportunities. FPL has minimal exposure to coal, which has made it already compliant with the Environmental Protection Agency's proposed Clean Power Plan. It is reliant on natural gas for the majority of its generation, however, and as a strategic response, NEE is investing in gas pipelines to ensure sufficient supply in the region and increase regulated investments.

NEER: GROWING, DE-RISKING A LEADING CLEAN-ENERGY PORTFOLIO

NEER has a large, diverse generation portfolio, and is the top owner of wind and solar generation in the US. These clean energy resources obviate much of the heavy environmental expenditures that its coal-oriented peers are required to make, and provide opportunities to sell renewable energy mostly to investment-grade utilities seeking to comply with environmental mandates. NEER's credit metrics have improved from new cash flows generated by power plants that were completed over the last few years. Demand for renewable energy remains robust, and to meet it, NEER plans to spend about $6 billion a year in an ongoing wave of construction over the 2016-18 period that will increase its wind and solar generation capacity by roughly a third. All of these projects are secured by long-term contracts, which will result in more stable cash flows, while reducing NEER's exposure to merchant activities that are riskier and have a weak outlook.

BALANCE SHEET FORTIFIED FOR A SPIKE IN CAPEX IN 2016

NEE's credit metrics have recovered with cash flow from operations before working capital changes to debt (CFO pre-WC / Debt) of 19.6% for the last twelve months (LTM) ended March 2016), steadily up from the nadir of 14.9% in 2012. These improvements were driven by rising cash flows at NEER from power plants coming on-line. In addition, NEE strengthened its balance sheet by issuing a significant amount of equity, including $1.2 billion issued in 2015 from the settlement of the equity forward contracts included in its equity units. A better capitalized balance sheet positions the company well for 2016, which will be highest-ever year for capex and related financings. Organic projects including renewables, pipelines and transmission are forecast to push capex to almost $11 billion in 2016, up from $8 billion in 2015.

We believe management is motivated to defend NEE's ratings, which it considers as a competitive advantage in executing its business strategy. We expect NEE will balance creditors' interests with those of shareholders, for example, by maintaining sound credit metrics but also planning to increase dividend payouts from 55% in 2014 to 65% by 2018. NEE has yet to determine the financing for the Oncor acquisition, but it plans to use a balanced mix of financings and asset sale proceeds.

Liquidity Analysis

Over the next four quarters, FPL is projected to maintain adequate liquidity. NEECH's liquidity will be constrained by the need to finance a spike in its already large capital program, to repay and to refinance a substantial amount of maturing debt, and to provide for material contingent calls related to its hedging and marketing activities. However, NEECH has demonstrated good access to bank and debt capital markets to maintain its liquidity.

FPL: FPL's CFO pre-WC for LTM March2016 of $4.0 billion (Moody's adjusted, excluding the acquisition of the Cedar Bay facility that is included in funds from operations) would substantially meet the more than $4 billion of capex in 2016. FPL can bridge a funding gap with its $3.2 billion of credit facilities, which backstop its CP program. In 2018, $200 million of these commitments expire; most of the remainder terminates in 2021. FPL's credit facilities do not contain a material adverse change clause. Other than minor amortization payments on its storm securitization bonds, FPL does not have a large debt maturity until November 2017 when $300 million of first mortgage bonds come due.

NEECH. NEECH's CFO pre-WC for FY 2015 of $2.9 billion would meet about a third of its 2016 capex estimate of $8 billion. As of 31 March 2016, NEECH had $3.4 billion of current debt. NEECH has $7.2 billion of credit facilities at the NEECH holdco, NEER, and NEP. The largest of these is the NEECH holdco's $4.85 billion of revolvers, which backstop its CP program. Commitments are laddered, with the vast majority terminating in 2021. This facility does not contain a material adverse change clause.

Profile

NEE is one of the largest hybrid utility and power companies in the US. It is a holding company for FPL, a regulated electric utility in Florida, and NEECH, the principal debt financing vehicle for the non-FPL businesses.

Rating Methodology and Scorecard Factors

NEE's capital structure is made complex by an array of financings used (e.g., hybrids, tax equity, the yieldco) at a growing number of entities under NEECH. The three-notch gap between the NEE holding company's Baa1 and FPL's A1 issuer ratings reflects not only the differences in their business risk, but also the degree of structural subordination of holding company debt obligations to a substantial amount of debt at the operating assets. NEE has a relatively high percentage of holding company debt obligations compared to its peers. NEE's ultimate holding company has no debt of its own but guarantees debt that resides at NEECH.

Exhibit 3

Rating Factors				
NextEra Energy, Inc.				
Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current LTM 3/31/2016**		**Moody's 12-18 Month Forward View As of Date Published [3]**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Aa	Aa	Aa	Aa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	A	A	A	A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.2x	A	5x - 5 4x	A
b) CFO pre-WC / Debt (3 Year Avg)	19.4%	Baa	19% - 20%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	14.8%	Baa	14% - 15%	Baa
d) Debt / Capitalization (3 Year Avg)	49.0%	Baa	49% - 50%	Baa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	-1	-1	-1	-1
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations
[2] As of 3/31/2016(LTM),
[3] This represents Moody's forward view; not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures
Source Moody's Financial Metrics™

Ratings

Exhibit 4

Category	Moody's Rating
NEXTERA ENERGY, INC.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured Shelf	(P)Baa1
Jr Subordinate Shelf	(P)Baa2
Pref. Shelf	(P)Baa3
NEXTERA ENERGY CAPITAL HOLDINGS, INC.	
Outlook	Stable
Bkd Senior Unsecured	Baa1
Jr Subordinate Shelf	(P)Baa2
BACKED Pref. Shelf	(P)Baa3
Commercial Paper	P-2
FLORIDA POWER & LIGHT COMPANY	
Outlook	Stable
Issuer Rating	A1
First Mortgage Bonds	Aa2
Senior Secured Shelf	(P)Aa2
Senior Unsecured Shelf	(P)A1
Commercial Paper	P-1
FPL GROUP CAPITAL TRUST I	
Outlook	Stable

