60. No Transaction Costs to Oncor Commitment. None of the fees and expenses or any incremental borrowing costs of TXU Corp. or its subsidiaries related to the merger will be borne by Oncor's customers. This commitment is supplemented in finding of fact 82.

61. Exclusion of Goodwill Commitment. The calculations for the debt-to-equity ratio commitment will not include goodwill resulting from the merger. This commitment is supplemented by finding of fact 80.

62. No Inter-Company Debt Commitment. Oncor will not enter into any inter-company debt transactions with TXU Corp. affiliates following consummation of the merger. This commitment is supplemented by finding of fact 68.

63. No Shared Credit Facilities Commitment. Oncor will not share any credit facility with any unregulated affiliate. This commitment is supplemented by finding of fact 69.

64. No Recovery of TXU Energy Retail Bad Debt Commitment. So long as TXU Energy Retail is affiliated with Oncor, Oncor will not seek to recover from its customers any costs incurred as a result of a bankruptcy of TXU Energy Retail. This commitment is supplemented by finding of fact 72.

65. Dividend Restriction Commitment. The Oncor LLC agreement[4] shall, and TEF and Oncor will support a Commission finding to, limit the payment of dividends by Oncor through December 31, 2012, to an amount not to exceed Oncor's net income (determined in accordance with generally accepted accounting principles) for the period beginning on the date following the closing of the merger and ending on December 31, 2012.

66. Write-Off Commitment. Oncor will implement a one-time $35 million write-off in 2007 or 2008, at its discretion, either prior to or after the closing of the merger, to its storm reserve and a one-time write-off in 2007 or 2008, at its discretion, either prior to or after the closing of the merger, to the 2002 restructuring

[4] *See* Rebuttal Testimony of Frederick M. Goltz (Goltz Rebuttal), TEF Ex. FMG-R-2 (Highly Sensitive Confidential Exhibit).

expenses held as regulatory assets ($20,927,391.50). These write-off amounts will not be included as a cost item in the 2008 rate case or any other Commission proceeding. Parties reserve the right to challenge claimed expenses included in storm reserve and regulatory assets accounts. These write-offs shall not be included in the calculation of net income for dividend payment purposes, as described in finding of fact 65.

67. Reporting Commitment. Oncor will file quarterly earnings monitoring reports with the Commission, including information on dividends paid, for a period of five years beginning in January 2008.

68. No Inter-Company Lending Commitment. Oncor will not lend money to or borrow money from TXU Corp. or TXU Corp. affiliates. This provision supplements the commitment reflected in finding of fact 62.

69. Credit Facility Commitment. Oncor will not share credit facilities with TXU Corp. or TXU Corp. affiliates. This provision supplements the commitment reflected in finding of fact 63.

70. No Pledging of Assets Commitment. Oncor's assets shall not be pledged for any entity other than Oncor. This provision supplements the commitment reflected in finding of fact 46.

71. Notice of Corporate Separateness Commitment. Oncor, TXU Corp., and TXU Corp. affiliates will provide advance notice of their corporate separateness to lenders on all new debt and will use commercially reasonable efforts to seek an acknowledgment representation of that separateness and non-petition covenants in all new debt instruments, including the debt instruments used in connection with financing the merger. This commitment will terminate at such time that Oncor ceases to be affiliated with TXU Corp.

72. Bankruptcy Expenses Commitment. Oncor will not seek recovery in rates of any expenses related to a bankruptcy or default of TXU Corp. or TXU Corp. affiliates, including bad debt expense, or expenses associated with the expiration or

cancellation of tax and interest reimbursement agreements presently in effect. This provision supplements the commitment reflected in finding of fact 64.

73. Credit Rating Commitment. During any period that any two of the Standard & Poor's, Moody's, or Fitch rating agencies rate Oncor as an entity at below investment grade, TEF will cause TXU Energy Retail within 15 days to post a letter of credit in favor of Oncor in the amount of $170 million to secure TXU Energy Retail's payment obligations to Oncor. The parties agree that TXU Energy Retail may withdraw the letter of credit at such time as two of the three ratings agencies rate Oncor as investment grade or at such time as TXU Energy Retail and Oncor cease to be affiliated with one another. The cost of any letter of credit required under this provision will not be reflected in Oncor's rates.

74. Independent Directors Commitment. For an individual to qualify as an independent director of Oncor, such individual must be independent of each of Oncor, TEF, TXU Corp. and TXU Corp. affiliates, KKR, TPG, Goldman Sachs, Lehman Brothers, Morgan Stanley, Citigroup, J.P. Morgan, and CSFB in accordance with the applicable criteria set forth in the NYSE Manual for independent directors of NYSE listed companies. After such time as any of Lehman Brothers, Morgan Stanley, Citigroup, J.P. Morgan, or CSFB has sold all of the debt it underwrote to finance the merger, then any such entity that has sold all of the debt it underwrote to finance the merger shall be deemed removed from the list of entities from which an individual must be independent in order to qualify as an independent director of Oncor in this finding of fact 74. This provision supplements the commitment reflected in finding of fact 54.

75. Minority Interest Commitment. The currently contemplated sale of a minority interest in Oncor, to the extent that such sale occurs, will be made to a party that is not otherwise affiliated with, and is independent from, TXU Corp., KKR, TPG, and Goldman Sachs. Oncor may dividend the net proceeds from the sales of minority interests in Oncor to its members without regard to the provisions of finding of fact 65.

PUC DOCKET NO. 45188

JOINT REPORT AND APPLICATION OF ONCOR ELECTRIC DELIVERY COMPANY LLC, OVATION ACQUISITION I, LLC, OVATION ACQUISITION II, LLC, AND SHARY HOLDINGS, LLC FOR REGULATORY APPROVALS PURSUANT TO PURA §§ 14.101, 37.154, 39.262(l)-(m), AND 39.915	§	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the joint report and application filed by Oncor Electric Delivery Company, LLC, Ovation Acquisition I, LLC, Ovation Acquisition II, LLC, and Shary Holdings, LLC (collectively, applicants) for Commission approval of a transaction that would transfer control of Oncor Electric Delivery Company, LLC and would restructure Oncor under Public Utility Regulatory Act (PURA) §§ 14.101, 39.262(m), and 39.915(b).[1] Based on the evidence and testimony presented during hearing, the Commission finds that the transaction described in the application is in the public interest under PURA §§ 14.101, 39.262(l)-(m), and 39.915, but only if all the conditions described in this Order are met. Further, unless the proposed transaction has closed and the Commission has established initial rates and tariffs as provided in this Order, the authority granted by this Order to complete the proposed transaction expires on November 30, 2016.

It is appropriate to identify early in this Order how the restructured utility will be referenced in this Order. Oncor Electric Delivery Company, LLC, as it exists today and until the transaction closes and the contemplated restructuring occurs, will be referenced in this Order as Oncor Electric Delivery Company or Oncor. As a result of the proposed restructuring, Oncor will be split into two companies. Oncor AssetCo will own the transmission and distribution facilities and will be referenced as Oncor AssetCo. The restructured Oncor Electric Delivery Company will contain substantially all Oncor's management and employees and the remainder of Oncor's assets as

[1] Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 14.101, 39.262(m), and 39.915(b) (West 2007 & Supp. 2014) (PURA).

commitment described in finding of fact 235, (f) causing Oncor AssetCo or Oncor Holdings to enter into any material agreement or transaction with Ovation Acquisition I, EFIH, or any of their subsidiaries, with any significant stockholder of Ovation Acquisition I, or with the direct and indirect owners of OEDC, except as contemplated in finding of fact 280, and (g) causing Oncor AssetCo or Oncor Holdings to incur indebtedness other than through facilities approved by the disinterested directors or refinancings of their existing indebtedness.

219. In addition to the conditions discussed above, with respect to each company, and as long as any material amount of debt exists (as may be determined by the Commission) at reorganized EFIH or Ovation Acquisition I or any other intervening entity above Oncor AssetCo or Oncor Holdings, the concurrence of a majority of the disinterested directors shall be required for Oncor AssetCo or Oncor Holdings to (a) declare any dividend or make any other distribution and in so doing shall act to ensure that sufficient capital is available to fund Oncor AssetCo's and OEDC's operations; (b) merge, acquire, or be sold to any third party; (c) file for bankruptcy, or otherwise avail itself of any federal or state law relating to insolvency; and (d) enter into any other transaction or series of transactions exceeding ten million dollars that are out of the ordinary course of business.

220. The Oncor AssetCo limited liability company agreement will provide that, to the fullest extent permitted by applicable law, the disinterested directors shall consider only the best interests of Oncor AssetCo, including its direct creditors, in acting or otherwise voting on any action set forth in subsections (a) through (d) of finding of fact 218. In performing such actions, the disinterested directors must take into account (a) Oncor AssetCo's status as a regulated utility, (b) the need of both Oncor AssetCo and OEDC to fulfill their regulatory obligations, (c) the regulatory and contractual obligations of Oncor AssetCo described herein to provide sufficient liquidity to OEDC. Otherwise, in exercising rights and performing their duties under the Oncor AssetCo limited liability company agreement, the disinterested directors will have fiduciary duties of loyalty and care identical to those of a director of a business corporation organized under the General Corporation Law of the state of Delaware.

221. Oncor AssetCo's dividends and distributions will be reduced or suspended if either (a) the combined leverage of OEDC, Oncor AssetCo, and Oncor Holdings exceeds the maximum regulatory debt-to-equity ratio established by the Commission in its most recent rate case or (b) if a majority of the independent or disinterested directors decide that it is in the best interest of Oncor AssetCo to retain such amounts to meet expected future requirements, taking into account contribution commitments from Oncor AssetCo's parent companies.

222. Oncor AssetCo and Oncor Holdings will not incur, guarantee, or pledge assets in respect of any existing or incremental new debt related to the transaction other than under credit facilities solely to provide loans and other liquidity in OEDC or to acquire assets or to construct facilities used and useful in providing service to its or OEDC's customers.

223. Oncor Holdings will be maintained between EFIH and Oncor AssetCo.

224. Oncor AssetCo and Oncor Holdings will not transfer material assets or facilities to Ovation Acquisition I, EFIH or any of their subsidiaries, or any significant shareholder of Ovation Acquisition I, or to the direct and indirect owners of OEDC, other than transfers on an arm's-length basis consistent with the Commission's affiliate standards applicable to Oncor AssetCo and OEDC, regardless of whether such affiliate standards would apply to such a transaction.

225. Oncor AssetCo and Oncor Holdings will maintain an arm's-length relationship with Ovation Acquisition I, EFIH, or any of their subsidiaries, and any significant shareholder of Ovation Acquisition I or other affiliates of Oncor AssetCo and OEDC (other than with Oncor AssetCo or Oncor Holdings) consistent with the Commission's affiliate standards applicable to Oncor AssetCo and OEDC.

226. Oncor AssetCo must maintain an investment grade rating. During any time Oncor AssetCo's entity rating is not maintained as investment grade by at least two of Standard & Poor's, Moody's, or Fitch credit rating agencies, Oncor AssetCo shall not make any distributions, dividends, or other upstream payments to reorganized EFIH, Ovation Acquisition I or to any of their respective subsidiaries without the prior approval of the Commission. If, at any time from the date of closing the merger through December 31, 2020, Oncor AssetCo's entity rating is not maintained as investment grade by Standard &

Poor's, Moody's, or Fitch credit ratings agencies, Oncor AssetCo and OEDC shall not use the lower credit rating as a justification for a higher regulatory rate of return.

227. Oncor AssetCo's and OEDC's financial statements will be audited by one of the big-four accounting firms. Oncor AssetCo, Oncor Holdings, and OEDC will maintain accurate, appropriate, and detailed books, financial records, and accounts, including checking and other bank accounts, and custodial and other securities safekeeping accounts that are separate and distinct from those of any other entity. Oncor AssetCo, Oncor Holdings, and OEDC will provide the Commission full access to its books and records.

228. Oncor AssetCo and Oncor Holdings will not commingle any facilities, assets, funds, or liabilities with the facilities, assets, funds or liabilities of Ovation Acquisition I, EFIH or any of their subsidiaries, or any significant stockholder of Ovation Acquisition I or the OEDC owners.

229. Oncor AssetCo and Oncor Holdings will not enter into any debt transactions with Ovation Acquisition I or EFIH or any of their subsidiaries (other than with Oncor Asset Co or Oncor Holdings), any significant stockholder of Ovation Acquisition I, or the OEDC owners following consummation of the transaction.

230. Oncor AssetCo will not share any credit facility with any unregulated affiliate or any regulated affiliate other than OEDC or its subsidiaries and Oncor Holdings. Neither Oncor AssetCo nor Oncor Holdings will pledge any of its assets for Ovation Acquisition I, EFIH or any of their subsidiaries, or any significant stockholder of Ovation Acquisition I or any other affiliate other than for itself, OEDC, and OEDC's subsidiaries. In addition, Oncor AssetCo will not incur or assume any liability for, or guarantee any debt of the foregoing entities, other than OEDC and its subsidiaries.

231. Oncor AssetCo will not pledge any of its assets for Ovation Acquisition I, EFIH or any of their subsidiaries, or any significant stockholder of Ovation Acquisition I or for any other regulated affiliate other than OEDC or its subsidiaries and Oncor AssetCo or Oncor Holdings.

232. Oncor AssetCo, Oncor Holdings, OEDC, Shary Holdings, LLC, Ovation Acquisition I, LLC, Ovation Acquisition II, LLC, EFIH, and Hunt Utility Services are affiliates under

PURA and subject to PURA provisions and Commission rules governing affiliate transactions. The foregoing list shall not be deemed exclusive of other entities related to Hunt Consolidated, Inc.

233. The Commission will determine Oncor AssetCo's and OEDC's return on equity based on a comparison group of investment-grade-rated utilities regardless of the actual debt ratings of Oncor AssetCo and OEDC.

234. Except as otherwise provided in this order, Oncor AssetCo and Oncor Holdings must be independent and operate with other entities on an arm's-length basis to prevent each entity from incurring an obligation of related parties or claims by outside claimants. Protections must include: (a) non-consolidation opinions for each of Oncor AssetCo and Oncor Holdings to prevent consolidation into related parties during a bankruptcy or liquidation proceeding, and (b) a commitment by Oncor AssetCo, OEDC, and Oncor Holdings to not provide any guarantees, act as a co-borrower, pledge any assets or otherwise obligate themselves on behalf of other affiliates, except Oncor AssetCo and Oncor Holdings.

