

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

NEXTERA ENERGY CAPITAL
HOLDINGS, INC., *et al.*,
Plaintiffs,

v.

DEANN T. WALKER, Commissioner of the
Public Utility Commission of Texas, *et al.*,
Defendants.

§
§
§
§
§
§
§
§
§
§
§

Civil Action No. 1:19-CV-00626-LY

TEXAS'S MOTION TO DISMISS UNDER FED. R. CIV. P. 12(B)(6)

KEN PAXTON
Attorney General of Texas

JEFFREY C. MATEER
First Assistant Attorney General

DARREN L. MCCARTY
Deputy Attorney General for Civil
Litigation

PRISCILLA HUBENAK
Chief for Environmental Protection
Division

JOHN R. HULME
Texas Bar No. 10258400
Assistant Attorney General
Office of the Attorney General
Environmental Protection Division
P.O. Box 12548, Capitol Station
Austin, Texas 78711-2548
(512) 475-4229 | FAX: (512) 320-0911
john.hulme@oag.texas.gov

H. CARL MYERS
Texas Bar No. 24046502
Assistant Attorney General
Office of the Attorney General
General Litigation Division
P.O. Box 12548, Capitol Station
Austin, Texas 78711-2548
(512) 463-2120 | FAX: (512) 320-0667
carl.myers@oag.texas.gov

COUNSEL FOR DEFENDANTS

Defendants State Officials DeAnn T. Walker, Arthur D’Andrea, and Shelly Botkin, in their official capacities as Commissioners of the Public Utility Commission of Texas (collectively, “Texas”) file this motion to dismiss Plaintiffs’ Complaint for failure to state a claim.

I. Introduction and Summary

The Texas statute that NextEra attacks in this suit—Senate Bill 1938—is simply the codification of the long-time Texas (and successful) practice that the owners of existing transmission lines build out their existing lines from their endpoints. The statute evenhandedly regulates the market for transmission services in Texas. SB 1938 does not facially discriminate against out-of-state entities, as it draws no in-state versus out-of-state distinctions. Nor is its effect discriminatory against out-of-state entities—indeed, most of the favored existing transmission providers are controlled by out-of-state entities, and some disfavored transmission providers are Texas owned. The legislative history includes no suggestion that its purpose was to discriminate against out-of-state entities, but instead to continue the cost and system-reliability advantages of allowing existing transmission providers to develop Texas’s critical transmission infrastructure. SB 1938 is not protectionist, and NextEra does not state a claim under the dormant Commerce Clause. Nor does it state a claim under the Contract Clause. NextEra has no vested contract rights, only an expectation, with respect to the transmission lines in question. And its rights were always subject to the imposition of new standards in the heavily regulated electric-utility industry. The Court should dismiss NextEra’s complaint under Fed. R. Civ. P. 12(b) in its entirety for failure to state a claim.

II. Factual background

A. The transmission of electricity, and the electric grids serving Texas

Electricity is created by power generators. It is transmitted throughout a grid on transmission lines, and then distribution lines carry electricity on to individual end customers. Building and maintaining the necessary transmission infrastructure is critical to ensuring that the state's demand for electricity is met on an ongoing basis. This criticality is because electricity must be delivered in real time: it is produced at the same time it is consumed. It cannot be efficiently stored but must be placed on the grid once generated, and consumers must have it on demand. These unique characteristics make the adequacy and proper functioning of the transmission infrastructure critical to the stability of the electric grid. Independent system operators (discussed below) are charged with keeping the system in balance so that the amount of electricity being generated and put on the grid matches the amount being taken off the grid at all times and to maintain proper voltage and frequency. Sufficient transmission lines and other essential facilities must be available to move the electricity from where it is being generated to where it is being used in real time. Constraints on the transmission system may mean that higher-cost generation (such as older, less efficient generation plants) must be used because transmission lines are not available to bring lower-cost electricity from where it is generated to where customers are demanding it. In the worst-case scenario, the grid operator may be forced to initiate rolling blackouts to prevent more serious service outages.

There are three essentially separate electric grids in the continental United States—the eastern grid, the western grid, and the ERCOT grid.¹ The State of Texas includes small parts of both the eastern and western grids, and the entire ERCOT grid. In much of the country, transmission planning is overseen by an Independent System Operator (ISO) or a Regional Transmission Organization (RTO). In Texas, three ISOs/RTOs are involved—the Southwest Power Pool (SPP), the Midcontinent Independent System Operator (MISO), and the Electric Reliability Council of Texas (ERCOT). The ERCOT grid covers about 75% of Texas’s land area and about 90% of the electricity used by Texas customers. Because it is located only in Texas, and only interconnected with other grids to a very limited extent, the ERCOT grid is not deemed to be involved in interstate transmission, and the ERCOT market is not subject to Federal Energy Regulatory Commission (FERC) rate jurisdiction.² Thus, the PUCT sets wholesale transmission rates in ERCOT. Parts of Texas are outside ERCOT, in the SPP or MISO grids, which each cover several states and thus are subject to FERC wholesale transmission rate jurisdiction. Their activities within Texas are subject to concurrent FERC and PUCT oversight.

B. The Public Utility Commission of Texas

The Texas Legislature has delegated oversight of Texas’s electric utilities to the PUCT.³ In ERCOT’s region, retail sales and generation have been deregulated.⁴ In ERCOT, transmission and distribution is still regulated, with these utilities’ rates set by the PUCT and

¹ A map of the three grids covering Texas is attached as Exhibit A.

² *Tex. Commercial Energy v. TXU Energy, Inc.*, 413 F.3d 503, 506 n.1 (5th Cir. 2005).

³ Tex. Util. Code § 14.001.