BACKED Pref. Stock	Baa2

Source Moody's Investors Service

REPORT NUMBER **1033765**

MOODY'S
INVESTORS SERVICE

DOCKET 48929 ATTACHMENT 4
TO STAFF RFI SET 4
QUESTION NO. 4-56

S&P Global
Ratings

Research

Oncor Electric Delivery Co. LLC Outlook Revised To Positive From Developing; Ratings Affirmed

Primary Credit Analyst:
Dimitri Nikas, New York (1) 212-438-7807; dimitri.nikas@spglobal.com

Secondary Contact:
Michael Pastrich, New York 212-438-0604; michael.pastrich@spglobal.com

- NextEra Energy Inc. (NextEra) has entered into an agreement to acquire Energy Future Holdings Inc.'s (EFH) interest in Oncor Electric Delivery Co. LLC (Oncor).
- We are affirming our ratings on Oncor, including the 'BBB+' issuer credit rating, and revising the outlook to positive from developing. Our ratings on Oncor's first mortgage bond ratings are unchanged.
- The positive outlook reflects the potential for higher issuer ratings on Oncor upon the completion of the acquisition by NextEra.

NEW YORK (S&P Global Ratings) Aug. 2, 2016--S&P Global Ratings today affirmed its ratings, including the 'BBB+' issuer credit rating, on Oncor Electric Delivery Co. (Oncor) and revised the outlook to positive from developing to reflect the potential for higher issuer ratings as a result of the company's proposed acquisition by NextEra.

Upon the completion of the acquisition by NextEra, Oncor will no longer be burdened by issues and complications arising from the bankruptcy of its current majority owner, EFH. While the ratings on Oncor are de-linked from the majority owner, we still view the company's credit profile as being somewhat constrained by the presence of EFH, relative to peers. "The positive outlook reflects the potential for higher ratings on Oncor over the next 12 to 18 months, once the company is unaffiliated with a majority owner that is in bankruptcy," said S&P Global Ratings credit analyst Dimitri Nikas.

While we could raise the issuer credit rating on Oncor by up to one notch upon the completion of the acquisition by NextEra, we would expect to affirm the

 1686126 | 300642892

ratings on the company's first mortgage bonds given the guidelines for notching utility senior secured debt.

The ratings on Oncor reflect the company's excellent business and significant financial risk profiles. Oncor's business risk profile benefits from a large service territory that demonstrates robust customer growth, a generally constructive regulatory framework, and low-risk electricity transmission and distribution operations. Over the past several years Oncor has been growing its electric transmission rate base which benefits from timely investment recovery.

Oncor's financial risk profile is in the significant category and under our base-case scenario we expect that cash flow generation will benefit mainly from customer and load growth and ongoing recovery of transmission investments. We expect that funds from operations (FFO) to debt will range from 17%-18% while debt to EBITDA will be about 4x.

The positive outlook on Oncor reflects the potential for higher ratings over the next 12 to 18 months once the acquisition by NextEra is completed. Completion of the transaction would disassociate Oncor from EFH and as a result we could raise the issuer credit rating by one notch.

We could affirm the issuer credit ratings on Oncor and revise the outlook to developing if the proposed merger with NextEra is not completed and Oncor remains entangled in the EFH bankruptcy proceeding.

We could raise the issuer credit rating on Oncor if the proposed acquisition by to NextEra is completed over the next 12 to 18 months and our ratings on NextEra are unaffected by the transaction. We could also raise the rating if Oncor retains a degree of insulation after the sale, depending on the ratings of the rest of the group.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term

Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Criteria - Corporates - Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Fitch Affirms NextEra's Ratings Following EFH's Acquisition Announcement; Outlook Stable

Fitch Ratings-New York-01 August 2016: Fitch Ratings has affirmed the Long-Term Issuer Default Rating (IDR) of NextEra Energy, Inc. (NextEra) at 'A-' with a Stable Rating Outlook following the company's announcement to acquire 100% of the equity of reorganized Energy Future Holdings Corp. (EFH), which indirectly owns an 80% equity interest in Oncor Electric Delivery Company LLC (Oncor). Fitch has also affirmed the Long-Term IDR of NextEra Energy Capital Holdings, Inc. (Capital Holdings) at 'A-'. The IDR of NextEra is equalized with that of Capital Holdings due to the full, unconditional guarantee from NextEra. Fitch has also affirmed the IDR of Florida Power & Light (FPL) at 'A'. The Rating Outlook remains Stable for Capital Holdings and FPL.

NextEra plans to fund the $9.5 billion acquisition of EFH through a combination of $1.5 billion of equity units, cash on hand and debt. NextEra is a frequent issuer of equity units, which have a three-year conversion period. Fitch typically does not assign any equity credit to these units until they convert. In the past, Fitch had established an adjusted FFO leverage threshold on a consolidated basis of 3.5x - 3.8x for NextEra to maintain its 'A-' IDR. The acquisition of Oncor does improve the qualitative profile of the company and Fitch has widened the upper bound of the adjusted FFO leverage range to 4.0x. There exists possibility of additional bids for Oncor. It is Fitch's expectation that NextEra's funding mix for EFH's acquisition and other capital commitments would be such so as to achieve the 4.0x FFO adjusted leverage ratio by 2019.

The transaction is subject to receiving approval from the bankruptcy court of the EFH's amended plan of reorganization, the change of control approval from the Public Utility Commission of Texas (PUCT) and the Private Letter Ruling from the IRS confirming the tax free nature of the transaction. Approvals are also needed from the Federal Energy Regulatory Commission and under Hart-Scott-Rodino Act. NextEra plans to apply for PUCT's approval in the next few days. The PUCT has statutorily 180 days to decide, which places the closing of the transaction toward the end of the first quarter of 2017.