235. Oncor AssetCo and OEDC must maintain a combined debt-to-equity ratio established by the Commission in rate proceedings. The calculation of the ratio shall not include goodwill.

236. None of the fees and expenses or any incremental borrowing costs of OEDC related to any extension of credit from Oncor AssetCo will be borne by OEDC's customers.

237. Oncor AssetCo's and OEDC's debt will be limited so that the debt-to-equity ratio for the entities on a combined basis excluding inter-company transactions is at or below the regulatory debt-to-equity ratio established from time to time by the Commission for ratemaking purposes.

238. For a period of five years, OEDC's system average interruption duration Index (SAIDI) and system average interruption frequency index (SAIFI) benchmarks should be calculated based on the performance standards applicable to Oncor for years 2011, 2013, and 2014. OEDC's SAIDI benchmark should be 96.30667 and its SAIFI benchmark should be 0.94000.

239. All debt instruments issued by Ovation Acquisition I, reorganized EFIH, or any of their subsidiaries, including without limitation all purchase agreements, trust indentures, notes, and security and pledge agreements, will contain an express acknowledgment in which the debt holders and their respective successors and assigns acknowledge that neither Oncor AssetCo nor Oncor Holdings will be liable for any principal, interest, premium, penalty, or other costs arising out of or relating to such debt. This does not apply to debt incurred by Oncor AssetCo. The acknowledgement must state that such debt holders may not exercise any right to foreclose on any equity of reorganized EFIH or Ovation Acquisition I or otherwise attempt to control Oncor Holdings or Oncor AssetCo, whether by directing the voting of such equity or otherwise exercising any control over any such entities without first obtaining approval for the change of control from the Commission.

240. Oncor AssetCo and Oncor Holdings will each provide advance notice of its corporate separateness from Oncor Holdings, OEDC, reorganized EFIH, and Ovation Acquisition I to lenders on all new debt and will obtain an acknowledgement of the separateness and non-petition covenants in all new debt instruments, including any debt instruments used in connection with financing the transaction.

241. OEDC shall provide advance notice of its corporate separateness from Oncor Holdings, Oncor AssetCo, Reorganized EFIH, and OV1 to lenders (other than Oncor AssetCo) on all new debt and will obtain an acknowledgement of the separateness and non-petition covenants in all new debt instruments, including any debt instruments used in connection with financing the transaction.

242. Under the leases between Oncor AssetCo and OEDC, if OEDC identifies a *footprint project* in its *capex budget* (as those terms were defined in the leases provided in the direct testimony of D. Greg Wilks) then OEDC must have the sole discretion to decide what capital budget is required to meet the obligation to fund the footprint project.

243. Oncor AssetCo's obligation to fund capital projects will remain in effect if OEDC is unable to meet lease obligations. OEDC's rental payment obligations shall not impair OEDC's financial stability or obligations under PURA.

244. Neither Oncor AssetCo nor OEDC will own, operate, or construct capital assets outside of ERCOT without the prior approval of the Commission. Oncor Holdings will not own,

operate or construct, or hold any interest in any entity that owns, operates, or constructs any capital assets outside of ERCOT without the prior approval of the Commission.

245. Oncor AssetCo and OEDC will maintain headquarters and management in Dallas County, Texas or any of the counties adjacent thereto.

246. The organizational documents of Ovation Acquisition I, Oncor AssetCo, reorganized EFIH, Oncor Holdings, and OEDC and any modifications to those documents must be consistent with any order approving the transaction.

247. The purchasers commit that ratepayers of both Oncor and Sharyland will be held harmless for any costs related to or caused by the transaction, including any incremental costs that may or will be incurred as the result of the transaction or the transaction's structure after the transaction is consummated. Such costs will not be included in rate base, cost of capital, or operating expenses in future ratemaking proceedings. OEDC and Oncor AssetCo commit that their wholesale and retail transmission and distribution rates will not be any greater than their rates would have been absent restructuring. This commitment also applies to OEDC's and Oncor AssetCo's cost of capital.

248. The purchasers commit that ratepayers will be held harmless for any incremental Texas margin tax because of the restructuring of Oncor into two separate utilities. Such costs shall not be included in rate base, cost of capital, or operating expenses in future ratemaking proceedings.

249. The purchasers commit that ratepayers will be held harmless for any incremental costs related to the Oncor AssetCo and OEDC separate lines of credit and for the costs of an OEDC contingency reserve. Such costs shall not be included in rate base, cost of capital or operating expenses in future ratemaking proceedings.

250. The purchasers commit that ratepayers will be held harmless for any costs related to the terms of the transfer of the CCNs and other assets by Oncor AssetCo to OEDC by removing all effects of the book gain and tax gains from the revenue requirement, including any effects of a stepped-up basis on OEDC's books and the effects of the accumulated deferred income taxes (ADIT) that was eliminated on Oncor AssetCo's books. Such costs shall not be included in rate base, cost of capital, or operating expenses in future ratemaking

proceedings. Further, the lost ADIT will be included as a subtraction from rate base in future ratemaking proceedings.

251. The purchasers commit that ratepayers will be held harmless for any incremental costs related to the separate ownership and management of Oncor AssetCo and OEDC, including, but not limited to, the costs of Hunt Utility Services reflected in any agreements between Oncor AssetCo, Oncor Holdings, and OEDC. Such costs shall not be included in rate base, cost of capital, or operating expenses in future ratemaking proceedings. In addition, Oncor AssetCo and OEDC shall bear the burden of proof to show that no costs incurred because of the transaction will be included in the revenue requirement recovered through rates.

252. The purchasers commit that ratepayers will be held harmless for any costs of goodwill. Such costs will not be included in rate base, cost of capital, or operating expenses in future ratemaking proceedings.

253. Ratepayers will be held harmless for any fees or expenses or incremental borrowing costs associated with the transaction.

254. Until the transaction closes, the applicants agree to request approval from the Commission of any modifications or additions to the approved commitments in this case by other regulatory bodies.

255. The applicants agree to request approval from the Commission of any modification to the transaction resulting from the private letter ruling obtained from the Internal Revenue Service regarding REIT treatment. In addition, applicants must notify the Commission if the Internal Revenue Service declines to issue a private letter ruling, or issues an unfavorable private letter ruling.

256. Subject to the Commission's authority under PURA and Commission rules, the terms of all leases after the initial lease may not exceed four years to provide more flexibility in adjusting the amount of rent payments than would be available in longer leases and minimize liquidity risks related to timing issues.

257. Subject to the Commission's authority under PURA and Commission rules, any lease with a term of three years or longer will have a variable rent component so long as the inclusion of such a component is consistent with maintaining REIT status for Ovation Acquisition I.

258. Rental payments between OEDC and Oncor AssetCo must be omitted from the determination of cash working capital in future rate cases.

259. Oncor AssetCo and OEDC must fund a study as soon as practicable in consultation with Commission Staff to determine any additional net benefits to ratepayers or operational synergies that may be derived from the relationship that will exist between the sister companies or the possible future combination of Oncor AssetCo and OEDC with Sharyland Distribution & Transmission Services, LP, and Sharyland Utilities, LP.

260. A conflicts committee of Ovation Acquisition I—composed solely of directors who are independent under New York Stock Exchange rules—will review and advise the board on specific matters that the board believes may involve a conflict of interest, including approving any transactions in which Hunt has a controlling interest.

261. Flourish Investment Corporation has committed that neither it nor any affiliate will seek to nominate or have a representative serve as a director of the Ovation Acquisition I board of directors.

262. OEDC will assign a non-economic interest in OEDC to a disinterested independent party whose affirmative consent, taking into account the continuing viability and operation of Oncor AssetCo and OEDC, will be required before the filing of a petition by OEDC to commence any voluntary bankruptcy, liquidation, receivership, or any person on its behalf.

263. OEDC will not be permitted to make any cash distributions to its equity holders at any time unless the total amount of liquidity for OEDC is at or above $500 million, including OEDC's working capital cash fund, an OEDC line of credit, and a line of credit from Oncor AssetCo.

264. OEDC will maintain an arm's-length relationship with the owners of OEDC, Ovation Acquisition I, EFIH or any of their subsidiaries, and any significant stockholder of Ovation Acquisition I, and their collective affiliates consistent with PURA's and the Commission's affiliate standards applicable to Oncor AssetCo and OEDC.

265. OEDC will not transfer material assets or facilities to OEDC's owners or Ovation Acquisition I, EFIH or any of their subsidiaries, or any significant stockholder of Ovation Acquisition I (other than Oncor AssetCo or Oncor Holdings) other than transfers on an arm's-length basis consistent with PURA's and the Commission's affiliate standards applicable to Oncor AssetCo and OEDC, regardless of whether such affiliate standards would apply to a particular transaction.

266. Except for loans that OEDC's owners may make to OEDC, OEDC will not enter into any inter-company debt transactions with OEDC's owners following consummation of the transaction. OEDC will not share any credit facility with any unregulated or regulated affiliate other than Oncor AssetCo or its subsidiaries.

267. OEDC will not pledge any of its assets for OEDC's owners or Ovation Acquisition I, EFIH or any of their subsidiaries, or any significant stockholder of Ovation Acquisition I, other than for Oncor AssetCo or its subsidiaries.

268. The leases between Oncor AssetCo and OEDC will include restrictive covenants that restrict OEDC from incurring debt, effecting asset sales, creating or incurring liens, engaging in certain business activities and undergoing change of control transactions, without consent from Oncor AssetCo.

269. The applicants agreed that parties are free to argue in subsequent proceedings that savings, if any, that may have occurred from the Oncor restructuring should be shared with ratepayers.

270. OEDC and Oncor AssetCo will not request rate recovery of formation or other costs associated with the Oncor restructuring.

271. OEDC and Oncor AssetCo will not seek future cost recovery of any issuance costs related to an initial public offering or private placement by a REIT affiliated with either of them.

272. Oncor AssetCo will not incur indebtedness, provide guarantees, or pledge assets in a manner that will harm the quality of service or increase the rates paid by OEDC's customers.

273. The applicants agreed to comply with Oncor's previous rate settlements.

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JOINT REPORT AND APPLICATION OF ONCOR ELECTRIC DELIVERY COMPANY LLC AND SEMPRA ENERGY FOR REGULATORY APPROVALS PURSUANT TO PURA §§ 14.101, 39.262, AND 39.915	§ § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the joint report and application of Oncor Electric Delivery Company LLC (Oncor) and Sempra Energy for Commission approval of Sempra Energy's proposed acquisition of Energy Future Holdings, Corp.'s approximately 80.03% indirect interest in Oncor under the Public Utility Regulatory Act[1] (PURA). The joint applicants and all other parties to the docket entered into a settlement agreement that resolves all issues among the parties. The agreement contains numerous regulatory commitments by the joint applicants. For the reasons discussed in this Order, the Commission finds that the transaction is in the public interest under PURA §§ 14.101, 39.262(*l*) through (o), and 39.915, provided that all the regulatory commitments described in this Order are met.

An initial non-unanimous settlement agreement signed by Oncor, Sempra Energy, Commission Staff, the Office of Public Utility Counsel, the Steering Committee of Cities Served by Oncor (Cities), and the Texas Industrial Energy Consumers was filed on December 15, 2017. A revised version of the settlement agreement was filed on January 5, 2018, and included the Alliance for Retail Markets and the Texas Energy Association for Marketers as additional signatories. On January 23, 2018, a revision to the revised settlement agreement was filed, and included Golden Spread Electric Cooperative and Nucor Steel—Texas as signatories. While the January 23 revision to the revised settlement agreement was initially opposed by the Energy Freedom Coalition of America and the Texas Legal Services Center, those two parties later withdrew their opposition and signed the January 23 settlement agreement without amendment. The Energy Freedom Coalition of America joined as a signatory to that agreement on

[1] Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001–58.302 (West 2016 & Supp. 2017), §§ 59.001–66.016 (West 2007 & Supp. 2017).

a report providing the reasons for the variance consistent with finding of fact 74 of this Order.

e. A majority of the disinterested directors of Oncor must approve an annual budget or any multi-year budget if the aggregate amount of such operating and maintenance expenditures in such budget is more than a 10% decrease or increase from the operating and maintenance budget for the immediately prior fiscal year or multi-year period, as applicable.

50. Oncor Board's Right to Determine Dividends. The Oncor board, composed of a majority of disinterested directors, will have the sole right to determine dividends or other distributions, except for contractual tax payments.

a. Any amendments or changes to the dividend policy must be approved by a majority vote of the disinterested directors.

b. The disinterested directors, acting by majority vote, shall have the authority to prevent Oncor or Oncor Holdings from making any dividend or other distributions, except for contractual tax payments, if they determine that it is in the best interest of Oncor to retain such amounts to meet expected future requirements of Oncor (including continuing compliance with the debt-to-equity ratio described in finding of fact 56). Additionally, Sempra Energy agrees that neither Sempra Energy nor any of its affiliates will issue stock or ownership interest that supersede the foregoing obligations of Oncor or Oncor Holdings.

51. Oncor Credit Ratings and Dividends. To eliminate concerns regarding a negative impact on Oncor resulting from Sempra Energy's acquisition of Oncor, and in lieu of providing specifics regarding acquisition funding, the Order requires the following:

a. Sempra Energy will ensure that, as of the closing of the transaction, Oncor's credit ratings at all three major ratings agencies (Standard & Poor's, Moody's Investor Service, or Fitch Ratings) will be at or above Oncor's credit ratings as of June 30, 2017; and

b. If the credit rating by any one of the three major ratings agencies (Standard & Poor's, Moody's Investor Service, or Fitch Ratings) falls below BBB (Baa2) for

Oncor senior secured debt, then Oncor will suspend payment of dividends or other distributions, except for contractual tax payments, until otherwise allowed by the Commission. Additionally, neither Sempra Energy nor any of its affiliates will issue stock or ownership interest that supersede the foregoing obligations of Oncor. Oncor shall notify the Commission if either Sempra Energy's or Oncor's credit issuer rating or corporate rating as rated by any of Standard & Poor's, Moody's Investor Service, or Fitch Ratings agencies falls below its then current level.