⁴ Tex. Util. Code §§ 39.051, 39.102.

passed through to end customers.⁵ Areas outside ERCOT are still served by vertically integrated utilities that provide the generation, transmission and distribution, and retail services at PUCT-set rates that reflect these costs. All utilities—in all three grids—must obtain a certificate of convenience and necessity (CCN) from the PUCT to provide transmission service to the public.⁶ During the CCN process the PUCT will determine if the line is necessary and weigh a variety of factors including the cost to consumers and the adequacy of existing service.⁷ The PUCT also will determine specific line siting and approve technical aspects of facilities.⁸ The PUCT's CCN process is independent of the initial evaluations done by the transmission planning entities, as discussed below. The PUCT considers the entity's recommendation for the line but is not bound to approve any line.⁹

The utility must obtain a CCN from the PUCT to build the line and other necessary approvals before it may be put into service. The general practice in Texas, for decades, has been for the existing transmission owners to build new lines.¹⁰ ERCOT's operating rules or

⁵ Tex. Util. Code § 36.001.

⁶ Tex. Util. Code § 37.051(a).

⁷ Tex. Util. Code § 37.056(c).

⁸ Tex. Util. Code § 35.101(b)(3)(B).

⁹ See e.g. Tex. Pub. Util. Comm'n, *Application of Brazos Electric Power Cooperative, Inc. to Amend its Certificate of Convenience and Necessity for a 138-kV Transmission Line in Colin County*, Docket No. 46429 (Jan. 26, 2018) (denying a CCN for new transmission).

¹⁰ A few of the Competitive Renewable Energy Zone ("CREZ") lines built to deliver wind power from West Texas to population centers were an exception. But only about 1500 miles of more than 46,500 miles of transmission lines in ERCOT today were built by "new entrant" CREZ transmission providers (that is, providers that were not at the time already regulated Texas utilities).

“protocols” reflect this longstanding practice.¹¹ SPP and MISO both had rights of first refusal to build new lines in favor of the incumbent utility in their tariffs until relatively recently.¹²

C. SB 1938’s codification of the endpoint practice for construction of new transmission facilities

In May 2019, the Texas Legislature passed SB 1938, the bill NextEra challenges, amending the Texas Utilities Code provisions at issue.¹³ SB 1938 requires the PUCT to grant a CCN for new transmission facilities to the endpoint owners of the existing facilities to which the new line will interconnect.¹⁴ The bill also amended the statute to add a provision allowing the endpoint owner to transfer its rights to build or own or operate a new or existing line to another certificated utility under certain circumstances.¹⁵ A copy of SB 1938 is attached as Exhibit C to this motion.

III. Standard for dismissal under Fed. R. Civ. P. 12(b)(6)

To avoid dismissal, a complaint must contain “enough facts to state a claim to relief that is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). It must contain sufficient factual allegations “to raise a right to relief above the speculative level.” *Id.* at 555. “Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements,” are insufficient to withstand dismissal under the *Twombly* standard. *Ashcroft v.*

¹¹ ERCOT Nodal Protocols § 3.11.4.8 *available at*

http://www.ercot.com/content/wcm/current_guides/53528/03-070119_Nodal.docx.

¹² FERC Order No. 1000 in 2011 required that transmission planning entities like SPP and MISO remove from its Tariff and agreements a so-called “federal” right of first refusal to build new transmission facilities. Order 1000 ¶ 313. But here the FERC stated that it was not “intended to limit, preempt, or otherwise affect state or local laws or regulations with respect to construction of transmission facilities.” Order 1000 at ¶ 227.

¹³ Tex. S.B. 1938, 86th Leg., R.S. (2019).

¹⁴ *Id.*; Tex. Util. Code. § 37.056(e)-(i).

¹⁵ Tex. S.B. 1938, 86th Leg., R.S. (2019); Tex. Util. Code § 37.154(a).

Iqbal, 556 U.S. 662, 678 (2009) (citing *Twombly*, 550 U.S. at 555). This standard “calls for enough fact[s] to raise a reasonable expectation that discovery will reveal evidence of [the claim].” *Twombly*, 550 U.S. at 556.

IV. NextEra fails to state a claim under the dormant Commerce Clause.

A. The dormant Commerce Clause and state utility regulation.

The Commerce Clause authorizes Congress to regulate interstate commerce. U.S. Const. art. 1, § 8, cl. 3. Under its additional, negative or “dormant” implication, states are prohibited from enacting laws that discriminate against or unduly burden interstate commerce. *Gen. Motors Corp. v. Tracy*, 519 U.S. 278, 287 (1997). State laws invite scrutiny if they mandate “differential treatment of in-state and out-of-state economic interests that benefits the former and burdens the latter.” *Granholm v. Heald*, 544 U.S. 460, 472 (2005). The dormant Commerce Clause’s rationale is to prevent state “regulatory measures designed to benefit in-state economic interests by burdening out-of-state competitors.” *Associated Indus. of Mo. v. Lohman*, 511 U.S. 641, 642 (1994) (citations omitted); *Allstate Ins. Co. v. Abbott*, 495 F.3d 151, 163 (5th Cir. 2007). But merely because the “burden of a state regulation falls on some interstate companies does not, by itself, establish a claim of discrimination against interstate commerce.” *Id.* at 162 (quoting *Exxon v. Maryland*, 437 U.S. 117, 226 (1978)).

A statute violates the dormant Commerce Clause where it discriminates against interstate commerce either facially, by purpose, or by effect. *Allstate*, 495 F.3d at 160. Purpose and effect factors include any pattern of discrimination, the historical background, events leading to the challenged action, and legislative history. *Id.* But if the statute does not discriminate, then the statute is valid unless the burden imposed on interstate commerce is

“‘clearly excessive’ in relation to the putative local benefits.” *Allstate*, 493 F.3d at 160 (citing *Pike v. Bruce Church, Inc.*, 397 U.S. 137 (1970)). When a statute has only indirect effects on interstate commerce and regulates evenhandedly, courts consider “whether the State’s interest is legitimate and whether the burden on interstate commerce clearly exceeds the local benefits.” *Veritext Corp. v. Bonin*, 901 F.3d 287, 291 (5th Cir. 2018) (quoting *Brown-Forman Distillers Corp. v. New York State Liquor Auth.*, 476 U.S. 573 (1986)).