KEY RATING DRIVERS

Improving Regulated Mix: The acquisition of Oncor improves the business profile for NextEra by driving up the proportion of regulated utilities mix to 66% in 2017 from 59% in 2015. This proportion, however, will decline somewhat as the contracted renewable business grows. The addition of Oncor diversifies the regulated earnings for NextEra across two strong state jurisdictions of Florida and Texas, both of which are growing above national average. Oncor is a transmission and distribution (T&D) utility, with supportive regulatory mechanisms, which Fitch views as lower risk compared to integrated utilities. The regulation in Texas is quite supportive in particular for the transmission business, where the majority of Oncor's capex is focused. NextEra has sufficient experience in Texas from its ownership of generation plants, a retail electric supply business and a regulated transmission line.

PUCT Approval is Key: Fitch currently does not anticipate any significant customer concessions as part of the merger approval process; the ring fencing provisions and the governance structure at both Oncor and its direct parent, Oncor Electric Delivery Holdings Company LLC (Oncor Holdings), would likely occupy greater attention in the merger proceedings. Fitch believes Oncor's credit ratings will benefit from the ownership by a higher rated parent even if the current ring fencing provisions are diluted to reflect traditional utility ring-fencing protections. The EFH acquisition by NextEra when completed will finally resolve the long drawn bankruptcy proceedings for Oncor's indirect parent holding companies as well as eliminate the significant amount of debt above Oncor. Fitch has been constraining Oncor's IDR by one-notch compared to its peer electric T&D utilities in Texas. The notching of the senior secured debt at Oncor has been further constrained to reflect ownership by a distressed parent. Fitch sees lifting of these constraints under the ownership of NextEra.

Weakened Pro-forma Credit Metrics: On a fully consolidated basis, Fitch expects NextEra's leverage ratios to weaken after the close of EFH acquisition. Fitch expects adjusted FFO leverage ratio to peak at 4.4x in 2017 and then improve to approximate 4.0x by 2019, with the conversion of the equity units. Fitch expects the FFO fixed charge coverage to be in the 5.0x - 5.5x range over 2017 - 2019. Fitch also analyses NextEra's metrics on a deconsolidated basis. Fitch deconsolidates the non-recourse debt that is associated with the wind and solar projects as well as the EBITDA associated with these projects and only includes the cash distribution from these projects. The FFO based credit metrics for NextEra look stronger on a deconsolidated basis.

KEY ASSUMPTIONS

Fitch's key assumptions within the rating case for NextEra include:

--80% equity ownership in Oncor;
--No material customer concession to get PUCT approval;
--Annual retail sales growth of 1.0% at FPL over 2016 - 2018;
--Base rate increase in 2017 to allow FPL to earn close to its current authorized ROE of 10.5%;
--O&M and other expenses growth at FPL of 1.5% from 2016 to 2018;
--Capex at FPL and Capital Holdings of approximately $18 billion over 2016-2018; and
--Limited commodity exposure based on existing hedge position.

RATING SENSITIVITIES

NextEra and Capital Holdings:
Positive: Positive rating actions for NextEra and Capital Holdings appear unlikely at this time.

Negative: Future developments that may, individually or collectively, lead to a negative rating action include:

--Inability to achieve FFO adjusted leverage of 4.0x by 2019;
--Any deterioration in credit measures that result from higher use of leverage or outsized return of capital to shareholders. Fitch will continue to monitor management's strategy with respect to NEP, and an aggressive acquisition or financial strategy, rising conflict of interest between NextEra and NEP, or predominantly shareholder focused use of sell down proceeds will have negative implications for NextEra's credit;
--A change in strategy to invest in non-contracted renewable/pipeline/electric transmission assets, more speculative assets, or a lower proportion of cash flow under long-term contracts;
--Any change in current regulatory policies at Florida Public Service Commission and/or any weakness in the current business climate in Florida;
--Changes in tax rules that reduce NextEra's ability to monetize its accumulated production tax credits, investment tax credits, and accumulated tax losses carried forward.

FPL

Positive Rating Action: Given the strong rating linkage with its parent company, future positive rating actions appear unlikely.

Negative: Future developments that may, individually or collectively, lead to negative rating action include:
--Unfavorable changes in current Florida regulatory policies for timely recovery of utility capital investments, fuel and purchased power costs, and storm-related costs;

--Increasing parent risk profile from higher debt leverage or aggressive corporate strategy.

LIQUIDITY

Liquidity is robust, with $628 million in cash and approximately $5.3 billion available under committed corporate credit facilities for the NextEra group of companies as of March 31, 2016, excluding limited recourse or nonrecourse project financing arrangements. NextEra's ratings reflect the company's strong access to the capital markets, commercial paper market and to banks for both corporate credit and project finance.

FULL LIST OF RATING ACTIONS

Fitch affirms the following ratings with a Stable Outlook:

NextEra Energy, Inc.
--Long-Term IDR at 'A-'.

NextEra Energy Capital Holdings, Inc.
--Long-Term IDR at 'A-';
--Senior unsecured debentures at 'A-';
--Junior subordinate hybrids at 'BBB';
--Short-Term IDR and Commercial Paper at 'F1'.

Florida Power & Light Company
--Long-Term IDR at 'A';
--First mortgage bonds at 'AA-';
--Unsecured pollution control revenue bonds at 'A+'/F1;
--Short-Term IDR at 'F1'.

FPL Group Capital Trust I

--Trust preferred stock at 'BBB'.

Contact:

Primary Analyst
Shalini Mahajan, CFA
Managing Director
+1-212-908-0351
Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004

Secondary Analyst
Maude Tremblay
Director
+1-312-368-3203

Committee Chairperson
Mark Sadeghian
Senior Director

+1-312-368-2090

Media Relations: Alyssa Castelli, New York, Tel: +1 (212) 908 0540, Email: alyssa.castelli@fitchratings.com.

Date of Relevant Rating Committee: July 29, 2016

There were no financial statement adjustments made that were material to the rating rationale outlined above.