52. Existing Legacy Debt and Liabilities. Sempra Energy will extinguish all debt that resides above Oncor at Energy Future Intermediate Holding and Energy Future Holdings, reducing it to zero immediately following the closing of the transaction and maintaining it at zero going forward.

53. No Debt Disproportionally Dependent on Oncor. Without prior approval of the Commission, neither Sempra Energy nor any affiliate of Sempra Energy (excluding Oncor) will incur, guaranty, or pledge assets in respect of any incremental new debt at the closing or thereafter that is dependent on: (1) the revenues of Oncor in more than a proportionate degree than the other revenues of Sempra Energy; or (2) the stock of Oncor.

54. No Transaction-Related Debt at Oncor or Oncor Holdings. Neither Oncor nor Oncor Holdings will incur, guaranty, or pledge assets in respect of any incremental new debt related to financing the transaction at the closing or thereafter. Oncor's financial integrity will be protected from the separate operations of Sempra Energy and affiliates of Sempra Energy, including but not limited to Sempra Energy's affiliated retail electric provider or generation company, if any.

55. Cross-Default Provisions, Financial Covenants, or Rating Agency Triggers. Neither Oncor nor Oncor Holdings will include in any of their debt or credit agreements cross-default provisions between the securities of Oncor and of Oncor Holdings securities and the securities of Sempra Energy or any of its affiliates or subsidiaries (excluding Oncor), or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings. Oncor and Oncor Holdings will not include in their debt or credit agreements any financial covenants or rating-agency triggers related to Sempra Energy or any other Sempra Energy affiliate, or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings.

56. Debt-to-Equity Ratio. Oncor's debt-to-equity ratio as determined by the Commission shall at all times remain in compliance with the debt-to-equity ratio established from time to time by the Commission for ratemaking purposes. Oncor will make no payment of dividends or other distributions, except for contractual tax payments, where such dividends or other distributions would cause Oncor to be out of compliance with the Commission-approved debt-to-equity ratio. Additionally, neither Sempra Energy nor any of its affiliates will issue stock or ownership interest that supersede the foregoing obligations of Oncor.

57. No Inter-Company Debt. Neither Oncor nor Oncor Holdings will enter into any inter-company debt transactions with Sempra Energy affiliates (other than Oncor subsidiaries), or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings, following consummation of the transaction.

58. No Inter-Company Lending. Neither Oncor nor Oncor Holdings will lend money to or borrow money from Sempra Energy or Sempra Energy's affiliates (other than Oncor subsidiaries), or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings.

59. Credit Facility. Neither Oncor nor Oncor Holdings will share credit facilities with Sempra Energy or Sempra Energy's affiliates (other than Oncor subsidiaries), or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings.

60. No Pledging of Assets or Stock. Oncor's assets or stock shall not be pledged by Oncor Holdings, Sempra Energy or any Sempra Energy affiliate, or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings, for any entity other than Oncor.

61. No Recovery of Affiliate REP Bad Debt. To the extent that any retail electric provider is affiliated with Oncor, Oncor will not seek to recover from its customers any costs incurred as a result of a bankruptcy of any such affiliated retail electric provider.

62. Credit Rating Registration. Oncor will, except as otherwise approved by the Commission, be registered with major nationally and internationally recognized bond rating agencies, including Standard & Poor's, Moody's Investor Service, and Fitch Ratings. Oncor's ratings shall reflect the ring-fence provision contemplated herein in order to provide Oncor with a stand-alone (non-linked) credit rating.

63. Stand-Alone Credit Rating. Except as may be otherwise ordered by the Commission, Sempra Energy shall take the actions necessary to ensure the existence of an Oncor stand-alone credit rating.

64. Bankruptcy Expenses and Liabilities. Oncor will not seek recovery in rates of any expenses or liabilities related to Energy Future Holdings' bankruptcy. Oncor will not seek recovery in rates of amounts resulting from any: (1) tax liabilities resulting from the spin-off of Texas Competitive Electric Holdings Company LLC; (2) asbestos claims relating to non-Oncor operations of or under Energy Future Holdings; or (3) make-whole claims by creditors of Energy Future Holdings or Energy Future Intermediate Holding set forth in the Energy Future Holdings and Energy Future Intermediate Holding plan of reorganization. Oncor's customers will not be required to pay for these items. Sempra Energy will file with the Commission within 30 days of closing a plan that provides for the extinguishment of liabilities as they arise from Energy Future Holdings and Energy Future Intermediate Holding for items (1), (2), and (3) stated in this paragraph, which protects Oncor from any harm.

65. Non-Consolidation Legal Opinion. Sempra Energy will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of Sempra Energy or any affiliate of Sempra Energy, a bankruptcy court will not consolidate the assets and liabilities of Oncor with Sempra Energy or any affiliate of Sempra Energy.

66. Capital Expenditure. Oncor shall make minimum capital expenditures equal to a budget of at least $7.5 billion over the five-year period beginning January 1, 2018, and ending December 31, 2022, subject to the following adjustments to the extent reported to the Commission in Oncor's earnings monitor report: Oncor may reduce capital spending due to conditions not under Oncor's control, including, without limitation, siting delays, cancellations of projects by third-parties, weaker-than-expected economic conditions, or if Oncor determines that a particular expenditure would not be prudent.

67. Cybersecurity Expenditure. Oncor shall make minimum cybersecurity expenditures equal to a budget of $35 million over the five-year period beginning January 1, 2018, and ending December 31, 2022. Oncor shall work cooperatively with other Sempra Energy entities with respect to cybersecurity issues.

68. Affiliate Asset Transfer. Neither Oncor Holdings nor Oncor will transfer any material assets or facilities to any affiliates (other than Oncor Holdings, Oncor, and their subsidiaries, which are hereinafter referred to as the ring-fenced entities), other than a transfer that is on an arm's-length basis consistent with the Commission's affiliate standards applicable to Oncor, regardless of whether such affiliate standards would apply to the particular transaction.

69. Arm's-Length Relationship. Each of the ring-fenced entities will maintain an arm's-length relationship with Sempra Energy or Sempra Energy's affiliates (other than the ring-fenced entities), or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings, consistent with the Commission's affiliate standards applicable to Oncor. Sempra Energy will provide the Commission access to the books and records of Sempra Energy or Sempra Energy affiliates as necessary to facilitate Commission audit or review of any affiliate transactions as between Oncor and Sempra Energy or Sempra Energy affiliates, consistent with PURA § 14.154.

70. Separate Books and Records. Each of the ring-fenced entities will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities safekeeping accounts that are separate and distinct from those of any other entity.

71. FERC Preemption. Neither Oncor nor Sempra Energy nor Sempra Energy's affiliates will assert before the Commission or a Texas court of competent jurisdiction that the Commission is preempted pursuant to the Federal Power Act (*e.g.*, under a FERC tariff) from making a determination regarding the cost recovery of affiliate costs sought to be allocated to Oncor.

72. Holding Company. Oncor Holdings will be retained between Sempra Energy and Oncor.

73. Continued Ownership. Sempra Energy will hold indirectly at least 51% of the total outstanding membership interests in Oncor and Oncor Holdings, including any minority interests, for a period of no less than five years after the closing date of the transaction, unless specifically authorized by the Commission.

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	§	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the joint report and application of Oncor Electric Delivery Company LLC, Sharyland Distribution & Transmission Services, L.L.C. (SDTS), Sharyland Utilities, L.P., and Sempra Energy (collectively, the joint applicants) for Commission approval of a series of mutually dependent transactions. The transactions will result in Oncor owning a significant portion of SDTS's assets in a wholly-owned subsidiary, which will be referred to in this Order as the North Texas Utility. In addition, the transactions will convert Sharyland Utilities, L.P. into a Delaware limited liability company, Sharyland Utilities, L.L.C., which will own transmission assets solely in the South Texas region. In addition, Sempra Energy intends to acquire an indirect 50% ownership interest in the restructured Sharyland Utilities, L.L.C. The joint applicants have also requested Commission approval of the necessary amendments to the certificates of convenience and necessity (CCNs) of Sharyland Utilities, L.P. and SDTS to authorize the North Texas Utility and Sharyland Utilities, L.L.C. to own, operate, and maintain their respective post-exchange assets.

The joint applicants have stated that none of the agreements underlying the transactions will become effective without closing of the others. The joint applicants and other parties to the docket entered into an unopposed settlement agreement that resolves all issues among the parties. The agreement contains numerous regulatory commitments by the joint applicants. For the reasons discussed in this Order, the Commission finds that the proposed transactions, as modified by the revised settlement agreement and this Order, are in the public interest under PURA §§ 14.101,

t. Any material changes in the compensation or employee benefits plans of executive officers.

u. Any material changes in the compensation or employee benefit plans of employees.

v. Any loan or extension of credit to any officer, manager, or employee.

w. Any divestiture, contribution, or acquisition of assets that constitute or would constitute more than 10% of the assets of Sharyland Utilities, L.L.C. These actions will also require the Commission's prior approval unless such divestiture, contribution, or acquisition is in the normal course of business of operating, maintaining, or rebuilding existing assets or for the construction by Sharyland Utilities, L.L.C. of assets for which it has received a certificate of convenience and necessity. The 10% threshold will decrease to 5% if Sharyland Utilities, L.L.C. reaches $500 million in asset value.

x. Engaging in any projects outside of ERCOT. Such engagement will also require the Commission's prior approval.

y. The approval of dividends except as provided in the annual plan or tax-sharing agreement.

z. Transactions between Hunt Consolidated, Inc. and any of its affiliates (collectively, Hunt) and Sharyland Utilities, L.L.C.

aa. Any dissolution or liquidation of Sharyland Utilities, L.L.C. Such actions will also require the Commission's prior approval.

bb. Any bankruptcy petition.

cc. Any regulatory acts as defined in the LP agreement.

98. Sharyland Holdings, Sharyland Utilities, L.P., and Sharyland Utilities, L.L.C. agreed to include the following additional regulatory commitments, which require prior Commission approval to modify.

a. Sharyland Utilities, L.L.C. will not include cross-default provisions in its debt or credit documents other than for Sharyland Utilities, L.L.C. defaults. Under no circumstances will any debt of Sharyland Utilities, L.L.C. become due and payable or otherwise be

rendered in default because of any cross-default or similar provisions of any debt or other agreement of Sharyland Holdings or any affiliate of Sharyland Holdings.

b. Sharyland Utilities, L.L.C. and Sharyland Holdings will not include in their debt or credit documents any financial covenants, rating-agency triggers, or credit metrics related to any entity other than Sharyland Utilities, L.L.C.

c. Sharyland Utilities, L.L.C.'s debt will be limited to its regulatory debt-to-equity ratio.

d. Sharyland Utilities, L.L.C. will not incur any debt associated with Sempra Energy's investment in Sharyland Holdings.

e. Sharyland Utilities, L.L.C. will not pledge assets with respect to, or guarantee, any debt or obligation of Hunt or Sempra Energy.

f. Sharyland Utilities, L.L.C. will not share credit facilities with Hunt or Sempra Energy.

g. Sharyland Utilities, L.L.C.'s headquarters will be in Texas.

h. Sharyland Utilities, L.L.C. will not seek to recover any costs associated with a bankruptcy of Hunt or Sempra Energy.

i. Sharyland Utilities, L.L.C. will not include goodwill in its regulatory books.

j. No pushdown accounting of transaction at Sharyland Utilities, L.L.C.

k. Sharyland Utilities, L.L.C. will not pay dividends or make any disbursement of cash or assets, except for contractual tax payments, if (i) those dividends or other distributions would cause Sharyland Utilities, L.L.C. to be out of compliance with its Commission-approved debt-to-equity ratio, or (ii) the Commission has initiated a proceeding seeking to modify Sharyland Utilities, L.L.C.'s ring fence and the Commission, after notice and a hearing, enters an order restricting the payment of dividends or disbursements during the pendency of that proceeding.

l. Sharyland Utilities, L.L.C. and Sharyland Holdings will not own, operate, or construct capital assets outside of ERCOT without the Commission's prior approval and will not take any action that would subject ERCOT to the jurisdiction of the Federal Energy Regulatory Commission (FERC) or otherwise impair the Commission's regulatory jurisdiction.

m. Sharyland Utilities, L.L.C.'s assets or stock will not be pledged for any entity other than Sharyland Utilities, L.L.C. by Sharyland Utilities, L.L.C., Sharyland Holdings, Hunt, Sempra Energy, any Sempra Energy affiliate, or any entity with a direct or indirect ownership interest in Sharyland Utilities, L.L.C. or Sharyland Holdings.

n. Neither Hunt, nor Sempra Energy, nor their respective affiliates will take any action that would subject assets in the ERCOT region to the jurisdiction of the FERC or otherwise impair the Commission's regulatory jurisdiction, provided, however, FERC continues to have jurisdiction under sections 210, 211, and 212 of the Federal Power Act and may direct transmission and interconnection services over certain existing facilities outside of ERCOT; provided further that the existing reliability and critical infrastructure standards administered by the North American Electric Reliability Corporation (NERC), through delegation of authority from FERC, may affect the operations of assets that are deemed part of the bulk electric system.

o. Sharyland Utilities, L.L.C., Sharyland Holdings, Sempra Energy, and Hunt will not seek to have a NERC regional entity other than the Texas Reliability Entity serve as the lead regional entity responsible for monitoring Sharyland Utilities, L.L.C.'s activities and ensuring compliance with NERC reliability standards.

p. Sharyland Utilities, L.L.C. will conduct business with its affiliates as if the parties to the transaction were at arm's length. No transaction with an affiliate will occur without a legitimate business purpose.

q. Hunt and Sempra Energy will provide the Commission access to the books and records of themselves and their affiliates as necessary to facilitate a Commission audit or review of any affiliate transactions as between Sharyland Utilities, L.L.C., on the one hand, and Sempra Energy, Hunt, or their affiliates, on the other, consistent with PURA.