Because of the long history and importance of state utility regulation, courts are extremely cautious when considering dormant Commerce Clause challenges to such state regulatory statutes. *See, e.g., S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41, 62 (D.C. Cir. 2014); *S. Union Co. v. Mo. Pub. Serv. Comm’n*, 289 F.3d 503, 507 (8th Cir. 2002). Utility regulation “is one of the most important of the functions traditionally associated with the police power of the States.” *New Orleans Pub. Serv. Inc. v. Council of the City of New Orleans*, 491 U.S. 350, 365 (1989). In the context of a dormant Commerce Clause challenge to a state utility statute, the United States Supreme Court has acknowledged that state legislatures are uniquely positioned to find facts and make determinations, and adopt the best regulatory measures, regarding the “health, life and safety” of their citizens. *Tracy*, 519 U.S. at 306.

B. The Supreme Court’s decision in *General Motors v. Tracy* forecloses NextEra’s dormant Commerce Clause claim.

The United States Supreme Court’s opinion in *General Motors v. Tracy*¹⁶ precludes NextEra’s dormant Commerce Clause claim here. *Tracy* involved a dormant Commerce Clause claim based upon Ohio’s differential tax treatment of sales of gas by regulated domestic utilities

¹⁶ 519 U.S. 278 (1997).

and interstate gas companies in the competitive market. *Id.* at 304. Despite the discrimination between the interstate transmission companies and domestic regulated utilities, the Court found no violation of the dormant Commerce Clause. *Id.* at 312. It held that Ohio could afford preferential treatment to the domestic regulated utilities in the competitive market because they were not similarly situated to the interstate transmission providers competing in that market. *Id.* at 310. The *Tracy* court further explained the importance of recognition of the state's health and safety regulation of the monopoly utility market:

The continuing importance of the States' interest in protecting the captive market from the effects of competition for the largest consumers is underscored by the common sense of our traditional recognition of the need to accommodate state health and safety regulation in applying dormant Commerce Clause principles. State regulation of natural gas sales to consumers serves important interests in health and safety in fairly obvious ways *We have consistently recognized the legitimate state pursuit of such interests as compatible with the Commerce Clause, which was "never intended to cut the States off from legislating on all subjects relating to the health, life, and safety of their citizens, though the legislation might indirectly affect the commerce of the country."*

Id. at 306 (citing *Huron Portland Cement Co. v. Detroit*, 362 U.S. 440, 443-44 (1960), quoting *Sherlock v. Alling*, 93 U.S. 99, 103 (1876)) (emphasis added). The court's deference was further justified because "courts are institutionally unsuited to gather facts upon which economic predictions can be made" and thus "ill qualified to develop Commerce Clause doctrine dependent on predictive judgments" about economic consequences. *Tracy*, 519 U.S. at 308-09. The court also noted that "should intervention by the National Government be necessary, Congress has both the resources and the power" to take action. *Tracy*, 519 U.S. at 304.

All of the concerns discussed in *Tracy* apply to SB 1938, and *Tracy* controls here. Potential new providers are not similarly situated to the existing providers. And regulation of Texas's electric markets is a critical health-and-safety state police power. Texas's policy with

regard to the build-out of its transmission involves economic consequences properly weighed by the legislature, not by courts in applying Commerce Clause doctrine. And, as discussed further below, the Federal Power Act has established a balance of responsibility between the federal and state governments with regard to the nation's electric markets. Congress has acted extensively in this area and could have overridden state authority over electric transmission construction and operation. It has not, instead preserving state authority in this area.

This case is, indeed, much simpler than *Tracy*, because it only involves a fully regulated Texas transmission market. Unlike *Tracy*, no competitive sales are involved. Amounts paid to Texas transmission providers for their service are set by regulators, not by competitive forces. NextEra's dormant Commerce Clause claim is unquestionably foreclosed by the Supreme Court's reasoning in *Tracy*.

Indeed, in a recent case involving a similar statute providing a right-of-first-refusal for Minnesota utilities to build new transmission facilities, a federal district court applied *Tracy* in dismissing a dormant Commerce Clause claim. *LSP Transmission Holdings, LLC v. Lange*, 329 F. Supp. 3d 695, 705-709 (D. Minn. 2018), *appeal docketed*, No. 18-2559 (8th Cir. July 24, 2018). The district court also found that the statute (like SB 1938) drew a neutral distinction between existing electric transmission owners whose facilities will connect to the new line and all other entities, without regard to whether they are in-state or out-of-state. *LSP Transmission Holding*, 329 F. Supp. 3d at 708-709.¹⁷

¹⁷ The Second Circuit, also applying *Tracy*, affirmed the dismissal of a dormant Commerce Clause challenge to a Connecticut program that (unlike the Texas statute at issue in this case) actually distinguished between in-state and out-of-state entities. *Allo Fin. Ltd. v. Klee*, 861 F.3d 82, 86 (2d Cir. 2017). Under the program, Connecticut electric utilities were required to either produce renewable energy or purchase credits from producers in the region. The court held that the "means and ends"

C. SB 1938 draws no distinction between in-state and out-of-state interests on its face.

As a means of ensuring Texas has sufficient reliable transmission infrastructure, the 2019 law that NextEra challenges simply codifies the long-standing general practice for the construction of new transmission facilities—an “endpoints rule.”¹⁸ The statute amended Utilities Code Section 37.056(e) to require that the Commission grant the certificate to extend an existing facility to the owner of that line or facility.¹⁹ Texas Utilities Code section 37.056(g), as amended, further provides that the utility authorized to build and operate the transmission line may, instead of building the line itself, seek to designate another provider currently certificated in the power region to build the line, subject to Commission approval. Exhibit D at 2.²⁰

Distilled to its essence, this provision states that existing owners of transmission facilities in Texas are given a preference to build, own and operate the needed new lines. If a new transmission line will connect to lines owned by two different providers, then those two

of the Connecticut program were “well within the scope of what Congress and FERC have traditionally allowed the state to do.” *Id.* at 106.