Additional information is available on www.fitchratings.com

Applicable Criteria
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage (pub. 17 Aug 2015) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869362)

Additional Disclosures
Dodd-Frank Rating Information Disclosure Form
(https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=1009785)
Solicitation Status (https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=1009785)
Endorsement Policy (https://www.fitchratings.com/jsp/creditdesk/PolicyRegulation.faces?context=2&detail=31)

Endorsement Policy - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (https://www.fitchratings.com/regulatory) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

DOCKET 48929 ATTACHMENT 6
TO STAFF RFI SET 4
QUESTION NO. 4-56

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
1 August 2016

Oncor Electric Delivery Company LLC

Largest Texas T&D Electric Utility

RATINGS

Oncor Electric Delivery Company LLC

Domicile	Dallas, Texas, United States
Long Term Rating	A3 , Possible Upgrade
Type	First Mortgage Bonds - Dom Curr
Outlook	Rating(s) Under Review

Please see the ratings section at the end of this report for more information The ratings and outlook shown reflect information as of the publication date

Analyst Contacts

Jairo Chung 212-553-5123
Analyst
jairo chung@moodys.com

Jim Hempstead 212-553-4318
Associate Managing Director
james.hempstead@moodys com

CLIENT SERVICES

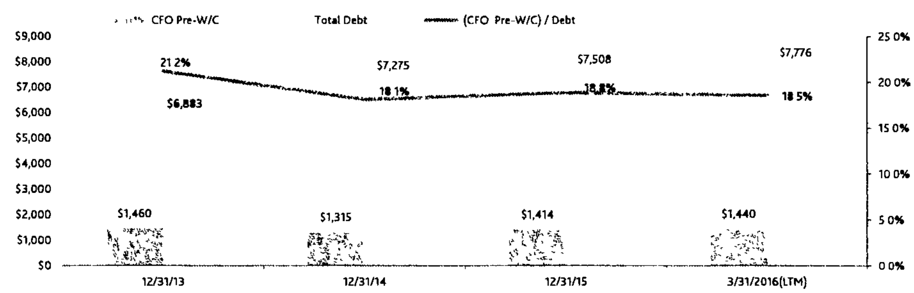
Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Summary Rating Rationale

Oncor is strongly positioned within the A rating category. Oncor's electric transmission and distribution (T&D) operations in Texas are regulated by the Public Utility Commission of Texas (PUCT), which provides for timely recovery of prudently incurred costs and investments. These recovery mechanisms help Oncor to produce stable and predictable financial ratios, such as a ratio of cash flow from operations (before adjusting for working capital changes) to debt (CFO pre-WC to debt) in the high-teen's to low 20% range.

On 29 July 2016, NextEra Energy Inc. (NextEra, Baa1 stable) announced it had entered into an agreement with Energy Future Holdings, Corp. (EFH, not rated) to acquire 80% of Oncor for $18.4 billion. Oncor's A3 rating reflects greater certainty over the company's ultimate ownership by a strategic parent, a more transparent consolidated capital structure, and a continued supportive regulatory environment in Texas. When NextEra completes the pending transaction, Oncor should be able to maintain its strong credit profile as a low risk T&D utility operation with the added benefit of being part of a larger, more stable utility corporate family.

Exhibit 1
Oncor historical CFO pre W/C, Debt, and CFO pre W/C to Debt



Source. Moody's Investors Service

Credit Strengths

- Low-risk business operations in a supportive regulatory jurisdiction
- Stable credit profile with strong, consistent financial metrics
- Stronger parent support from pending new owner, NextEra

Credit Challenges

- Large planned capital expenditures

Rating Outlook

Oncor's rating is under review for upgrade. The review will focus on the proceedings in the bankruptcy court as well as at the PUCT, along with other execution milestones necessary to close the transaction by 31 March 2017. Oncor's ratings are likely to be upgraded to the high single A range once there is more clarity on regulatory and bankruptcy court approval processes.

Factors that Could Lead to an Upgrade

- Oncor is likely to be upgraded when the regulatory and bankruptcy court approval processes become more transparent and NEE begins to eliminate Oncor's parent debt through refinancing.
- If Oncor produces key metrics such as cash flow pre-working capital to debt above 22% on a sustained basis, a rating upgrade could be considered.

Factors that Could Lead to a Downgrade

- The review for upgrade limits the likelihood of a rating downgrade over the near term.

Key Indicators

Exhibit 2

KEY INDICATORS [1]

Oncor Electric Delivery Company LLC

	3/31/2016(L)	12/31/2015	12/31/2014	12/31/2013	12/31/2012
CFO pre-WC + Interest / Interest	4.9x	4.9x	4.5x	4.6x	4.3x
CFO pre-WC / Debt	18.5%	18.8%	18.1%	21.2%	18.7%
CFO pre-WC – Dividends / Debt	13.5%	13.0%	14.2%	16 7%	15 5%
Debt / Capitalization	43.4%	42 6%	41 9%	41.2%	42.6%

[1]All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations Source Moody's Financial Metrics™
Source Moody's Investors Service

Detailed Rating Considerations

Parent debt rating constraint diminishes as a clear path to a stronger parent emerges

The acquisition by a traditional, strategic utility player such as NextEra removes EFH contagion risk as a constraint to Oncor's credit profile. The approximately $10 billion of debt that exists above Oncor, at either EFH or another intermediate subsidiary holding company, Energy Future Intermediate Holdings (EFIH, not rated, also in bankruptcy), will be extinguished with the pending transaction. As a result, Oncor's rating will no longer be negatively affected by the EFH and EFIH debt that was secured by Oncor's implied equity value of Oncor and looked to Oncor for its debt service.

Oncor's ownership and consolidated capital structure under NextEra will provide further rating uplift to a level more appropriate for Oncor's current credit profile. When NextEra completes the pending transaction, Oncor should be able to maintain this strong credit profile as a low risk T&D utility with the added benefit of being part of a larger, more stable utility corporate family in NextEra.

With the potential of Oncor's parent debt being substantially reduced or eliminated, we believe the ring-fence like provisions in place will become less significant for Oncor. We believe the PUCT change of control approval process will be more straightforward as the pending transaction does not include any complex financing strategy and Oncor is likely to continue to operate as a traditional regulated utility.