r. Sharyland Utilities, L.L.C. will maintain accurate, appropriate, and detailed books, financial records, and accounts (including checking and other bank accounts) and custodial and other securities safekeeping accounts that are separate and distinct from those of any other entity.

s. Neither Sharyland Utilities, L.L.C. nor any affiliate will assert before the Commission, FERC, or any court of competent jurisdiction that the Commission is preempted under the Federal Power Act (*e.g.*, under a FERC tariff) from making a determination regarding the cost recovery of affiliate costs sought to be allocated to Sharyland Utilities, L.L.C.

t. Before closing, Sharyland Utilities, L.P. will provide a non-consolidation legal opinion that provides that in the event of a bankruptcy of Hunt or Sempra Energy or any affiliates of Sempra Energy, a bankruptcy court will not consolidate the assets and liabilities of Sharyland Utilities, L.L.C. with Hunt or Sempra Energy or any affiliates of Sempra Energy.

u. Sharyland Utilities, L.P. filed a conforming LP agreement for Sharyland Holdings. The LP agreement contains provisions in accordance with the revised settlement agreement.

v. Sempra Texas Utilities Holdings I, LLC; SU Investment Partners, L.P.; and Shary Holdings, L.L.C. will adhere to all provisions in the LP agreement and in this Order.

w. Sharyland Utilities, L.L.C.'s formation limited liability company (LLC) agreement contains provisions identical to the LP agreement's ring-fencing provisions and will not contain provisions that are contrary to the provisions of this Order or the LP agreement. The LLC agreement requires that officers of Sharyland Utilities, L.L.C. have the same fiduciary duties to Sharyland Utilities, L.L.C. as directors of a business corporation organized under Delaware law. Sharyland Utilities, L.L.C. will not amend its organizational documents to waive those duties. Sharyland Utilities, L.P. filed a conforming LLC agreement for Sharyland Utilities, L.L.C. in this docket on May 6, 2019. Any amendment to the LLC agreement will also require the Commission's prior approval to the extent the amendment relates to any condition referenced in this Order.

x. Sharyland Utilities, L.L.C. will file annual reports for a period of five years after closing regarding compliance with the terms stated in this Order.

y. Sharyland Utilities, L.L.C. will maintain a separate logo and name distinct from all affiliates but will conduct its day-to-day operations through an affiliated shared-services company.

99. Sharyland Utilities, L.P., Sharyland Utilities, L.L.C., Hunt, and Sempra Energy acknowledge the Commission's jurisdiction to initiate a future proceeding to modify the Sharyland Utilities, L.L.C. ring fence, but they reserve their rights to contest any other aspect of the filing. No party to this proceeding has waived any argument regarding whether the Sharyland Utilities, L.L.C. ring fence should be modified or the scope of any modification, and all parties reserve their rights to argue their positions in the docket, if such docket is initiated.

100. Oncor agreed to accept the obligations and benefits of Sharyland Utilities, L.P. as stated in the participation agreement entered into as of August 21, 2018 between Sharyland Utilities, L.P. and the City of Lubbock acting by and through its city council and its electric utility board.

101. Commission Staff reviewed the LP agreement and LLC agreement and confirmed those agreements conform to the commitments made in the revised settlement agreement and this Order.

102. The ring-fencing provisions included in this Order are reasonable and in the public interest.

Tangible and Quantifiable Benefits to Texas Customers

103. In determining whether the proposed transactions and the related GS-CV transactions are in the public interest under PURA §§ 14.101, 39.262, and 39.915, the Commission has evaluated whether those transactions would provide tangible and quantifiable benefits to ratepayers that are specific to the transactions at issue.

104. Based on findings of fact 83, 84, 88, and 91 set forth in this Order, the proposed transactions and the related GS-CV transactions will result in tangible and quantifiable benefits to Texas customers on a timely basis.

Evaluation of the Transaction

105. The proposed transactions and the related GS-CV transactions eliminate the REIT structure currently employed by Sharyland Utilities, L.P. and SDTS.

PUC DOCKET NO. 49421
SOAH DOCKET NO. 473-19-3864

APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR AUTHORITY TO CHANGE RATES	§ § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the application of CenterPoint Energy Houston Electric, LLC for authority to change its rates. CenterPoint Houston filed a settlement agreement that resolves certain issues between the parties to the proceeding. The Commission approves the rates, terms, and conditions set forth in the agreement to the extent provided in this Order.

I. Background

On April 5, 2019, CenterPoint Houston filed an application for authority to change its rates. CenterPoint Houston initially sought to increase its annual transmission and distribution revenues by approximately $161 million but revised its requested increase in an errata filing to approximately $154.6 million, inclusive of a rider (rider UEDIT) to refund to customers the unprotected excess deferred federal income tax (EDIT) balance that resulted from the Tax Cuts and Jobs Act of 2017. CenterPoint Houston requested an overall rate of return of 7.39%, based on a cost of debt of 4.38%, a return on equity of 10.4%, and a capital structure of 50% long-term debt and 50% equity.

The Commission referred this docket to the State Office of Administrative Hearings (SOAH) on April 8, 2019. Parties filed testimony and engaged in discovery. After a hearing on the merits was held, the SOAH administrative law judges (ALJs) filed a proposal for decision on September 9, 2019. In the proposal for decision, the SOAH ALJs recommended an increase of $2,644,193 to CenterPoint Houston's total base-rate revenue requirement. The SOAH ALJs also recommended an overall rate of return of 6.65%, based on a cost of debt of 4.38%, a return on equity of 9.45%, and a capital structure of 55% long-term debt and 45% equity.

The Commission considered the proposal for decision at its November 14, 2019 open meeting but did not formally act on it at that time. On January 9, 2020, CenterPoint Houston filed

Commission Staff's number run filed on December 5, 2019 and as set forth in exhibit B to the agreement.

65. The allocation of the revenue requirement as set forth in exhibit B to the agreement is just and reasonable.

66. The signatories agreed that CenterPoint Houston will recover all existing and future retail transmission-related costs through its transmission cost recovery factor (TCRF) instead of through base rates.

Agreement – Rates and Tariff Approval

67. The signatories agreed to use the tariffs and rates set forth in exhibit C to the agreement.

68. The tariffs and rates in exhibit C to the agreement incorporate the total base-revenue increase approved by this Order.

69. The tariffs and rates in exhibit C to the agreement are just and reasonable.

70. The tariffs and rates in exhibit C to the agreement properly reflect the rates adopted by this Order.

Agreement – Ring-Fencing

71. The signatories agreed to adopt ring-fencing measures for CenterPoint Houston as set forth in findings of fact 72 through 87 of this Order.

72. CenterPoint Houston's credit agreements and indentures must not contain cross-default provisions by which a default by CenterPoint Energy, Inc. (CNP) or its other affiliates would cause a default at CenterPoint Houston.

73. The financial covenant in CenterPoint Houston's credit agreement must not be related to any entity other than CenterPoint Houston. CenterPoint Houston must not include in its debt or credit agreements any financial covenants or rating-agency triggers related to any entity other than CenterPoint Houston.

74. CenterPoint Houston must not pledge its assets in respect of or guaranty any debt or obligation of any of its affiliates. CenterPoint Houston must not pledge, mortgage, hypothecate, or grant a lien on the property of CenterPoint Houston except under an

exception in effect in CenterPoint Houston's current credit agreement, such as the first mortgage and general mortgage.

75. CenterPoint Houston must maintain its own stand-alone credit facility, and CenterPoint Houston must not share its credit facility with any regulated or unregulated affiliate.

76. CenterPoint Houston must maintain registrations with all three ratings agencies.

77. CenterPoint Houston must maintain a stand-alone credit rating.

78. CenterPoint Houston's first mortgage bonds and general mortgage bonds must be secured only with CenterPoint Houston's assets.

79. No CenterPoint Houston assets may be used to secure the debt of CNP or its non-CenterPoint Houston affiliates.

80. CenterPoint Houston must not hold out its credit as being available to pay the debt of any affiliates (provided that, for the avoidance of doubt, CenterPoint Houston is not considered to be holding its credit out to pay the debt of affiliates, or in breach of any other ring-fencing measure, with respect to the $68 million of CenterPoint Houston general mortgage bonds that currently serve as collateral for certain outstanding CNP pollution control bonds).

81. Without prior approval of the Commission, neither CNP nor any affiliate of CNP (except for CenterPoint Houston) may incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on the revenues of CenterPoint Houston in more than a proportionate degree than the other revenues of CNP or the stock of CenterPoint Houston.

82. CenterPoint Houston must not transfer any material assets or facilities to any affiliates, except through a transfer that is on an arm's-length basis in accordance with the Commission's affiliate standards applicable to CenterPoint Houston.

83. Except for its participation in an affiliate money pool, CenterPoint Houston must not commingle its assets with those of other CNP affiliates.

84. Except for its participation in an affiliate money pool, CenterPoint Houston must not lend money to or borrow money from CNP affiliates.

85. CenterPoint Houston must notify the Commission if its credit issuer rating or corporate rating as rated by any of the three major rating agencies falls below investment-grade level.

86. Based on the Commission's review of the record and the parties' briefing in this docket, the Commission does not adopt a dividend restriction.

87. The signatories agreed that, if CenterPoint Houston appeals any Commission decision related to dividend restrictions, CenterPoint Houston will reimburse on a monthly basis the expenses that other parties incur to litigate that appeal and will not seek recovery of those expenses in rates.

Agreement – Invested Capital

88. CenterPoint Houston's invested capital, including its plant in service through the end of the test year (December 31, 2018), as reflected on exhibit D to the agreement, is used and useful in providing service and was prudently incurred and properly included in rate base.

Agreement – Cash Working Capital

89. The signatories agreed that, for purposes of CenterPoint Houston's earnings monitoring reports for reporting years beginning in 2020, CenterPoint Houston's total company cash working capital is $24,269,000, as shown on exhibit D to the agreement.

90. CenterPoint Houston's total company cash working capital of $24,269,000 is reasonable and is appropriate to use in CenterPoint Houston's earnings monitoring reports.

Agreement – Certain Tax Matters

91. The signatories agreed that CenterPoint Houston must refund through rider UEDIT and its wholesale transmission service tariff a total UEDIT refund of $105,449,069 (plus carrying costs), comprising a UEDIT amount of $64,903,763, protected EDIT amount of $18,659,227, and gross up of $21,886,079. The refund and amortization period for UEDIT for residential service, secondary service less than or equal to ten kilovolt-amperes (kVA), street lighting service, and miscellaneous lighting service will be approximately 30 months beginning with the effective date of the rates authorized in this proceeding, as shown in the rate schedules in exhibit E to the agreement. The refund and amortization period for UEDIT for secondary service greater than ten kVA, primary service, and transmission service will be approximately 36 months beginning with the effective date of the rates

PUC DOCKET NO. 49494
SOAH DOCKET NO. 473-19-4421

APPLICATION OF AEP TEXAS INC. FOR AUTHORITY TO CHANGE RATES	**§ § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the application of AEP Texas Inc. for authority to change its rates. On February 13, 2020, AEP Texas filed an unopposed agreement between the parties to this proceeding. The Commission approves the rates, terms, and conditions set forth in the agreement to the extent provided in this Order.

I. Background

On May 1, 2019, AEP Texas filed an application for authority to change its rates. AEP Texas initially sought to increase its annual transmission and distribution revenues by approximately $35.18 million, inclusive of a rider to refund to customers the balance of excess tax revenue that resulted from the Tax Cuts and Jobs Act of 2017.[1] AEP Texas requested an overall rate of return of 7.08% based on a cost of debt of 4.2758%, a return on equity of 10.5%, and a capital structure of 55% long-term debt and 45% equity. AEP Texas's application also included proposals to consolidate the rates of its formerly separate central and north divisions, eliminate a surcharge associated with its deployment of advanced meters, begin to recover in base rates the ongoing costs to provide advanced metering service, and move the recovery of all costs to provide transmission service into a transmission cost recovery factor.

The Commission referred this docket to the State Office of Administrative Hearings (SOAH) on May 2, 2019. Parties filed testimony and engaged in discovery. After holding a hearing on the merits, the SOAH administrative law judges (ALJs) filed a proposal for decision on November 12, 2019. In the proposal for decision, the SOAH ALJs recommended a decrease of $59,741,451 to AEP Texas's current total base-rate revenue requirement. The SOAH ALJs also

[1] Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, Pub. L. No. 115-97, 113 Stat. 2054 (Dec. 22, 2017).

103. The tariffs and rates in exhibit C to the agreement incorporate the total base-rate revenue decrease approved by this Order.

104. The tariffs and rates in exhibit C to the agreement are just and reasonable.

105. The tariffs and rates in exhibit C to the agreement properly reflect the rates approved by this Order.

106. AEP Texas agreed that, no later than six months from the date of this Order, it will file a proceeding in which it proposes and supports a tariff provision that would allow transmission-level customers to construct and own substations at the customers' facilities interconnected to AEP Texas. AEP Texas agreed to confer with TIEC in developing the proposed tariff provision.

107. AEP Texas agreed to withdraw its request for approval of the inadvertent gain fee.

Agreement – Ring-Fencing

108. The signatories agreed to adopt ring-fencing measures for AEP Texas as set forth in findings of fact 109 through 120 of this Order.

109. AEP Texas must not share its credit facility with any unregulated affiliates.

110. AEP Texas's debt must not be secured by non-AEP Texas assets.

111. AEP Texas's assets must not secure the debt of AEP, Inc. or its non-AEP Texas affiliates.

112. AEP Texas's assets must not be pledged for any other entity.

113. AEP Texas must work to ensure that its credit ratings at S&P and Moody's remain at or above AEP Texas's current credit ratings.

114. Except as may be otherwise ordered by the Commission, AEP Texas must take the actions necessary to ensure the existence of an AEP Texas stand-alone credit rating.

115. AEP Texas must not hold out its credit as being available to pay the debt of any AEP, Inc. affiliates.

116. Except for access to the utility money pool and the use of shared assets governed by the Commission's affiliate rules, AEP Texas must not commingle its assets with those of other AEP, Inc. affiliates.

117. AEP Texas must not pledge its assets with respect to, or guarantee, any debt or obligation of AEP, Inc. affiliates.

118. AEP Texas must not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's-length basis in accordance with the Commission's affiliate standards applicable to AEP Texas.