¹⁸ In recent years, prior to the enactment of SB 1938, there had been litigation over the PUCT’s statutory authority to certificate transmission-only providers and to what extent vertically integrated utilities have a right to build new lines in their certificated service areas. But these now-moot debates about the prior law have no bearing on SB 1938’s constitutionality.

¹⁹ As a threshold matter NextEra’s request for a declaration and injunction—though meritless—is also unjustifiably overbroad. NextEra’s petition seeks a declaration that Texas Utilities Code Sections 37.051 (“Certificate Required”), 37.056 (“Grant or Denial of Certificate”), 37.057 (“Deadline for Application for New Transmission Facility”); 37.151 (“Provision of Service”), and 37.154 (“Transfer of Certificate”) violate both the dormant Commerce Clause and Contract Clause. Such an extraordinarily broad declaration and injunction would cripple the Commission’s ability to protect ratepayers and ensure the stability of the electric grid, as it would eliminate *all* Commission authority to certificate any new transmission facilities, included what is needed to keep the grid in balance.

²⁰ SB 1938 also added current subsection (f) to Utilities Code Section 37.056 which, notwithstanding subsection (e), gives load-serving entities and electric cooperatives a right to build a line that will create the first interconnection to their facilities. Tex. Util. Code § 37.056(f).

“incumbent” transmission providers may each build a portion of the new line. There is simply no preference for Texas or “in-state” companies in building the extensions of new lines. The only preference is for those providers that now own the existing lines to which the new line would interconnect. Such a preference for incumbents is not the same as a preference for in-state over out-of-state interests. *See, e.g., Colon Health Ctrs. of Am., LLC v. Hazel*, 813 F.3d 145, 154 (4th Cir. 2016) (“incumbency is not the focus of the dormant Commerce Clause;” “[o]ne can be ...an incumbent recipient of some state benefit without necessarily being an in-state resident.”). The Fifth Circuit case law (*Ford*, *Allstate* and *Walmart*) makes clear that the dormant Commerce Clause does not prohibit distinctions based on business form. *Ford Motor Co. v. Tex. Dep’t of Transp.*, 264 F.3d 493, 500-02 (5th Cir. 2001); *Allstate*, 493 F.3d at 161; *Walmart Stores Inc. v. Tex. Alco. Bev. Comm’n*, No. 18-50299, 2019 WL 3822150, at *7-10 (5th Cir. Apr. 14, 2019).

Significantly, the statute applies only to transmission lines in Texas, and does not purport to regulate the flow of electricity in interstate commerce. It could not, as authority over the transmission of electricity in interstate commerce belongs exclusively to the FERC. 16 U.S.C. § 824(b)(1). And as the Fifth Circuit has explained, “[t]he Supreme Court has ‘rejected the notion that the Commerce clause protects the particular structure or operations in a market.’” *Allstate*, 495 F.3d at 163-64 (quoting *CTS Corp. v. Dynamics Corp. of Am.*, 481 U.S. 69, 93-94 (1987)).

D. SB 1938 was not enacted to discriminate against out-of-state entities.

The legislative history for SB 1938 does not reflect a discriminatory purpose. Instead, it reflects Texas’s policy to employ a particular regulatory approach to transmission service.

And there is no pattern of discrimination, historical background, or sequence of events that led to the legislation suggesting one. *Allstate*, 495 F.3d at 160.

Continuing what has been Texas's general practice for decades, SB 1938 codified the state's reasoned policy choice as to how to most cost-effectively provide transmission services to Texas electric consumers and ensure the reliability of the electric grid. This practice, within and outside the ERCOT power grid, of allowing the existing endpoint owners to build out their transmission systems, is reflected in ERCOT's protocols.²¹ In the parts of Texas outside of ERCOT (where the transmission grid is operated by the SPP or MISO) all transmission facilities also have been built by the incumbent providers.

The Bill Analysis for SB 1938 makes clear that protecting transmission system reliability is a core purpose of the bill:

S.B. 1938 will codify the existing practice in Texas in determining the proper party to construct critical energy infrastructure, maintain Texas rate jurisdiction over transmission in the non-ERCOT areas of Texas, and clean-up statutory remnants of the Competitive Renewable Energy Zone buildout.

Today in Texas, the entity that owns the endpoint of an existing transmission line is the entity that has the right to build any new facility that may be interconnected, an established process embodied in ERCOT protocol.

Electric utilities in Texas have established geographic footprints, and this bill would ensure the geographic continuity of the system in a way that further facilitates reliability.

²¹ The relevant ERCOT protocol is attached as Exhibit F. This protocol may be found on ERCOT's web site. http://www.ercot.com/content/wcm/current_guides/53528/03-070119_Nodal.docx.

As noted, some of the Competitive Renewable Energy Zone (CREZ) lines were an exception to this practice. But these lines were built in response to the Texas Legislature's extraordinary mandate to promote wind generation. ("Competitive" refers to fostering the development of wind turbines (an unregulated competitive business), not the construction of transmission lines (a fully regulated utility business). These new lines were needed to bring power from where it is generated to the state's population centers in the eastern part of the state. But this was a unique need, and CREZ build-out has now been completed.

Passage of this bill will protect the integrity of the electric transmission infrastructure and the way it is developed and built today.

The SB 1938 Analysis is Exhibit E to this motion. House and Senate Committees heard extensive testimony from a range of interests in favor of the bill, including large industrial customers and electric consumer groups as well as utilities; the witnesses testified as to the cost and reliability benefits of the legislation.²² Video recordings of these hearings are available on the Texas Legislature's website.²³

The legislative history also reflects that ratepayer protection is another key purpose of SB 1938. Self-evidently, more transmission providers mean the potential duplication of overhead, increasing costs to electric consumers. Texas Association of Manufacturers' witness discussed the cost and responsiveness benefits of continuing the endpoint practice under SB 1938.²⁴

The legislative history further reflects that the statute was enacted to protect Texas ratepayers by preserving the PUCT's ability to set rates in those parts of the state outside of

²² The witness lists from the hearings for SB 1938 and its companion House Bill (HB 3995) are attached as Exhibit G to this motion.