Low-risk business operations within a supportive regulatory jurisdiction

We view the regulatory environment and framework in Texas to be credit supportive, with all of Oncor's revenues regulated by the PUCT. The framework provides a suite of transparent and timely recovery mechanisms for prudently incurred costs and investments. Along with the base rate adjustments implemented through general rate cases, the PUCT has approved several rider and true-up mechanisms, such as the transmission cost recovery factor (TCRF), which is updated biannually, and an energy efficiency cost recovery factor (EECRF), to reconcile the rates on a regular basis. The PUCT is also supportive of T&D utility investments in Texas, which results in a consistently strong level of capital investment. Oncor projects its annual capital expenditures to average approximately $1.5 billion annually between 2017 and 2019.

In addition, Oncor has a higher than average residential growth rate in its service territory. Over the last five years, the number of distribution system points of delivery increased by an average of 1.39% per year. In 2015, 49,200 points of delivery where added to the system, which now includes over 3.3 million points of delivery. This growth, along with favorable weather and higher distribution base revenues, helped to partially offset higher operating expenses, and a decrease in the energy efficiency performance bonus. Oncor's large commercial and industrial (C&I) customer growth has been flat, with only marginal increases in weather-adjusted demand and volumes compared to a year ago.

Texas T&D utilities have a slightly lower risk profile than the broader T&D peer group as they are not exposed to any provider of last resort (POLR) risk or commodity risks and benefit from a strong set of timely recovery mechanisms.

Stable credit profile with strong, consistent financial metrics

Oncor's low-risk business operations within a credit supportive regulatory jurisdiction and stable financial profile have the company well positioned within the A rating category. For the twelve months (LTM) ended March 2016, Oncor generated about $1 4 billion in CFO pre-WC. This compares to CFO pre-WC of $1.4 billion generated in 2015 and $1.3 billion in 2014. We believe Oncor will continue to produce CFO pre-WC in the $1.4 billion range over the next few years, slowly increasing to about $1.5 billion. These CFO figures compare to Oncor's EBITDA, which we see as about $2.0 billion for LTM March 2016 and in 2015.

With approximately $7.8 billion in adjusted total debt, which includes $900 million in underfunded pensions and about $30 million in operating lease adjustments, Oncor's CFO pre-WC to debt has been between 18% and the low 20% range since 2011. Combined with Oncor's debt to book capitalization ratio of around 43%, these financial ratios could justify a higher rating.

Liquidity Analysis

We expect Oncor to maintain a good liquidity profile over the next 12-18 months

Oncor's main source of liquidity, aside from operating cash flows, comes from its $2 0 billion secured revolving credit facility, maturing in October 2017. Oncor exercised one of the two one-year extensions available to extend the term of the revolving credit facility in October 2015 At 31 March 2016, there was $1,054 million of borrowings and $7 million of letters of credit outstanding under the facility, leaving approximately $940 million in availability. The credit facility has a 65% debt to capitalization financial covenant.

On 31 March 2016, Oncor had $20 million of cash on hand. Prospectively, we expect Oncor to produce approximately $1 4 billion in cash flow from operations in the next 12 months and to spend roughly $1 billion in capital expenditures In 2015, Oncor distributed $436 million in dividends representing a 100% payout ratio. Going forward we anticipate the dividend will decrease and fall in line with the historical payout ratio averaging between 60 – 70% of net income.

In March 2015, Oncor issued $350 million of senior secured notes maturing in April 2025 and $375 million of senior secured notes maturing in 2045. Proceeds from these issuances were used to pay down borrowings on its revolving credit facility. Oncor's next material debt maturity is $324 million of senior notes due September 2017 and $550 million of senior notes due September 2018.

Profile

Oncor Electric Delivery Company LLC (Oncor, A3 RUR-UP) is a regulated electric transmission and distribution (T&D) utility serving the greater Dallas and Fort Worth regions. Oncor is the largest T&D in Texas, delivering electricity to over 3.3 million customers and operating more than 121,000 miles of transmission and distribution lines.

Oncor is a majority-owned subsidiary of Oncor Electric Delivery Holdings Company LLC (not rated) which is a wholly-owned subsidiary of Energy Future Intermediate Holding Company (EFIH, not rated) which is a wholly-owned subsidiary of Energy Future Holdings Corp. (EFH, not rated) On April 29, 2014, EFH and several of its subsidiaries including EFIH filed for Chapter 11 bankruptcy; however, Oncor was not part of this filing given its set of strong ring-fence type protections

On 29 July 2016, NextEra Energy Inc. (NextEra, Baa1 stable) announced it had entered into an agreement with Energy Future Holdings, Corp (EFH, not rated) to acquire 80% of Oncor for $18.4 billion.

Other Considerations

Oncor's financial performance is evaluated under the low business risk grid under the Regulated Electric and Gas Utilities methodology published in December 2013. The grid indicated rating in the rating factors table below represents a senior unsecured rating, which is two notches higher than Oncor's implied senior unsecured rating based on Oncor's assigned senior secured rating of A3

Rating Methodology and Scorecard Factors

Exhibit 3

Rating Factors

Oncor Electric Delivery Company LLC

Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current LTM 3/31/2016**		**Moody's 12-18 Month Forward View As of Date Published [3]**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.7x	A	4x - 4.5x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	18.8%	Baa	15% - 20%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	14.2%	Baa	11% - 16%	Baa
d) Debt / Capitalization (3 Year Avg)	42.8%	A	41% - 45%	A
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		A3		A3
b) Actual Rating Assigned (Senior Secured)		A3		A3

[1]All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations
[2]As of 3/31/2016(L), Source. Moody's Financial Metrics™
[3]This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures
Source Moody's Investors Service

Ratings

Exhibit 4

Category	Moody's Rating
ONCOR ELECTRIC DELIVERY COMPANY LLC	
Outlook	Rating(s) Under Review
Senior Secured	A3[1]

1 - Placed under review for possible upgrade on July 29 2016
Source Moody's Investors Service

REPORT NUMBER **1034191**

Moody's
INVESTORS SERVICE

FITCH PLACES ONCOR ON POSITIVE WATCH FOLLOWING EFH'S ACQUISITION ANNOUNCEMENT

Fitch Ratings-New York-01 August 2016: Fitch Ratings has placed the Issuer Default Rating (IDR) of Oncor Electric Delivery Company LLC's (Oncor) on Rating Watch Positive following the announcement by NextEra Energy, Inc. (NextEra, IDR 'A-'/Outlook Stable) to acquire 100% of the equity of reorganized Energy Future Holdings Corp. (EFH), which indirectly owns an 80% equity interest in Oncor.