119. AEP Texas will not seek to recover from customers any costs incurred as a result of a bankruptcy of AEP Texas or any of its affiliates.

120. Without prior approval of the Commission, neither AEP, Inc. nor any affiliate of AEP, Inc. (excluding AEP Texas) may incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on the revenues of AEP Texas in more than a proportionate degree compared to the other revenues of AEP, Inc. or the stock of AEP Texas.

121. The ring-fencing measures described in findings of fact 109 through 120 are appropriate.

Agreement – Invested Capital

122. AEP Texas's invested capital, including its plant in service through the end of the test year (December 31, 2018), as reflected on exhibit D to the agreement, is used and useful in providing service, was prudently incurred, and was properly included in rate base.

123. The signatories agreed that AEP Texas will remove $23 million from rate base, the removal of which is reflected in exhibit D to the agreement.

124. The signatories agreed that AEP Texas will refund $30 million over one year with no carrying costs. This refund represents amounts collected in rates associated with capital that was subject to reconciliation in this proceeding. The $30 million will be functionalized as $20 million to wholesale transmission and $10 million to distribution.

125. The refund described in finding of fact 124 is appropriate.

126. The signatories agreed that AEP Texas's rate base as of the close of the test year (December 31, 2018), as reflected in exhibit D to the agreement, will not be revisited in subsequent rate proceedings.

PUC DOCKET NO. 49831
SOAH DOCKET NO. 473-19-6677

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APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	**§**	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the application of Southwestern Public Service Company (SPS) for authority to change its rates. SPS filed an unopposed agreement between the parties in this proceeding. The Commission approves the rates, terms, and conditions in the agreement to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. SPS is incorporated under the laws of the State of New Mexico and is a wholly owned subsidiary of Xcel Energy Inc.

2. SPS is a fully integrated utility that owns equipment and facilities to generate, transmit, distribute, and sell electricity in Texas and New Mexico.

3. SPS is authorized under certificate of convenience and necessity number 30153 to provide service to the public and retail electric utility service within its certificated service area.

4. The Commission regulates SPS's Texas retail operations, the New Mexico Public Regulation Commission regulates SPS's New Mexico retail operations, and the Federal Energy Regulatory Commission regulates SPS's wholesale power sales and transmission of electricity in interstate commerce.

5. SPS's last base-rate proceeding was filed on August 21, 2017 and was docketed as Docket No. 47527.[1]

[1] *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 47527, Order (Dec. 10, 2018).

Agreement – Capital Additions

71. In addition to general testimony regarding the reasonableness and necessity of capital additions, SPS provided testimony from business area witnesses explaining the reasonableness and necessity of the capital additions for particular business areas.

72. The capital additions that SPS closed to plant in service during the period of April 1, 2019 through June 30, 2019 that are included in SPS's updated test-year rate-base total $940,797,043.

73. The signatories agreed that SPS's capital additions closed to plant in service during the period of April 1, 2018 through June 30, 2019 that are included in SPS's rate base during the test year and update period are reasonable and necessary.

74. The capital additions described in finding of fact 73 are used and useful and were prudently incurred.

Agreement – Ring-Fencing

75. The signatories agreed for SPS to adopt the ring-fencing measures set forth in findings of fact 76 through 90 of this Order.

76. SPS's credit agreements and indentures will not contain cross-default provisions by which a default by Xcel Energy or its other affiliates would cause a default by SPS.

77. The financial covenant in SPS's credit agreement will not be related to any entity other than SPS. SPS will not include in its debt or credit agreements any financial covenants or rating agency triggers related to any entity other than SPS.

78. SPS will not pledge its assets in respect of or guaranty any debt or obligation of any of its affiliates. SPS will not pledge, mortgage, hypothecate, or grant a lien upon the property of SPS except under an exception in effect in SPS's current credit agreement such as the first mortgage and general mortgage.

79. SPS will maintain its own stand-alone credit facility, and SPS will not share its credit facility with any regulated or unregulated affiliate.

80. SPS will maintain registrations with all three ratings agencies.

81. SPS will maintain a stand-alone credit rating.

82. SPS's first mortgage bonds and general mortgage bonds will be secured only with SPS's assets.

83. No SPS assets may be used to secure the debt of Xcel Energy or its non-SPS affiliates.

84. SPS will not hold out its credit as being available to pay the debt of any affiliates.

85. Without prior approval of the Commission, neither Xcel Energy nor any affiliate of Xcel Energy except SPS may incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent either on SPS's revenues in more than a proportionate degree compared to the other revenues of Xcel Energy or on SPS's stock.

86. SPS will not transfer any material assets or facilities to any affiliates except through a transfer that is on an arm's length basis in accordance with the Commission's affiliate standards applicable to SPS.

87. Except for its participation in an affiliate money pool, SPS will not commingle its assets with those of other Xcel Energy affiliates.

88. Except for its participation in an affiliate money pool, SPS will not lend money to or borrow money from Xcel Energy affiliates.

89. SPS will notify the Commission if its credit issuer rating or corporate rating as rated by any of the three major rating agencies falls below investment grade level.

90. SPS will not seek to recover any costs associated with the bankruptcy of Xcel Energy or any of SPS's other affiliates.

91. The agreed ring-fencing measures set forth in findings of fact 76 through 90 are appropriate.

Agreement – Tracker for Pension and Other Post-Employment Benefit Expense

92. As of July 1, 2019, the unamortized balance from Docket No. 47527 for pension and other post-employment benefit expense is negative $276,798. The pension and other post-employment benefit expense that was deferred from July 1, 2017 through March 31, 2019 is $1,851,773. The net of those two amounts is $1,574,975 and is included in SPS's revenue requirement.

DOCKET NO. 49849

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PUBLIC UTILITY COMMISSION FILING CLERK

JOINT REPORT AND APPLICATION OF EL PASO ELECTRIC COMPANY, SUN JUPITER HOLDINGS LLC, AND IIF US HOLDING 2 LP FOR REGULATORY APPROVALS UNDER PURA §§ 14.101, 39.262, AND 39.915	§ § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the joint report and application filed by El Paso Electric Company (EPE), Sun Jupiter Holdings LLC (Sun Jupiter), and IIF US Holding 2 LP (IIF US 2) (collectively, the applicants) under PURA[1] §§ 14.101, 39.262 and 39.915. The applicants and certain other parties to the docket entered into a non-unanimous settlement agreement that resolves all issues among those parties. The agreement contains numerous regulatory commitments by the applicants. For the reasons discussed in this Order, the Commission finds that the transaction is in the public interest under PURA §§ 14.101, 39.262, and 39.915, provided that all the regulatory commitments described in this Order are met.

An agreement signed by the applicants, Commission Staff, the Office of Public Utility Counsel (OPUC), the City of El Paso, the Texas Industrial Energy Consumers (TIEC), Freeport-McMoRan, Inc., the International Brotherhood of Electrical Workers Local 960 (IBEW 960), Vinton Steel, LLC, and the United States Department of Defense and all other Federal Executive Agencies (the federal entities) (collectively, signatories) was filed on December 18, 2019.

I. Discussion

A. The Proposed Transaction

In the joint report and application filed in this docket, the applicants seek Commission approval of a proposed transaction through which, in accordance with the June 1, 2019 Agreement and Plan of Merger (merger agreement) attached as exhibit A to the joint report and application, Sun Jupiter's wholly-owned subsidiary, Sun Merger Sub Inc. (Merger Sub), will merge with and into EPE, with EPE continuing as the surviving corporation (the transaction). IIF US 2 will provide

[1] Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001–66.016.

incurred whether directly or indirectly through affiliate charges to transition EPE to ownership by IIF US 2 and to integrate EPE's operations and systems with those of IIF US 2. Provided, however, that transition costs do not include EPE employee time, costs-to-achieve savings or synergies, or costs that reflect reasonable and necessary costs in providing service to the public. *Costs to achieve* reflect reasonable and necessary amounts incurred to realize operating enhancements, efficiency gains, or costs reduction initiatives.

g. Electric Furnace Rate. EPE will not propose to eliminate the Electric Furnace Rate in its next base rate case following Commission approval of the transaction.

h. EADIT. EPE commits that it will not amortize or reduce the regulatory liabilities for excess accumulated deferred income taxes recorded as a result of the federal legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 until the amortization is reflected in rates, and EPE agrees that the determination of the treatment of this amount will be addressed in the next base rate case for EPE.

59. The regulatory commitments addressing rates, the ratemaking treatment of certain items, and capital expenditures in this Order are reasonable.

60. The signatories agreed to the following regulatory commitments addressing ring-fencing:

a. Name and Logo. EPE will maintain an existence that is separate and distinct from Sun Jupiter, IIF US 2, and any of its affiliates or subsidiaries (excluding EPE and Rio Grande Resources Trust II), including, its separate name, logo, franchises, obligations, and privileges.

b. EPE Credit Ratings. EPE and IIF US 2 must take the actions necessary to ensure the existence of EPE's stand-alone credit and debt ratings, as applicable. EPE will, except as otherwise approved by the Commission, be registered with a least two major nationally and internationally recognized credit rating agencies. EPE, Sun Jupiter, and IIF US 2 will take efforts to ensure that EPE's credit ratings reflect the ring-fence provisions adopted in this Order such that the credit rating agencies provide EPE with a stand-alone credit rating.

c. Credit Ratings and Dividends. In considering subclauses (i)—(ii) below, the disinterested directors (as defined below) on the EPE board of directors must have the ability to prevent EPE from making any dividends or other distributions, other than contractual tax payments, if they determine in good faith that it is in the best interests of EPE to retain such amounts to meet the expected future requirements of EPE (including compliance with the below debt-to-equity commitment) as follows:

i. For so long as EPE's credit rating remains at BBB (Baa2) at two of the major credit rating agencies (Moody's, S&P, and Fitch), no dividend will be paid by EPE, except for contractual tax payments, unless such dividend is approved by a majority vote of the EPE board of directors, including at least two disinterested directors.

ii. If EPE's credit rating falls to BBB- (Baa3) at one of the major credit rating agencies, no dividend will be paid by EPE, except for contractual tax payments, unless approved by a majority vote of the EPE board of directors, including all four disinterested directors, until EPE's credit rating at two of the major credit rating agencies returns to BBB (Baa2), at which point the above provisions of subclause (i) apply.

iii. If EPE's credit ratings at two of the major credit ratings agencies falls to BBB- (Baa3), no dividends will be paid by EPE, except for contractual tax payments, until otherwise ordered by the Commission or EPE's credit rating at one of the major credit rating agencies returns to BBB (Baa2), at which point the above provisions of subclause (ii) apply.

iv. If EPE's credit rating at one of the major credit rating agencies falls below BBB- (Baa3), no dividends will be paid by EPE, except for contractual tax payments, until otherwise ordered by the Commission or EPE's credit rating returns to BBB- (Baa3), at which point the above provisions of subclause (iii) apply.

d. Equity Ratio and Dividends. EPE will suspend payment of dividends or other distributions, except for contractual tax payments, until otherwise allowed by the

Commission if issuance of the dividend or distributions, except for contractual tax payments, would cause the equity ratio of EPE's total capital for ratemaking purposes to fall below that established from time to time by the Commission for EPE ratemaking purposes. EPE will make a quarterly compliance filing with the Commission regarding this commitment.

e. Net Income and Dividends. EPE will limit its payment of dividends, except for contractual tax payments, to an amount not to exceed its net income (as determined in accordance with GAAP and excluding the impact of the Palo Verde Nuclear Decommissioning Trust).

f. Dividend Policy. Any amendments to the dividend policy must be approved by a majority of the EPE board of directors, including at least a majority of the disinterested directors. In addition, prior approval of the Commission is required to alter the requirements in findings of fact 49(c), 49(d), and 49(e) of this Order.

g. Holding Company. In connection with the transaction, IIF US 2 has created Sun Jupiter, an indirect, wholly owned special-purpose entity, to hold 100% of the equity interests in EPE.

h. Holding Company Existence. Sun Jupiter will be retained between EPE and IIF US 2 for so long as IIF US 2 owns EPE.

i. No Debt/Credit Guarantees. EPE will not guarantee the debt or credit instruments of Sun Jupiter, IIF US 2, or any other affiliate (excluding EPE and Rio Grande Resources Trust II).

j. No Pledging of Assets/Stock. EPE's assets, revenues, or stock must not be pledged by Sun Jupiter, IIF US 2, or any of its affiliates or subsidiaries, for the benefit of any entity other than EPE.

k. No Inter-Company Debt. Neither EPE nor Sun Jupiter will enter into any inter-company debt transactions with IIF US 2 or any of its affiliates or subsidiaries (excluding EPE and Rio Grande Resources Trust II) post-closing of the transaction, unless approved by the Commission.

l. No Inter-Company Lending. Neither EPE nor Sun Jupiter will lend money to or

borrow money from IIF US 2 or any of its affiliates or subsidiaries (excluding EPE and Rio Grande Resources Trust II) post-closing of the transaction. Further, Sun Jupiter and EPE will not borrow money from J.P. Morgan Chase & Co. (JP Morgan) and its affiliates except that EPE may borrow from JP Morgan or any of its affiliates on an arm's-length basis if approved by a majority of the EPE board of directors excluding the IIF US 2 representatives on the EPE board of directors, and provided further that nothing herein must obligate JP Morgan or any of its affiliates to lend money to EPE or any of its affiliates at any time.

m. Credit Facility. Neither EPE nor Sun Jupiter will be borrowers under a common credit facility with one another nor with JP Morgan and its affiliates, IIF US 2, or any of IIF US 2's affiliates or subsidiaries (excluding EPE and Rio Grande Resources Trust II).

n. Cross-Default Provisions. EPE will not include in any of its debt or credit agreements cross-default provisions relating to Sun Jupiter or IIF US 2 or any of its affiliates or subsidiaries (excluding EPE and Rio Grande Resources Trust II). Neither EPE nor Sun Jupiter will include in any of its debt or credit agreements cross-default provisions relating to the securities of IIF US 2 or any of its affiliates or subsidiaries (excluding EPE and Rio Grande Resources Trust II). Under no circumstances will any debt of EPE become due and payable or otherwise be rendered in default because of any cross-default or similar provisions of any debt or other agreement of IIF US 2, the Sun Jupiter Entities, or any of their affiliates (excluding EPE and Rio Grande Resources Trust II).