The legislative purpose here is akin to the one the Fifth Circuit cited in rejecting a dormant Commerce Clause Claim in *Walmart*. At issue in *Walmart* was a state law banning certain defined "public corporation[s]" from obtaining a liquor store permit, which Walmart alleged discriminated against out-of-state citizens. Here the Fifth Circuit noted that the legislative history indicated that the purpose was to require owners that were known to the community and could be accountable for responsible operation; a "human" who is easily identifiable and responsible. This legislative history was merely "evidence of a legislative desire to treat differently two business forms . . . a distinction based not on domicile but on business form." *Walmart*, at 11 (quoting *Allstate*, 495 F.3d. at 161.)

²³ The video recording of Senate Committee hearing on SB 1938 is available at http://tlcsenate.granicus.com/MediaPlayer.php?view_id=45&clip_id=14109 (start 0:00:00).

Video of the House Committee hearing on the companion bill (HB 3995) is available at http://tlchouse.granicus.com/MediaPlayer.php?view_id=44&clip_id=16845. (start_07:47:45).]

²⁴ Senate Committee hearing at 00:05:00–00:08:31.

ERCOT.²⁵ Outside ERCOT, the part of the state where the transmission grid is interconnected with the rest of the country, the FERC may potentially set these wholesale transmission rates—unless, under the FERC’s “bundled-rate” or “bundled load” doctrine, the states set these bundled transmission rates. *See New York v. FERC*, 535 U.S. 1, 26 (2002). The PUCT has set those transmission rates because they are part of the “bundled” rates charged by integrated utilities (providing generation, transmission, and distribution at PUCT-set retail rates). But if transmission providers *other* than the integrated utility built these lines, then the doctrine would be inapplicable and the FERC would set these transmission rates. *See id.* at 25-26.

Thus, NextEra’s allegation that SB 1938’s endpoint rule was “enacted for purely protectionist purposes”²⁶ is baseless. Here NextEra cites only one comment by one legislator to a preference for “boots on the ground.” But NextEra mischaracterizes the nature of the comment.²⁷ In context, the statement is a reference to a preference for state rather than federal regulation and more accountable and responsive local management.²⁸

²⁵ The Bill Analysis states: “Additionally, in the non-ERCOT areas of the state served by utilities engaging in interstate commerce, this legislation would ensure that the PUC[T] maintains its current jurisdiction over transmission rates borne by Texas customers rather than having a federal rate.” Attachment D.

²⁶ *See* NextEra Complaint at ¶ 115.

²⁷ (“A coalition that includes the Texas Association of Manufacturers, Texas Chemical Council, and Texas utilities inside and outside of ERCOT contacted Chairman Hancock and myself about this bill. They made a strong case that Texas customers are best protected by Texas, not the federal government, and that transmission operations are best managed by accountable companies with boots on the ground in our communities.”) Hearing on CSHB 3995 at 7:50:00, available at http://tlchouse.granicus.com/MediaPlayer.php?view_id=44&clip_id=16845.

²⁸ Even if this comment were viewed as NextEra would like, “stray protectionist remarks” in legislative history are insufficient to condemn an otherwise nondiscriminatory statute. *Allstate*, 495 F.3d at 161.

Nor does the statute discriminate against out-of-state companies in effect. Judicially noticeable facts show that almost all of the incumbents with a right-of-first-refusal to build new lines connecting to their own are not controlled by Texas interests. Thus, they are appropriately classified as “out-of-state” entities. For example:

- Oncor Electric Delivery Company is 80.25% indirectly owned by Sempra Energy, a California corporation based in California, and 19.75% owned by Texas Transmission Investment, LLC, which is indirectly owned primarily by a Canadian pension system and the investment arm of the Government of Singapore;
- Entergy Texas, Inc. is a wholly owned subsidiary of Entergy Corporation, a Delaware corporation based in Louisiana;
- Southwestern Public Service Company, a New Mexico corporation, is an indirect subsidiary of Xcel Energy, a Minnesota corporation based in Minnesota;
- AEP Texas, Inc., a Delaware corporation, is a subsidiary of American Electric Power Company, Inc, a New York corporation based in Ohio; and
- Texas-New Mexico Power is a wholly owned subsidiary of PNM Resources, Inc., a New Mexico corporation based in New Mexico.²⁹

Because SB 1938 gives many out-of-state controlled incumbents a right-of-first-refusal, its effect can hardly be viewed as discriminatory against out-of-state companies. Thus SB 1938 does not affect NextEra based on its status as an out-of-state company. *See Allstate*, 495 F.3d at 160-61. The fact that many out-of-state entities are favored, and some in-state entities are disfavored, shows that SB 1938’s effect is not to discriminate against out-of-state entities.

In light of the foregoing, SB 1938 could violate the dormant Commerce Clause only if it fails the *Pike*³⁰ “undue burden” test. The statute violates the *Pike* balancing test only if the

²⁹ Public records reflecting the ownership of Texas’s electric utilities are attached as Exhibit H. The Court may take judicial notice of this material under Fed. R. Evid. 201(b).

³⁰ *Pike v. Bruce Church, Inc.*, 397 U.S. 137 (1970).

burden on interstate commerce is “clearly excessive in relation to the putative local benefits.” *Pike*, 397 U.S. at 142; *Allstate*, 493 F.3d at 160; *Ford*, 264 F.3d at 499-500. As discussed, such is not the case here. “Interstate commerce is not ‘subjected to an impermissible burden’ because some potential participants are shifted out of the in-state market.” *Walmart*, 2019 WL 3822150 at *11, quoting *Exxon*, 437 U.S. at 127. The Commerce Clause “protects the interstate market, not particular interstate firms.” *Id.* at 128.