The acquisition, when completed, will finally resolve the drawn-out bankruptcy proceedings for Oncor's indirect parent holding companies as well as eliminate the significant amount of debt above Oncor. Fitch has been constraining Oncor's IDR by one-notch compared to its peer electric T&D utilities in Texas, and the notching of the senior secured debt at Oncor has been further constrained to reflect ownership by a distressed parent. Fitch sees lifting of these constraints under the ownership of NextEra. After the transaction is completed, Oncor will become a subsidiary of NextEra.

There could be additional bids, and Fitch will reassess its ratings for Oncor if EFH were to accept a superior bid. Otherwise, Fitch will likely resolve the Rating Watch at or close to the completion of the transaction. The transaction is subject to receiving approvals from the bankruptcy court of the EFH's amended plan of reorganization, the Public Utility Commission of Texas (PUCT) and the Private Letter Ruling from the IRS confirming the tax free nature of the transaction. Approvals are also needed from the Federal Energy Regulatory Commission and under Hart-Scott-Rodino Act.

KEY RATING DRIVERS

Regulatory Approval is Key: NextEra plans to apply for PUCT's approval for the change of control of Oncor shortly. The PUCT has statutorily 180 days to decide, which places the closing of the transaction toward the end of the first quarter of 2017. Fitch currently does not anticipate any significant customer concessions as part of the merger approval process; the ring fencing provisions and the governance structure at both Oncor and its direct parent, Oncor Electric Delivery Holdings Company LLC (Oncor Holdings), would likely occupy greater attention in the merger proceedings. Fitch believes Oncor's credit ratings will benefit from ownership by a higher rated parent even if the current ring fencing provisions are diluted to reflect traditional utility ring-fencing protections.

Strong Operational Performance: Oncor's operational performance continues to be robust. Weather-adjusted residential sales and large commercial and industrial (C&I) sales continue to be strong despite the slowdown in oil and gas related activity. Residential customer base grew 1.5%, and large C&I GWH sales increased 1.8% in 2015. Fitch believes this is driven by the diversity of the industrial base and the positive impact of falling oil and gas prices on energy intensive industries based in Texas. Another significant driver of Oncor's performance has been growth in transmission investments, which still remains a focus area for the PUCT.

Strong Credit Metrics: For year-end Dec. 31, 2015, Oncor reported EBITDA to interest ratio of 5.5x and adjusted debt to EBITDA of 3.6x. Oncor is planning to spend approximately $1.4 billion in capex in 2016 and could potentially spend more than $1.5 billion annually over 2017 - 2021. Various tracker mechanisms allow Oncor to earn a return on transmission related capital investment with minimal regulatory lag. However, Fitch believes the absence of distribution rate increases since 2012 may cause Oncor to trail its authorized ROE by the end of 2016. Timing of the next rate case remains uncertain. Oncor is likely to file a general rate case only after the change in ownership is effective. Fitch's financial projections for Oncor incorporate a rate increase in 2017 that would allow the company to earn an ROE closer to its currently authorized level. In such a scenario, Fitch estimates Oncor's EBITDA to interest ratio to remain above 5.0x over 2016 - 2018 and debt to EBITDA to approximate 3.8x over the same period.

KEY ASSUMPTIONS

Fitch's key assumptions within the rating case for Oncor include:

--No material customer concessions required as part of PUCT's approval;
--Volumetric sales growth of 1% p.a. in 2016 and 1.5% thereafter;
--O&M costs inflated at 3% annually;
--Rate increase in 2017 that allows Oncor to earn ROE close to its current authorized levels;
--Capex of $4.4 billion over 2016-2018;
--Dilution of the existing ring-fencing provisions.

RATING SENSITIVITIES

Positive: Fitch will likely upgrade Oncor's IDR by one-notch and its senior secured debt by two notches after EFH's acquisition by NextEra is complete. Oncor's current and forecasted credit metrics are comparable with those of its peer T&D utilities in Texas, which Fitch rates one-notch above Oncor's IDR. The notching of the senior secured debt at Oncor has been further constrained to reflect ownership by a distressed parent.

Negative: Future developments that may, individually or collectively, lead to negative rating action include:

--Ownership by a weak ultimate parent that tops NextEra's bid as a superior bid;
--Weak ring-fencing provisions that lead to a close rating linkage between Oncor and a weak parent;
--Material amount of debt above Oncor Holdings with limited visibility on deleveraging;
--Adverse outcomes in future rate cases such as significant sharing of tax benefits or material reduction in authorized ROEs;
--Sustained weakness in total adjusted debt to EBITDAR measures above 4.5x.

LIQUIDITY
Oncor has adequate availability under the corporate revolver. As of March 31, 2016, Oncor's $2 billion corporate revolving facility, currently due October 2017, had borrowings of $1,054 million and letter of credits outstanding of $7 million. The drawn balances are large and reflect a high capex spend; Oncor typically draws on its corporate revolver to fund capital work in progress and subsequently replaces the drawn balances with permanent financing and/or internally generated funds. Oncor can request the lenders to increase the borrowing capacity of the revolver by $100 million and to extend the maturity in two one-year increments. Oncor exercised one of the two one-year extensions in October 2015. Under the terms of the corporate revolver, the lenders' commitments are several and not joint.

FULL LIST OF RATING ACTIONS

Fitch has placed the following ratings on Rating Watch Positive:

--Long-term IDR 'BBB';
--Senior secured debt 'BBB+';
--Short-term IDR and commercial paper 'F3'.