o. Financial Covenants or Rating Agency Triggers. EPE's debt or credit agreements will not include any financial covenants or rating-agency triggers related to Sun Jupiter or IIF US 2 or any of IIF US 2's affiliates or subsidiaries (excluding EPE and Rio Grande Resources Trust II), nor will Sun Jupiter's debt or credit agreements include any financial covenants or rating-agency triggers related to IIF US 2 or any of its affiliates or subsidiaries (excluding EPE and Rio Grande Resources Trust II).

p. No Transaction Related Debt at EPE. EPE will not incur, guaranty, or pledge assets for any new incremental debt related to the transaction.

q. Debt at Sun Jupiter Holdings LLC. Without prior approval of the Commission, Sun Jupiter Holdings LLC will not incur any third-party debt in excess of the amount in place at closing of the transaction, which must not exceed $700 million. Further, all third-party debt held at Sun Jupiter Holdings LLC will be extinguished within five years of closing.

r. Bankruptcy Expenses and Liabilities. Neither EPE nor Sun Jupiter will seek to recover from EPE's customers any costs incurred as a result of a bankruptcy of IIF US 2 or any of its affiliates, excluding EPE and Rio Grande Resources Trust II.

s. Voluntary Bankruptcy. The EPE board of directors may place EPE in voluntary bankruptcy, subject to the approval of Sun Jupiter and approval of at least four of the seven independent directors.

t. EPE Senior Management. Following closing of the transaction, EPE's CEO and other senior management who directly report to the CEO will hold no positions with IIF US 2 or any of its affiliates or subsidiaries, excluding EPE.

u. Non-Consolidation Legal Opinion. IIF US 2 will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of IIF US 2, Sun Jupiter, or any of their affiliates, excluding EPE and Rio Grande Resources Trust II, a bankruptcy court would not consolidate the assets and liabilities of EPE with IIF US 2, Sun Jupiter, or any of their affiliates, excluding EPE and Rio Grande Resources Trust II.

v. Affiliate Asset Transfer. Neither EPE nor Sun Jupiter will transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's-length basis consistent with the Commission and New Mexico Public Regulation Commission (NMPRC) affiliate standards as applicable to EPE.

w. Arm's-Length Relationship. Each of EPE and Sun Jupiter will maintain an arm's-length relationship with one another and with IIF US 2 and its affiliates, consistent with the Commission and NMPRC affiliate standards as applicable to EPE.

x. Access to Books and Records. IIF US 2 will provide the Commission access to its books and records, as well as those of its applicable affiliates, as necessary to facilitate the Commission's audit or review of any affiliate transactions, if any, as between EPE and IIF US 2 or IIF US 2's affiliates in accordance with PURA § 14.154.

y. Separate Books and Records. Each of EPE and Sun Jupiter will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities safekeeping accounts that are separate and distinct from those of any other entity.

z. Representations to the Public. Sun Jupiter and its affiliates will not represent to the public or creditors that EPE has any liability for the obligations of Sun Jupiter or IIF US 2 or any of their affiliates, except for EPE and Rio Grande Resources Trust II.

aa. Consolidated Tax Return. EPE will be a party to a consolidated corporate tax return with the Sun Jupiter consolidated tax group, which will be carried out subject to a formal tax sharing agreement and policy.

bb. Modification of Ring Fence. EPE, Sun Jupiter, and IIF US 2 acknowledge the Commission's jurisdiction to initiate a future proceeding to modify the EPE ring fence required by the provisions of finding of fact 49 of this Order, but they reserve their rights to contest any other aspect of the filing. No party to this proceeding has waived any argument regarding whether the EPE ring fence required in finding of fact 49 should be modified or the scope of any modification, and all parties reserve their rights to argue their positions in the future docket, if such docket is initiated.

61. The regulatory commitments addressing ring-fencing in this Order are reasonable.

62. The signatories agreed to the following regulatory commitments addressing local control and management:

a. Headquarters. EPE's existing headquarters will remain in El Paso, Texas for so long as IIF US 2 owns EPE.

DOCKET NO. 50584

JOINT REPORT AND APPLICATION OF WIND ENERGY TRANSMISSION TEXAS, LLC; AXINFRA US LP; HOTSPUR HOLDCO 1 LLC; HOTSPUR HOLDCO 2 LLC; AND 730 HOTSPUR, LLC, FOR REGULATORY APPROVALS UNDER PURA §§ 14.101, 39.262, AND 39.915	§ § § § § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the joint report and application filed by Wind Energy Transmission Texas, LLC (WETT), AxInfra US LP (AxInfra), Hotspur HoldCo 1 LLC (Hotspur 1), Hotspur HoldCo 2 LLC (Hotspur 2), and 730 Hotspur, LLC (730 Hotspur) (collectively, the applicants) under PURA[1] §§ 14.101, 39.262, and 39.915. On June 22, 2020, the applicants, Commission Staff, the Office of Public Utility Counsel (OPUC), the Steering Committee of Cities Served by Oncor (Cities), and Texas Industrial Energy Consumers (TIEC) (collectively, the signatories) filed a unanimous settlement agreement. The agreement contains numerous regulatory commitments by the applicants. For the reasons discussed in this Order, the Commission finds that the transaction is in the public interest under PURA §§ 14.101, 39.262, and 39.915, provided that all the regulatory commitments described in this Order are met.

I. Discussion

A. The Proposed Transaction

In the joint report and application filed in this docket, the applicants seek Commission approval of a proposed transaction that would result in the transfer of ultimate ownership and control of WETT. The proposed transaction will result in the ownership and control of WETT being transferred through various subsidiaries to AxInfra US LP (AxInfra), and the Teachers Insurance and Annuity Association of America (TIAA) will, through its wholly owned indirect subsidiary 730 Hotspur, acquire an indirect minority controlling interest in WETT.

[1] Public Utility Regulatory Act, Tex. Util. Code § 11.001–66.016.

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48. The agreement, taken as a whole, is a just and reasonable resolution of the issues, is in the public interest, and should be approved.

Regulatory Commitments

49. The signatories agreed that, except to the extent that any of the following conditions in findings of fact 50 through 62 explicitly state otherwise, the following commitments will apply as of closing of the transaction and continue to apply thereafter, unless and until altered by the Commission.

50. The signatories agreed to the following regulatory commitments addressing ring fencing and code of conduct:

    a. Sole Authorized Purpose – The sole authorized purpose of WETT will be the provision of wholesale electric utility service and the performance of activities reasonably necessary and appropriate thereto The sole authorized purpose of Hotspur SPV will be the indirect ownership of WETT. The sole authorized purpose of WETT Holdings will be the ownership of WETT and the performance of activities reasonably necessary and appropriate to exercise such ownership. The sole authorized purpose of Hotspur HoldCo 1 will be the ownership of WETT Holdings and the sole authorized purpose of Hotspur HoldCo 2 will be the ownership of ROADIS WETT and in each case the performance of activities reasonably necessary and appropriate to exercise such ownership.

    b. Best Interest of Utility – The WETT Holdings board of directors must have the duty to act, subject to applicable Texas law, in the best interests of WETT.

    c. Name and Logo – WETT will maintain a separate name and logo from Axium, TIAA and all other AxInfra and TIAA subsidiaries and affiliates.

    d. Pledging of Assets/Stock – WETT's assets or revenues must not be pledged by AxInfra or TIAA or any of their affiliates or subsidiaries for the benefit of any entity other than WETT.

    e. No Additional Inter-Company Debt or Lending – WETT will not lend money to or borrow money from AxInfra or any of their affiliates or subsidiaries. Further, WETT will not lend money to or borrow money from TIAA and its affiliates except

that WETT may borrow from TIAA or any of its affiliates on an arm's-length basis if approved by a majority of the WETT Holdings board of directors excluding the TIAA representative on the WETT Holdings board of directors, and provided further that nothing herein must obligate TIAA or any of its affiliates to lend money to WETT at any time.

f. Credit Facility – WETT, WETT Holdings, Hotspur 1, Hotspur 2, or Hotspur SPV will not be borrowers under a common credit facility with one another, nor with AxInfra, TIAA, or their affiliates or subsidiaries.

g. Cross-Default Provisions – WETT will not include in any of its debt or credit agreements cross-default provisions relating to AxInfra, TIAA or any of their affiliates or subsidiaries. Under no circumstances will any debt of WETT become due and payable or otherwise be rendered in default because of any cross-default or similar provisions of any debt or other agreement of AxInfra, TIAA, or any of their affiliates or subsidiaries.

h. Affiliate Asset Transfer – WETT will not transfer material assets to affiliates other than in a transfer that is at an arm's length basis consistent with the Commission's affiliate standards applicable to WETT.

i. Separate Books and Records – WETT will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities safekeeping accounts that are separate and distinct from those of any other entity.

j. Code of Conduct – WETT will file with the Commission for authority to amend and update its code of conduct to incorporate all applicable conditions and limitations on affiliate transactions required by these regulatory commitments.

k. Credit Ratings Agencies – WETT and AxInfra must take the actions necessary to ensure the existence of WETT's standalone bond credit and debt ratings. WETT will, except as otherwise approved by the Commission, be registered with a nationally recognized statistical ratings organization that is registered with the United States Securities and Exchange Commission. WETT and AxInfra must take

the actions necessary to ensure that WETT obtains a standalone debt rating from at least one of Moody's, Fitch, or Standard & Poor's by the earlier of: (a) WETT's next voluntary base-rate case, or (b) December 31, 2022.

l. Dividend Restriction – WETT will not pay dividends, except for contractual tax payments, at any time that WETT's debt rating is below (BBB) or the equivalent with any one of the credit agencies rating WETT unless approved by the two disinterested board members of WETT Holdings. If any credit agency issues a debt rating for WETT below BBB-, WETT will not pay dividends, except for contractual tax payments, unless approved by the Commission. Additionally, WETT will not issue stock or ownership interests that supersede the foregoing obligations of WETT nor will AxInfra, TIAA or any of their affiliates permit WETT to act in a manner that will supersede the foregoing obligations of WETT. WETT must notify the Commission if either WETT's or WETT Holdings' credit rating from any of the agencies rating WETT or WETT Holdings falls below the rating those entities were given as of May 1, 2020.

m. Debt at WETT Holdings – AxInfra must make reasonable efforts to pay down debt at WETT Holdings.

n. Reservation of Rights – The parties agreed that notwithstanding anything in this agreement, all parties retain their right to argue for any regulatory capital structure for WETT in future rate proceedings, including WETT's existing regulatory capital structure, or a capital structure that reflects the debt at WETT Holdings.

51. The regulatory commitments addressing ring fencing and code of conduct in this Order are reasonable.

52. The signatories agreed to the following regulatory commitments addressing local control and management:

a. Capital Expenditures – WETT will continue to make minimum capital expenditures in an amount equal to WETT's current five-year budget for the five year period beginning January 1 2021, subject to the following qualifications, which must be reported to the Commission in WETT's earnings monitoring report: WETT may

PUC DOCKET NO. 51415
SOAH DOCKET NO. 473-21-0538

APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY FOR AUTHORITY TO CHANGE RATES	§ § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the application of Southwestern Electric Power Company (SWEPCO) for authority to change its rates. Through its application and rebuttal testimony, SWEPCO sought a Texas retail revenue requirement of $451,529,538.

A hearing on the merits was held between May 19 and May 26, 2021 at the State Office of Administrative Hearings (SOAH). On August 27, 2021, the SOAH administrative law judges (ALJs) filed their proposal for decision in which they recommended a Texas retail revenue requirement decrease to SWEPCO's Texas retail revenue requirement of $26,495,690. In response to the parties' exceptions and replies to the proposal for decision, on November 9, 2021, the SOAH ALJs filed a letter making changes to the proposal for decision.

The Commission adopts the proposal for decision as modified by the ALJs, including findings of fact and conclusions of law, to the extent provided in this Order.

I. Discussion

The Commission's decisions result in a Texas retail base-rate revenue requirement of $400,742,913, which is a decrease of $50,786,625 from SWEPCO's requested Commission-authorized revenue requirement. New findings of fact 24A-I and 315A-C are added to address the procedural history of this docket after the close of the evidentiary record at SOAH. Additionally, the Commission modifies finding of fact 286 to reflect the rate schedules produced by Commission Staff's updated number run.

A. Self-Insurance Reserve and Hurricane Laura Costs

The Commission disagrees with the SOAH ALJs' finding that SWEPCO failed to sufficiently quantify the amount of savings of the self-insurance in comparison to commercial insurance to support establishment of a self-insurance reserve. In this proceeding SWEPCO presented adequate testimony on cost savings attributable to the self-insurance plan. While

100. A downward adjustment to the ROE is not warranted for the August 18, 2019 outage on SWEPCO's transmission system, which was caused by vegetation contact with a SWEPCO transmission line.

101. DELETED.

102. SWEPCO's proposed 4.18% cost of debt is reasonable.

103. A capital structure composed of 50.63% long-term debt and 49.37% equity is reasonable in light of SWEPCO's business and regulatory risks.

104. A capital structure composed of 50.63% long-term debt and 49.37% equity will be sufficient to attract capital from investors.

105. SWEPCO's overall rate of return should be as follows:

COMPONENT	CAPITAL STRUCTURE	COST OF CAPITAL	WEIGHTED AVERAGE COST OF CAPITAL
LONG-TERM DEBT	50.63%	4.18%	2.12%
COMMON EQUITY	49.37%	9.25%	4.57%
TOTAL	100.00%		6.69%

Financial Integrity (Ring-Fencing Protections)

106. AEP is a large corporation with several subsidiaries in multiple states, including both regulated and non-regulated entities. The effects of financial instability or weakness in one of these entities could affect not only AEP as the parent company, but also its subsidiaries, including SWEPCO.

107. Ring-fencing measures have been used to protect utilities from risky corporate parents or other affiliates to protect the utility's financial integrity and to ensure the utility can continue to operate and serve its customers.