E. The FERC has acknowledged that Texas may favor the buildout of transmission facilities by its existing providers through a right-of-first-refusal statute.

As discussed above, in its Order No. 1000³¹, the FERC eliminated *federal* rights-of-first-refusal for the construction of transmission facilities in the FERC-approved tariffs of independent system operators such as MISO.³² But the FERC’s elimination of the federal rights-of-first-refusal in Order No. 1000 cannot be read to suggest that states are barred from adopting laws granting utilities a right-of-first-refusal. In due course, the FERC approved MISO’s amended tariff removing this *federal* right-of-first-refusal from it. *Midwest Indep. Transmission Sys. Operator, Inc.*, 150 FERC P61,037, 2015 WL 285969, at *22 ¶ 67 (FERC January 22, 2015). But in approving MISO’s tariff, the FERC recognized such rights-of-first-refusal under state law, and declined to find that state right-of-first-refusal laws violated the dormant Commerce Clause. The federal agency explained it struck an important balance between promoting competition (with regard to federally approved tariffs governing transmission

³¹ FERC Order No. 1000, *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (Order 1000).

³² Order 1000 ¶ 313.

service in the interstate grid) and allowing states to continue to regulate matters reserved to them. *Id.* at *16. It also rejected the legal and policy arguments presented against a Minnesota law substantially similar to SB 1938. *Id.* at *7-8, ¶ 25, 27. The Seventh Circuit affirmed the federal agency’s decision under the Federal Power Act. *MISO Transmission Owners v. FERC*, 819 F.3d 329, 336 (7th Cir. 2016). It rejected the argument that the FERC was required to override state rights-of-first-refusal, holding that FERC’s desire to “avoid intrusion on the traditional role of the States’ in regulating the siting and construction of transmission facilities” was a “proper goal.” *Id.* at 336.

FERC’s recognition of state right-of-first-refusal statutes is rooted in the well-settled division of responsibility between the federal government and the states with regard to electric-utility regulation. Under the Federal Power Act, federal authority “extend[s] only to those matters which are not subject to regulation by the States.” 16 U.S.C. § 824(a). This division includes, in particular, the reservation of state authority over the siting and construction of transmission lines. *See, e.g., Piedmont Envtl. Council v. FERC*, 558 F.3d 304, 310 (4th Cir. 2009).

In total, NextEra’s claim is inconsistent with the dormant Commerce Clause standard in the case law. It ignores the deference that courts afford state utility regulation in applying the dormant Commerce Clause. NextEra essentially argues that the United States Constitution *requires* that Texas use a *particular* type of utility (a transmission-only provider) to expand the state’s transmission network. The Fifth Circuit has rejected this type of argument, which ignores the difference between a restraint on interstate commerce and comprehensive regulation by a state. Utility regulation always limits competition—by design—to protect ratepayers and the stability of the electric grid.

V. NextEra's Complaint fails to state a claim under the Contract Clause.

NextEra's Contract Clause claim fails because it has no vested contractual right, and because the State's action in a heavily regulated industry has a legitimate public purpose. The Contract Clause states that "[n]o State shall...pass any...Law impairing the Obligation of Contracts."³³ To determine if a state has violated this clause courts determine (1) if a contract exists as to the specific terms at issue; (2) if the State law has "operated as a substantial impairment of a contractual relationship"; (3) "whether the state law at issue has a legitimate and important public purpose"; and (4) whether the adjustment of the rights of the parties to the contractual relationship was reasonable and appropriate in light of that purpose. *Gen. Motors Corp. v. Romein*, 503 U.S. 181, 186-187 (1992); *Powers v. United States*, 783 F.3d 570, 577-578 (5th Cir. 2015).

"To establish a contractual relationship subject to the Contract Clause, the party must demonstrate that the contract gave her a vested interest, not merely an expectation." *Allstate Life Ins. Co. v. Hanson*, 200 F. Supp. 2d 1012, 1018 (E.D. Wis. 2002) (citing *Dodge v. Bd. of Educ.*, 302 U.S. 74, 77-78 (1937); *Larsen v. Senate*, 154 F.3d 82, 89-90 (3d Cir. 1998); *Ace Cycle World, Inc. v. Am. Honda Motor Co., Inc.*, 788 F.2d 1225, 1228 (7th Cir. 1986). Even if NextEra had some contractual right to build the Hartburg-Sabine line, or some right to acquire the Jacksonville-Overton line, any rights NextEra had were not vested but only an expectation—subject to obtaining the necessary regulatory approvals, including from PUCT. NextEra's Complaint does not specifically allege that the "Selected Developer Agreement" gave the company the right to build the Hartburg-Sabine line, only that it is allowed to recover its costs

³³ U.S. Const. art I, § 10, cl. 1.

(subject to FERC review) and its reasonable return on investment (subject to certain cost caps). *See* Complaint, ¶ 84. And it acknowledges that NextEra was required to obtain a certificate for the line from the PUCT. *Id.*

NextEra’s Contract Clause claim also fails because the electric industry is heavily regulated, and further regulation of the industry is not an impairment of any alleged NextEra rights. In determining the extent of an impairment to a contract the court is to consider “whether the industry the complaining party has entered has been regulated in the past.” *Energy Reserves Grp., Inc. v. Kan. Power and Light Co.*, 459 U.S. 400, 411 (1983). The Supreme Court has repeatedly held that when a person “purchased into an enterprise already regulated in the particular to which he now objects, he purchased subject to further legislation upon the same topic.” *Veix v. Sixth Ward Bldg. & Loan Ass’n of Newark*, 310 U.S. 32, 38 (1940).