Contact:

Primary Analyst
Shalini Mahajan, CFA
Managing Director
+1-212-908-0351
Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004

Secondary Analyst
Philip Smyth, CFA
Senior Director
+1-212-908-0531

Committee Chairperson
Mark Sadeghian
Senior Director
+1-312-368-2090

Media Relations: Alyssa Castelli, New York, Tel: +1 (212) 908 0540, Email: alyssa.castelli@fitchratings.com.

Date of Relevant Rating Committee: July 29, 2016

There were no financial statement adjustments made that were material to the rating rationale outlined above.

Additional information is available on www.fitchratings.com

Applicable Criteria
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage (pub. 17 Aug 2015)
https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869362

DOCKET 48929 ATTACHMENT 8
TO STAFF RFI SET 4
QUESTION NO. 4-56

MOODY'S
INVESTORS SERVICE

ISSUER COMMENT

NextEra's Acquisition of Oncor Is Credit Positive for Both

From Credit Outlook

Analyst Contacts:

NEW YORK +1.212.553.1653

Mihoko Manabe, CFA +1 212 553 1942
Senior Vice President
mihoko manabe@moodys com

Jairo Chung +1.212 553.5123
Analyst
jairo chung@moodys com

Last Friday, NextEra Energy, Inc. (Baa1 stable) announced its acquisition of Oncor Electric Delivery Company LLC (A3 review for upgrade), Texas' largest utility, at what we calculate is an enterprise value of approximately $18 billion, including $7.8 billion of adjusted debt obligations at Oncor.

The transaction is credit positive for NextEra because Oncor will bring an additional $10.4 billion in rate-base investment, on which it will be allowed to earn a regulated return. This will provide meaningful jurisdictional diversity to NextEra, whose principal operating subsidiary is Florida Power & Light Company (FPL, A1 stable), a utility with three times Oncor's rate base. The transaction is also credit positive for Oncor because it will become a subsidiary of a large, investment grade company. Maintaining unfettered access to the financial markets is important for capital-intensive utility companies, especially a growing one such as Oncor. An affiliation with NextEra should help Oncor get the competitive financing it needs to raise its investment in its rate base. We affirmed NextEra's rating and outlook, and upgraded and put on review for further upgrade Oncor's rating.

Oncor is a valuable asset owned by Energy Future Holdings Corp. (EFH, unrated), the subject of the biggest leveraged buyout in history in 2007, and which filed for bankruptcy in 2014. The sale of Oncor is key piece of EFH's plan[1] to emerge from bankruptcy.

Oncor ranks among the largest electric transmission and distribution (T&D) utilities in the US, serving a local economy that is expanding, driven by rising employment and population, and which portends organic margin growth from rate-base investments and new customers. Additionally, Oncor benefits from its network not requiring the high maintenance costs of older, urban systems.

Texas is a supportive regulatory jurisdiction for T&D utilities and, compared with most utilities, which are vertically integrated, Oncor has fewer risks because it does not engage in electric generation, which involves risks tied to operating generation facilities and managing the prices of the fuel to run them. T&Ds in Texas also have lower risk because they do not have the obligation and risk of being the provider of last resort for customers who lose their electric supplier for some reason. Furthermore, the Public Utility Commission of Texas (PUCT) over the past several years has introduced tracker mechanisms that have made cost recovery more timely.

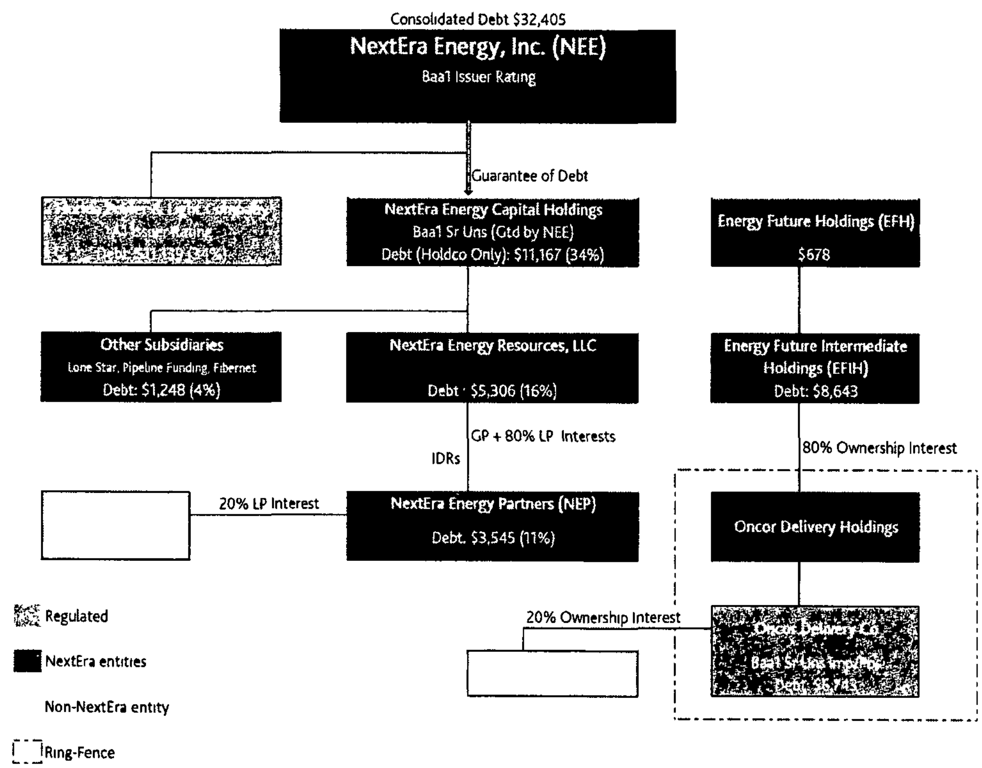
Published every Monday and Thursday morning, Moody's Credit Outlook informs our research clients of the credit implications of current events

[1] See Energy Future Holdings' New Reorganization Plan Is Credit Positive for Texas Competitive Electric, 5 May 2016

Texas is familiar territory for NextEra, which has 2.9 gigawatts of net generating capacity in the state, accounting for 16% of its non-utility generation portfolio. NextEra also owns a PUCT-regulated asset, Lone Star Transmission, which delivers power from West Texas to Dallas; NET Midstream, an intrastate gas pipeline system; and GEXA, an energy service retailer.