108. Ordering the following financial protections is reasonable and necessary to protect SWEPCO's financial integrity and to ensure SWEPCO's ability to provide reliable service at just and reasonable rates:

a. SWEPCO will work to ensure that its credit ratings at Standard and Poor's and Moody's remain at or above SWEPCO's current credit ratings.

b. SWEPCO will notify the Commission if its credit issuer rating or corporate rating as rated by either Standard and Poor's or Moody's falls below investment-grade level.

c. SWEPCO will take the actions necessary to ensure the existence of a SWEPCO stand-alone credit rating.

d. SWEPCO will not share a credit facility with any unregulated affiliates.

e. SWEPCO's debt will not be secured by non-SWEPCO assets.

f. SWEPCO's assets will not secure the debt of AEP or its non-SWEPCO affiliates. SWEPCO's assets will not be pledged for any other entity.

g. SWEPCO will not hold out its credit as being available to pay the debt of any AEP affiliates.

h. Except for access to the utility-money pool and the use of shared assets governed by the Commission's affiliate rules, SWEPCO will not commingle its assets with those of other AEP affiliates.

i. SWEPCO will not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's-length basis in accordance with the Commission's affiliate standards applicable to SWEPCO, regardless of whether such affiliate standards would apply to the particular transaction.

j. Without prior approval of the Commission, neither AEP nor any affiliate of AEP (excluding SWEPCO) will incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on: (1) the revenues of SWEPCO in more than a proportionate degree than the other revenues of AEP; or (2) the stock of SWEPCO. SWEPCO will not seek to recover from customers any costs incurred as a result of a bankruptcy of AEP or any of its affiliates.

109. These financial protections are similar to those agreed to by SWEPCO affiliate AEP Texas in Docket No. 49494, which were approved by the Commission. SWEPCO already abides

by most of the ring-fencing measures approved for AEP Texas and confirmed that SWEPCO is amenable to similar measures.

109A. After considering expert testimony and the evidentiary record, the Commission determined that two additional ring-fencing provisions proposed by Commission Staff are appropriate in order to insulate Texas ratepayers from business risks that do not provide ratepayer benefits:

a. A no cross-default provision, that SWEPCO's credit agreements and indentures will not contain cross-default provisions whereby a default by AEP or its other affiliates would cause a default by SWEPCO.

b. A no financial covenants or rating agency triggers related to another entity provision, that the financial covenants in SWEPCO's credit agreements will not be related to any entity other than SWEPCO. SWEPCO will not include in its debt or credit agreements any financial covenants or rating agency triggers related to any entity other than SWEPCO.

110. The evidence shows substantial benefit, and does not show a significant cost or harm, to ordering SWEPCO to employ the financial protections listed above.

Transmission O&M Expense

111. SWEPCO's test year transmission O&M expenses were $46,683,319, of which $8,636,052 were affiliate expenses.

112. SWEPCO's transmission O&M expenses were not contested by any party and are reasonable.

Transmission Expenses and Revenues under FERC-Approved Tariff

113. The SPP charges SWEPCO for the provision of transmission service to SWEPCO's customers. SWEPCO also receives payment from SPP for SPP members' use of SWEPCO's transmission facilities. These expenses and revenues are incurred and received pursuant to the FERC-approved SPP open access transmission tariff (OATT). The net amount that SWEPCO incurred under the SPP OATT during the test year is included in SWEPCO's requested cost of service in this proceeding.

DOCKET NO. 51547

2021 MAY 13 AM 11:06

JOINT REPORT AND APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY, NM GREEN HOLDINGS, INC. AND AVANGRID, INC. FOR REGULATORY APPROVALS UNDER PURA §§ 14.101, 39.262, AND 39.915	§ § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the joint report and application filed by Texas-New Mexico Power Company (TNMP), NM Green Holdings, Inc., and Avangrid, Inc. (collectively, the applicants) under PURA[1] §§ 14.101, 39.262(*l*) through (o), and 39.915. On March 30, 2021, the following parties filed a unanimous agreement between themselves: the applicants, Commission Staff, the Office of Public Utility Counsel (OPUC), the Cities Served by Texas-New Mexico Power Company (Cities), the Alliance for Retail Markets (ARM), the Texas Energy Association for Marketers (TEAM), Texas Industrial Energy Consumers (TIEC), and Walmart Inc. (collectively, the signatories). The agreement contains numerous regulatory commitments by the applicants. For the reasons discussed in this Order, the Commission finds that the transaction is in the public interest under PURA §§ 14.101, 39.262(*l*) through (o), and 39.915, provided that all the regulatory commitments described in this Order are met.

I. Discussion

A. The Proposed Transaction

The applicants seek Commission approval of a proposed transaction that would result in the transfer of ultimate ownership and control of TNMP. Specifically, effective October 20, 2020, TNMP's indirect parent company, PNM Resources, Inc. (PNMR), entered into a merger agreement with Avangrid and its subsidiary, NM Green Holdings.

Under the merger agreement, after the applicants receive regulatory approvals and other closing conditions are satisfied, NM Green Holdings will be merged with and into PNMR with PNMR as the surviving corporation and a direct subsidiary of Avangrid. Avangrid will then

[1] Public Utility Regulatory Act, Tex. Util. Code § 11.001–66.016.

54. The signatories agreed to the following regulatory commitments addressing financial protections and code of conduct:

(a) Sole Authorized Purpose – The sole authorized purpose of TNMP will be the provision of transmission and distribution utility service and the performance of activities reasonably necessary and appropriate thereto. The sole authorized purpose of the special-purpose entity that will be created and interposed between TNMP and TNP Enterprises, TNMP Holdings, will be the direct ownership of TNMP.

(b) Best Interest of Utility – The TNMP and TNMP Holdings boards of directors must have the duty to act, subject to applicable Texas law, in the best interests of TNMP consistent with this Order.

(c) Separate Name and Logo – TNMP will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Avangrid, Iberdrola, and any current and future retail electric providers, wholesale generation companies, and other Texas competitive affiliates of TNMP. To remain separate and distinct, TNMP's logo will not include the name, logo, or any other brand-identifying features of any Avangrid or Iberdrola retail electric providers, wholesale generation companies, or any other current or future Texas competitive affiliate of TNMP. Notwithstanding the foregoing, the Avangrid name and logo can be added to the TNMP name and logo for branding purposes (e.g., "An Avangrid Company") provided that no current or future competitive affiliate with operations in Texas adds the Avangrid name, logo, or other brand-identifying features for branding purposes. No Avangrid or Iberdrola retail electric providers, wholesale generation companies that operate in Texas, or any other current or future Texas competitive affiliate of TNMP will use the same name, trademark, brand, logo, or any other brand-identifying features such as color scheme or font style as are used by TNMP. TNMP will not otherwise engage in joint marketing, advertising, or promotional activities with any Avangrid or Iberdrola retail electric provider, broker, aggregator, wholesale generation company that operates in Texas, or any other current or future

Texas competitive affiliate of TNMP, in a manner that is inconsistent with the Public Utility Regulatory Act and the Commission's rules.

(d) Pledging of Assets or Stock – TNMP's assets, stock, or revenues must not be pledged by TNMP Holdings, TNP Enterprises, PNMR, Avangrid Networks, Avangrid, Iberdrola, or any of their affiliates or subsidiaries, or any entity with a direct or indirect ownership interest in TNMP or TNMP Holdings for the benefit of any entity other than TNMP.

(e) Elimination of PNMR Debt – Avangrid will extinguish all debt at PNMR, reducing it to zero reasonably promptly following the closing of the transaction and maintaining it at zero going forward unless authorized in advance by the Commission. No debt will be incurred at PNMR, TNP Enterprises or TNMP Holdings or at any corporate entity between TNMP and PNMR in the future unless authorized in advance by the Commission.

(f) No Additional Inter-Company Debt or Lending – Aside from the existing arrangement with PNMR and its subsidiaries during the current term of that arrangement, TNMP will not lend money to or borrow money from any of its affiliates, other than through Avangrid Networks' existing money pool arrangements in which TNMP may only borrow from and lend to investment grade-rated, regulated utilities within Avangrid Networks.

(g) Credit Facility – Neither TNMP nor TNMP Holdings will share credit facilities with Avangrid or any Avangrid affiliates, or any entity with a direct or indirect ownership interest in Avangrid or any Avangrid affiliate, other than joint credit revolvers with affiliates where liability shall be several and not joint, and where there would not be cross default provisions applicable to any utility borrower.

(h) Cross-Default Provisions – TNMP will not include in any of its debt or credit agreements cross-default provisions relating to TNMP Holdings, TNP Enterprises, PNMR, Avangrid Networks, Avangrid, Iberdrola, or any of their affiliates or subsidiaries or any entity with a direct or indirect ownership interest in TNMP or TNMP Holdings. Under no circumstances will any debt of TNMP become due and payable or otherwise be rendered in default because of any cross-default, financial

covenants, rating agency triggers or similar provisions of any debt or other agreement of TNMP Holdings, TNP Enterprises, PNMR, Avangrid Networks, Avangrid, Iberdrola, or any of their affiliates or subsidiaries.

(i) Affiliate Asset Transfer – TNMP will not transfer material assets or any transmission or distribution asset worth more than $1 million to affiliates other than in a transfer that is at an arm's length basis consistent with the Commission's affiliate standards applicable to TNMP, regardless of whether such affiliate standards would apply to a particular transaction.

(j) Separate Books and Records – TNMP will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities safekeeping accounts that are separate and distinct from those of any other entity.

(k) Code of Conduct – TNMP will file with the Commission for authority to amend and update its code of conduct within 45 days of the closing of the transaction to incorporate all applicable conditions and limitations on affiliate transactions required by these regulatory commitments.

(l) Credit Ratings Agencies – TNMP, TNMP Holdings, TNP Enterprises, PNMR, Avangrid Networks, and Avangrid must take the actions necessary to ensure the existence of TNMP's standalone bond credit and debt ratings. TNMP will, except as otherwise approved by the Commission, be registered with at least two nationally recognized statistical ratings organizations that are registered with the United States Securities and Exchange Commission, which must include two of Moody's, Fitch, or Standard & Poor's. TNMP, TNMP Holdings, TNP Enterprises, PNMR, and Avangrid Networks must take the actions necessary to ensure that TNMP's credit ratings reflect the ring-fence provisions adopted in this order such that the credit ratings agencies provide TNMP with a standalone credit rating.

(m) Dividend Restriction – TNMP will not pay dividends or distributions, except for contractual tax payments, at any time that TNMP's debt rating is below (BBB) or the equivalent with any one of the credit agencies rating TNMP unless approved by the Commission in a proceeding opened for that purpose. Additionally, TNMP,

TNMP Holdings, and any entity in their chain of ownership will not issue stock or ownership interests that supersede the foregoing obligations of TNMP, nor will TNMP Holdings or any of its affiliates permit TNMP to act in a manner that will supersede the foregoing obligations of TNMP. TNMP shall notify the Commission if TNMP's credit rating from any of the agencies rating TNMP falls below the rating TNMP was given as of October 21, 2020.

(n) No Transaction-Related Debt at TNMP or TNMP Holdings – TNMP, TNMP Holdings, and TNP Enterprises will not take on any new debt in conjunction with the Transaction, provided further that any increased costs due to refinancing of existing TNMP debt caused by the Proposed Transaction will not be borne by customers.

(o) Non-Consolidation Legal Opinion – Within 12 months of the date the transaction closes, Avangrid will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of Avangrid or any affiliate of Avangrid, a bankruptcy court will not consolidate the assets and liabilities of TNMP with Avangrid or any affiliate of Avangrid.

(p) Arm's-Length Relationship – The ring-fenced entity, TNMP, when negotiating or entering into contracts with affiliates, will comply with the Commission's affiliate standards applicable to TNMP and maintain an arm's-length relationship with Avangrid, Avangrid's affiliates, or any entity with a direct or indirect ownership interest in TNMP or TNMP Holdings.

(q) No Debt Disproportionally Dependent on TNMP – Without prior approval of the Commission, neither Avangrid nor any affiliate of Avangrid (excluding TNMP) will incur, guaranty, or pledge assets in respect of any incremental new debt at the closing or thereafter that is dependent on: (1) the revenues of TNMP in more than a proportionate degree than the other revenues of Avangrid; or (2) the stock of TNMP or TNMP Holdings.

(r) No Recovery of Affiliate REP Bad Debt – To the extent that any retail electric provider is affiliated with TNMP, TNMP will not seek to recover from its customers any costs incurred as a result of a bankruptcy of any such affiliate.

(s) Net Income and Dividends – TNMP will limit its payment of dividends, except for contractual tax payments, to an amount not to exceed its net income as determined in accordance with GAAP. Beyond that restriction, dividend policy will be set by the board of TNMP as discussed in Section 7.

(t) Prohibition on Commingling of Assets – Except insofar as TNMP is authorized to participate in the Avangrid shared credit facilities under Section 1(g) of the agreement or its participation in Avangrid Networks' existing affiliate money pool under Section 1(f) of the agreement, TNMP must not commingle its funds, assets, or cash flows with TNMP Holdings, TNP Enterprises, PNMR, Avangrid Networks, Avangrid, Iberdrola, or any of their affiliates or subsidiaries or any entity with a direct or indirect ownership in TNMP.

(u) Debt-to-Equity Ratio – TNMP shall maintain a minimum common equity ratio (measured using a trailing 13-month average) in compliance with the equity ratio established from time to time by the Commission for ratemaking purposes. TNMP will make no payment of dividends or other distributions, except for contractual tax payments, where such dividends or other distributions would cause TNMP to be out of compliance with the Commission approved equity ratio (measured using a trailing 13-month average).

(v) TNMP Competitive Affiliate Commitment – TNMP will comply with all requirements in PURA and Commission rules governing all aspects of any relationship and dealings between TNMP and all competitive affiliates.

(w) Within six (6) months of the closing of this Proposed Transaction, neither Iberdrola nor Avangrid will own or control any customer facing competitive affiliates in ERCOT including retail electric providers, brokers, or aggregators. Within six (6) months of the closing of this Proposed Transaction, Iberdrola Solutions LLC dba Iberdrola Texas will either file an application with the [Commission] to voluntarily relinquish its retail electric provider certificate or transfer its certificate to an unaffiliated third party. Iberdrola Solutions LLC dba Iberdrola Texas will not convey the name, logo or other brand identifying feature such as color scheme or font style to any third party. If ever Iberdrola or Avangrid were to seek to own or

control any customer facing competitive affiliates in ERCOT including retail electric providers, brokers or aggregators, they would need prior Commission approval and would agree not to have any such competitive affiliates engaged in such activities within TNMP's service territory.