In *Energy Reserves Group*, a natural gas company brought suit alleging that a Kansas act regulating natural gas prices was a violation of the Contract Clause and impaired its rights; the Supreme Court disagreed. *Energy Reserves Grp.*, 459 U.S. at 418-19. The Court’s finding that the Kansas act did not substantially impair Energy Reserves Group’s rights relied on the fact that Kansas’s supervision of the natural gas industry was “extensive and intrusive,” and that the State was exercising its police powers. *Id.* at 413-17. The Court held in favor of Kansas despite Kansas having never previously regulated natural gas prices. *Id.* at 420-21. Texas’s regulation of the electric transmission business is both “extensive and intrusive.” Indeed, every aspect of the production, transmission, distribution, and retail sale of electricity is regulated and supervised by the state in some fashion. *See* Tex. Util. Code §§ 31.001– 43.152; 16 Tex. Admin. Code, ch. 25. Further, when NextEra entered into both the Rayburn Agreement and the

Hartburg-Sabine Agreements there was active litigation as to whether a transmission-only utility could operate outside of ERCOT. Thus, NextEra could have no reasonable expectation of being able build or own the lines in question, and further should have reasonably expected that the Texas Legislature might act to resolve any issue.

VI. Conclusion and prayer

For the foregoing reasons, NextEra has failed to state dormant Commerce Clause and Contracts Clause claims. Texas respectfully requests that NextEra's Complaint be dismissed.

Respectfully submitted.

KEN PAXTON
Attorney General of Texas

JEFFREY C. MATEER
First Assistant Attorney General

DARREN L. MCCARTY
Deputy Attorney General for Civil Litigation

PRISCILLA HUBENAK
Chief for Environmental Protection Division

/s/ John R. Hulme
JOHN R. HULME
Texas Bar No. 10258400
Attorney-in-Charge
Assistant Attorney General
Office of the Attorney General
Environmental Protection Division
P.O. Box 12548, Capitol Station
Austin, Texas 78711-2548
(512) 475-4229 | FAX: (512) 320-0911
john.hulme@oag.texas.gov

H. CARL MYERS
Texas Bar No. 24046502
Assistant Attorney General
Office of the Attorney General
General Litigation Division
P.O. Box 12548, Capitol Station
Austin, Texas 78711-2548
(512) 475-4089 | FAX: (512) 320-0667
carl.myers@oag.texas.gov

COUNSEL FOR DEFENDANTS

CERTIFICATE OF SERVICE

I hereby certify that on August 23, 2019, a true and correct copy of the foregoing document was served via the Court's CM/ECF system to all counsel of record and via email to the following individuals who have provided their written consent in accordance with FRCP 5(b)(2)(E) to receive service by electronic means:

Mark A. Walker
XCEL ENERGY SERVICES, INC.
816 Congress Avenue, Suite 1650
Austin, Texas 78701
mark.a.walker@xcelenergy.com

Winston Patrick Michael Skinner
VINSON & ELKINS, LLP
2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
wskinner@velaw.com

Jacob Lawler
HOLLAND & KNIGHT
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
jacob.lawler@hklaw.com

/s/ John R. Hulme
JOHN R. HULME
Assistant Attorney General

Index to Appendix

- Exhibit A. Map of three grids covering Texas
- Exhibit B. Map of RTOs and ISOs
- Exhibit C. Senate Bill 1938
- Exhibit D. Tex. Util. Code § 37.056
- Exhibit E. Senate Bill 1938 Analysis
- Exhibit F. ERCOT Nodal Protocol
- Exhibit G. Witness Lists for Senate Bill 1938 and House Bill 3995
- Exhibit H. Public records reflecting the ownership of Texas's electric utilities