If NextEra is successful in consummating the deal, Oncor's debt ($6.7 billion of reported total debt as of 31 March 2016) will remain with Oncor as an operating subsidiary of NextEra (see exhibit). Texas T&Ds are relatively leveraged, with allowed equity ratios typically about 40%, but they are able to support this because of their lower risk

NextEra's Pro Forma Capital Structure, $ Millions
Debt as of 31 March 2016



Sources NextEra and Energy Future Holdings

Another $9.3 billion of debt exists at Oncor's intermediate holding company, Energy Future Intermediate Holdings (EFIH) and ultimate holding company, EFH. EFIH and EFH are non-operating companies without cash-generating assets other than Oncor. Many of their debt issues carry coupons in the 11%-12% range, so after the acquisition closes, NextEra will likely refinance and repay them through its financing vehicle, NextEra Energy Capital Holdings, Inc. (Baa1 stable). Although the financing plan will not be finalized until around the acquisition close, the company plans to use a balanced mix of financings and asset sale proceeds

NextEra's principal regulated asset currently is FPL, which accounts for almost 60% of NextEra's EBITDA. Although providing a strong foundation for NextEra's credit quality, this concentration in FPL exposes NextEra to Florida's regulatory environment, economy, and weather. Oncor is smaller (earning about 40% of FPL's EBITDA), but still would provide meaningful diversification.

Report Number. 191392

Authors
Mihoko Manabe
Jairo Chung

Senior Production Associate
Marimuthu M

MOODY'S
INVESTORS SERVICE

DOCKET 48929 ATTACHMENT 9
TO STAFF RFI SET 4
QUESTION NO. 4-56

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades Oncor Electric Delivery Company's senior secured rating to A3 from Baa1; Rating on review for further upgrade

Global Credit Research - 29 Jul 2016

Approximately $7.8 billion of debt affected

New York, July 29, 2016 -- Moody's Investors Service, ("Moody's") upgraded Oncor Electric Delivery Company LLC's (Oncor) senior secured rating to A3 from Baa1 and placed the rating on review for further upgrade. The rating action follows today's announcement that NextEra Energy, Inc. (NextEra) and Energy Future Holdings Corp. (EFH, not rated) had entered into a merger agreement for 80% of Oncor's ownership to be acquired by NextEra for $18.4 billion. At the quarter ending 31 March 2016, Oncor's total reported long-term debt was $5.6 billion.

Upgrades:

..Issuer: Oncor Electric Delivery Company LLC

....Senior Secured First Mortgage Bonds, Upgraded to A3 from Baa1; Placed Under Review for further Upgrade

....Senior Secured Regular Bond/Debenture, Upgraded to A3 from Baa1; Placed Under Review for further Upgrade

Outlook Actions:

..Issuer: Oncor Electric Delivery Company LLC

....Outlook, Changed To Rating Under Review From Positive

RATINGS RATIONALE

"The acquisition by NextEra places Oncor on a path to remove the constraints pressuring Oncor's strong, stand-alone credit profile based on its stable and predictable low risk electric transmission and distribution (T&D) utility operations," said Jairo Chung, Moody's Analyst. "We see NextEra's perseverance in pursuing Oncor as a positive sign that the acquisition will succeed. This will finally close the chapter and remove the corporate family contagion risks that have constrained Oncor's rating since 2007."

The review for upgrade will focus on the proceedings in the bankruptcy court as well as at the Public Utility Commission of Texas (PUCT), along with other execution milestones to close the transaction by 31 March 2017. Oncor's ratings are likely to be upgraded to the high single-A range, once the regulatory and bankruptcy court approval processes becomes more transparent.

Oncor's A3 rating reflects greater certainty over the company's ultimate ownership, a more transparent capital structure and the supportive regulatory framework in Texas. When NextEra completes the pending transaction, Oncor should be able to maintain a strong credit profile as a low risk T&D utility with the added benefit of being part of a larger, more stable utility corporate family in NextEra.

The acquisition by a traditional, strategic player will remove the contagion risks of EFH and provides a more transparent view of Oncor's credit profile. The approximately $10 billion of debt that exists above Oncor, at either EFH or another intermediate subsidiary holding company, Energy Future Intermediate Holdings (EFIH, not rated, also in bankruptcy), will be extinguished. As a result, Oncor's rating will no longer be constrained by the EFH and EFIH debt burden that was secured by the implied equity value of Oncor and looked to Oncor for its debt service expenses.

Oncor exhibits a strong credit profile on a stand-alone basis. The company is regulated by the PUCT and we view the regulatory environment for T&D utilities in Texas to be constructive. The PUCT provides transparent mechanisms for prudently incurred investments, allowing Oncor to produce stable and predictable credit metrics, such as cash flow from operations pre-working capital (CFO pre-WC) to debt in the high-teens to low 20% range.

The pending ownership by NextEra is expected to be consummated by the first quarter of 2017. Key regulatory approvals include confirmation of EFH's plans for reorganization by the bankruptcy court, the Federal Energy Regulatory Commission, and the PUCT. The PUCT will have a 180-day period to approve the change in control to be filed by NextEra.

NextEra owns another strong utility, Florida Power & Light Company (FPL), as well as stable non-regulated generation operations under NextEra Energy Resources, whose projects are funded by NextEra Energy Capital Holdings (NEECH). NEECH is a guaranteed subsidiary of NextEra. Overall, NextEra's corporate family has a higher quality credit profile and NextEra's business risk is lower and more balanced compared to EFH.

Oncor Electric Delivery Company LLC is a regulated electric T&D utility serving the greater Dallas and Fort Worth regions. Oncor is the largest T&D in Texas, delivering electricity to over 3.2 million customers and operating more than 120,000 miles of transmission and distribution lines.

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in December 2013. Please see the Ratings Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Jairo Chung
Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

James Hempstead
Associate Managing Director