55. The regulatory commitments addressing financial protections and code of conduct listed in finding of fact 54 of this Order are reasonable.

56. The signatories agreed to the following regulatory commitments addressing local control and management:

(a) Capital Expenditures – TNMP will continue to make minimum capital expenditures in an amount equal to TNMP's current five-year budget for the five year period beginning January 1, 2021, subject to the following qualifications, which must be reported to the Commission in TNMP's earnings monitoring report: TNMP may reduce capital spending due to conditions not under TNMP's control, including, without limitation, siting delays, cancellations of projects by third-parties, weaker than expected economic conditions, or if TNMP determines that a particular expenditure would not be prudent.

(b) Headquarters – TNMP's headquarters will remain in Texas in TNMP's service territory for so long as Avangrid or any affiliate or successor owns TNMP unless authorized in advance by the Commission.

(c) TNMP Employee Compensation – No TNMP employees including TNMP's President and senior management will simultaneously hold positions with any upstream affiliate. The compensation of the President and senior management shall not be related or tied to the business or social goals of any entity other than TNMP.

(d) Management Day-to-Day Control – TNMP's President and TNMP's senior management will continue to have day-to-day control over TNMP's operations.

(e) Continued Ownership – TNMP Holdings (directly) and Avangrid (indirectly) will maintain a controlling ownership interest in TNMP for at least five years post-closing.

PUC DOCKET NO. 51802
SOAH DOCKET NO. 473-21-1892

APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	**§**	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the application of Southwestern Public Service Company (SPS) for authority to change its rates. SPS filed an unopposed agreement between the parties in this proceeding. The Commission approves the tariffs attached to the agreement as attachment B, including the rates in those tariffs effective July 13, 2021, to the extent provided by this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. SPS is a New Mexico corporation registered with the Texas secretary of state under filing number 1392306 and is a wholly owned subsidiary of Xcel Energy, Inc.

2. SPS owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity in Texas.

3. SPS is required under certificate of convenience and necessity number 30153 to provide service to the public and retail electric utility service within its certificated service area.

4. SPS's last base-rate proceeding was Docket No. 49831.[1]

Application

5. On February 8, 2021, SPS filed an application requesting authority to change its Texas retail rates based on a historical test year of October 1, 2019 through September 30, 2020, adjusted for known and measurable changes.

[1] *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 49831, Order (Aug. 27, 2020).

Agreement – Capital Additions

79. In addition to general testimony regarding the reasonableness and necessity of capital additions, SPS provided testimony from business area witnesses explaining the reasonableness and necessity of the capital additions for particular business areas.

80. The capital additions that SPS closed to plant in service during the period of July 1, 2019 through December 31, 2020 and that are included in SPS's updated test-year rate base total $1,756,735,733.

81. The parties agreed that SPS's capital additions closed to plant in service during the period of July 1, 2019 through December 31, 2020 and included in SPS's rate base during the test year and update period are reasonable and necessary.

82. SPS's capital additions closed to plant in service during the period of July 1, 2019 through December 31, 2020 and included in SPS's rate base during the test year and update period are used and useful and were prudently incurred.

Agreement – Ring-Fencing

83. The parties agreed to continue the ring-fencing measures set forth in ordering paragraphs 17 through 31 of the Commission's order filed in Docket No. 49831 on August 27, 2020.

84. The agreed ring-fencing measures are appropriate.

Agreement – Accrual of Regulatory Assets in Project No. 50664

85. The parties agreed that in this proceeding, they would not address the expenses that SPS deferred under the Commission's order related to accrual of regulatory assets filed in Project No. 50664.[2]

86. The parties agreed that SPS would continue to maintain a regulatory asset for expenses deferred under the Commission's order in Project No. 50664 and would seek recovery in a future proceeding.

87. The agreement's treatment of SPS's deferred expenses is appropriate.

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[2] *Issues Related to the State of Disaster for the Coronavirus Disease 2019*, Project No. 50664, Order Related to Accrual of Regulatory Assets (Mar. 26, 2020).

PUC DOCKET NO. 52195
SOAH DOCKET NO. 473-21-2606

APPLICATION OF EL PASO ELECTRIC COMPANY TO CHANGE RATES	**§**	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the application of El Paso Electric Company for authority to change rates. The parties filed an unopposed agreement between themselves. The Commission approves the tariffs attached to the agreement as exhibit 7, including the rates in those tariffs, to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. El Paso Electric is a Texas corporation registered with the Texas secretary of state under filing number 1073400.

2. El Paso Electric owns and operates for compensation in Texas facilities and equipment to produce, generate, transmit, distribute, and sell electricity within its certificated service area.

3. El Paso Electric is required under CCN number 30050 to provide service to the public and retail electric utility service within its certificated service area.

Application

4. On June 1, 2021, El Paso Electric filed an application requesting authority to change its Texas retail rates based on a historical test year of January 1, 2020 through December 31, 2020, adjusted for known and measurable changes.

5. El Paso Electric originally requested a base-rate, non-fuel revenue requirement of $573.8 million for its Texas retail jurisdiction, which represents an increase of $69.7 million.

126. The tariffs and rates set forth in exhibit 7 attached to the agreement are just and reasonable.

Additional Ring-Fencing Provisions

127. El Paso Electric agreed that its debt would not be secured by non-El Paso Electric assets.

128. El Paso Electric agreed that, except for access to the utility money pool and use of shared assets governed by the Commission's affiliate rules, El Paso Electric would not commingle its assets with those of Sun Jupiter Holdings, LLC or IIF US Holding 2 LP.

129. The two additional ring-fencing provisions as set forth in this Order are appropriate.

Collaboration Regarding Distributed Generation

130. In paragraph 9 of attachment A to the Commission's order filed in Docket No. 46831 on December 18, 2017, El Paso Electric committed to collaborating with interested stakeholders before proposing any modification of the rate design agreed to in that proceeding for customers who have distributed generation.

131. El Paso Electric agreed to begin the collaboration described in paragraph 9 of attachment A to the Commission's order filed in Docket No. 46831 on December 18, 2017 within 90 days of the date of this Order.

Federal Tax Refund Factor

132. El Paso Electric withdrew its request to amend its schedule related to the federal tax refund factor. Therefore, the schedule expires on the effective date of the base rates approved in this Order.

Interim Rates

133. In SOAH Order No. 17 filed on July 21, 2022, the SOAH ALJ approved the agreed tariffs, effective August 1, 2022, subject to refund or surcharge to the extent that the interim rates differ from the rates approved in this Order.

Informal Disposition

134. More than 15 days have passed since the completion of notice provided in this docket.

135. The only parties to this proceeding are El Paso Electric; Commission Staff; OPUC; the City of El Paso; TIEC; Freeport-McMoRan; the Texas Cotton Ginners' Association; the University of Texas at El Paso; Vinton Steel; Walmart; W. Silver; the United States

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PUC DOCKET NO. 53601
SOAH DOCKET NO. 473-22-2695

APPLICATION OF ONCOR ELECTRIC DELIVERY COMPANY LLC FOR AUTHORITY TO CHANGE RATES	§ § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the application of Oncor Electric Delivery Company LLC (Oncor) for authority to change its rates and to consolidate Oncor and Oncor NTU for ratemaking purposes as directed by the Commission in Docket No. 48929.[1] Oncor NTU is a wholly owned subsidiary of Oncor that acquired certificate of convenience and necessity rights previously owned by Sharyland Distribution & Transmission Services, L.L.C. in Docket No. 48929. Oncor seeks a $5,810,772,332 revenue requirement based on a 7.05% overall rate of return. The requested revenue requirement is $250,691,114 or 4.51% higher than Oncor's adjusted test-year revenues of $5,560,081,218.

A hearing on the merits convened from September 26 through October 4, 2022 through videoconferences hosted by the State Office of Administrative Hearings (SOAH). On December 28, 2022, the SOAH administrative law judges (ALJs) filed their proposal for decision. The ALJs recommend the Commission set Oncor's retail revenue requirement at $5,313,404,970, an amount $246,676,248 or 4.44% lower than Oncor's adjusted test-year revenues. The ALJs also recommend the Commission adopt an agreement on rate-case expenses filed by Oncor, Commission Staff, the Steering Committee of Cities Served by Oncor (Cities), and the Alliance of Oncor Cities (Alliance of Cities). On February 9, 2023, the ALJs filed a letter that made changes to the proposal for decision in response to the parties that filed exceptions and replies to the proposal for decision.

[1] *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*, Docket No. 48929, Order, Ordering Paragraph No. 16 (May 9, 2019).

Component	Cost	Weighting	Weighted Cost
Debt	4.39%	57.5%	2.525%
Equity	9.7%	42.5%	4.123%
Overall			6.65%

Financial Integrity (Ring-Fencing Protections)

191. Ring-fencing measures have been used to protect utilities from risky parent companies and other affiliates by insulating the utility's financial integrity and ensuring the utility can operate and serve its customers.

192. Oncor's existing ring-fencing provisions, established in Docket No. 47675,[42] create an effective degree of financial insulation between Oncor and its parent company and affiliates.

193. DELETED.

194. DELETED.

O&M Expenses

Labor-Related O&M Expenses

195. During the test year, Oncor incurred more than $925.4 million in expenses associated with salaries, wages, and benefits for its employees. Oncor's payroll adjustments and incentive compensation were contested.

Payroll Expenses

196. Oncor requested a post-test year adjustment to account for a 3% general base salary increase for craft employees; a 3.5% general base increase for employees in the technician and non-exempt supervisor salary plans; and a 3.5% general base salary increase for all other employees.

[42] *Joint Report and Application of Oncor Electric Delivery Company LLC and Sempra Energy for Regulatory Approvals Pursuant to PURA §§ 14.101, 39.262 and 39.915*, Docket No. 47675, Order (Mar. 8, 2018).

PUC DOCKET NO. 53719
SOAH DOCKET NO. 473-22-04394

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APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	§ § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER

This Order addresses the application of Entergy Texas, Inc. for authority to change rates. On May 10, 2023, the parties filed an unopposed agreement that addresses all issues between themselves in this proceeding except for preliminary-order issues 68 and 69 related to transportation electrification charging infrastructure. The Commission severed preliminary-order issues 68 and 69 into a separate proceeding for further processing by Docket Management, and those issues are not addressed in this Order. On May 10, 2023, Entergy Texas filed an agreed motion for interim rates that are identical to the agreed rates. Attachment A to that motion are the agreed tariffs reflecting the agreed rates. The Commission approves the rates, terms, and conditions of the unopposed agreement to the extent provided in this Order and approves the tariffs attached as attachment A to the agreed motion for interim rates, including the rates in those tariffs, to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Entergy Texas, Inc. is a Texas corporation registered with the Texas secretary of state under filing number 800911623.

2. Entergy Texas owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity in Texas.

3. Entergy Texas holds certificate of convenience and necessity number 30076 to provide service to the public.

d. No Sharing of a Credit Facility. Entergy Texas will not share a credit facility with any unregulated affiliates.

e. No Entergy Texas Debt Secured by Non-Entergy Texas Assets. Entergy Texas's debt will not be secured by non-Entergy Texas assets.

f. No Entergy Texas Assets Pledged for Other Entities' Debt. Entergy Texas's assets will not secure the debt of Entergy Corporation or its non-Entergy Texas affiliates. Entergy Texas's assets will not be pledged for any other entity.

g. No Credit for Affiliate Debt. Entergy Texas will not hold out its credit as being available to pay the debt of any Entergy affiliates.

h. No Commingling of Assets. Except for access to the utility-money pool and the use of shared assets governed by the Commission's affiliate rules, Entergy Texas will not commingle its assets with those of other Entergy affiliates.

i. Affiliate Asset Transfer Commitment. Entergy Texas will not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's-length basis in accordance with the Commission's affiliate standards applicable to Entergy Texas, regardless of whether such affiliate standards would apply to the particular transaction.

j. No Debt Disproportionately Dependent on Entergy Texas. Without previous approval of the Commission, neither Entergy Corporation nor any affiliate of Entergy Corporation (excluding Entergy Texas) will incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on (1) the revenues of Entergy Texas in more than a proportionate degree than the other revenues of Entergy Corporation or (2) the stock of Entergy Texas.

k. No Bankruptcy Cost Commitment. Entergy Texas will not seek to recover from customers any costs incurred as a result of a bankruptcy of Entergy Corporation or any of its affiliates.

l. No Cross-Default Provision. A no cross-default provision, that Entergy Texas's credit agreements and indentures will not contain cross-default provisions whereby

a default by Entergy Corporation or its other affiliates would cause a default by Entergy Texas.

m. No Financial Covenants or Rating Agency Triggers Related to Another Entity. A no financial covenants or rating agency triggers related to another entity provision, that the financial covenants in Entergy Texas's credit agreements will not be related to any entity other than Entergy Texas. Entergy Texas will not include in its debt or credit agreements any financial covenants or rating agency triggers related to any entity other than Entergy Texas.

119. The agreed ring-fencing measures are appropriate.

Agreement – Cost Allocation and Rate Design

120. The signatories agreed on the class revenue allocation and rate design reflected in attachment G to the agreement with the following rate classes: residential, small general service, general service, large general service, large industrial power, and lighting.

121. The signatories agreed on a $14.00 customer charge applicable to the residential class and a $21.94 customer charge applicable to the small general class.

122. The signatories agreed on the following energy line-loss factors and did not reach an agreement on Entergy Texas's demand line-loss factors:

Voltage Class	Energy Factor
Bulk	1.004137
Local	1.016396
Primary	1.047994
Secondary	1.076798

123. The allocation of the revenue requirement as set forth in attachment G to the agreement is just and reasonable.

124. The agreed energy line-loss factors are reasonable.

125. The agreed rate schedules and tariffs attached as attachment A to Entergy Texas's agreed motion for interim rates are reasonable.