Exhibit A

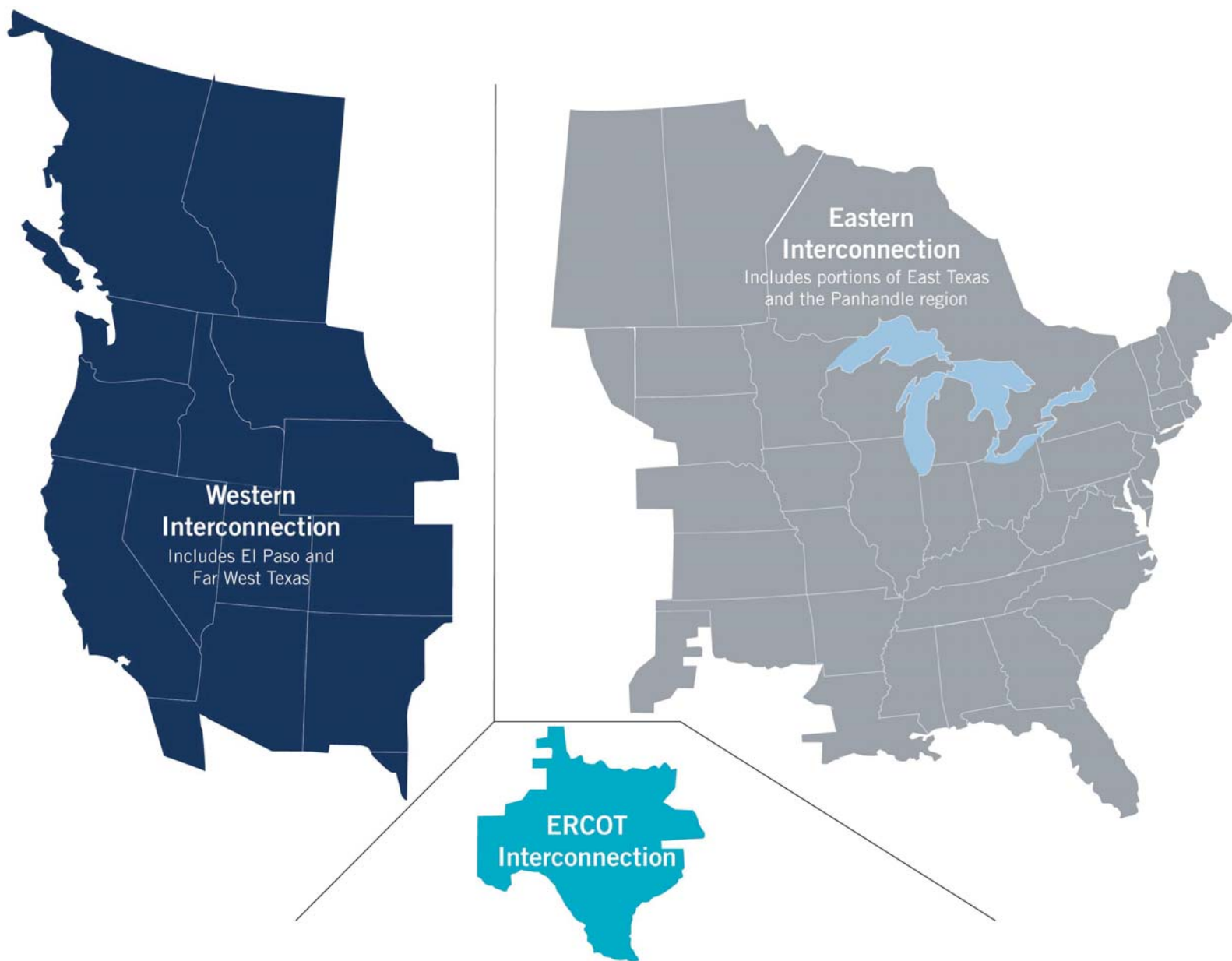


Exhibit B

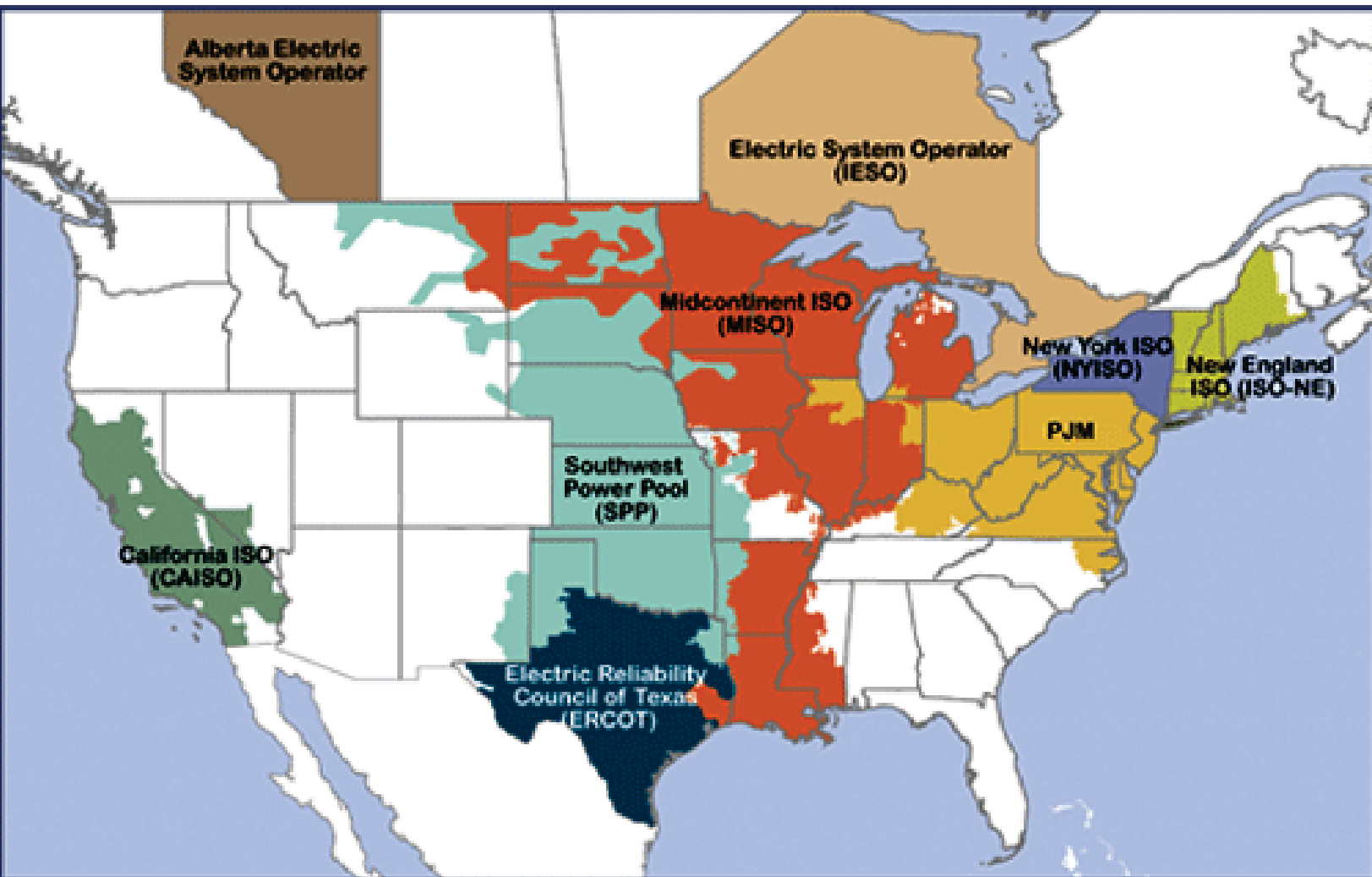


Exhibit C

S.B. No. 1938

AN ACT

relating to certificates of convenience and necessity for the construction of facilities for the transmission of electricity.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 37.051(a), Utilities Code, is amended to read as follows:

(a) An electric utility ~~[or other person]~~ may not directly or indirectly provide service to the public under a franchise or permit unless the utility ~~[or other person]~~ first obtains from the commission a certificate that states that the public convenience and necessity requires or will require the installation, operation, or extension of the service.

SECTION 2. Section 37.053(a), Utilities Code, is amended to read as follows:

(a) An electric utility ~~[or other person]~~ that wants to obtain or amend a certificate must submit an application to the commission.

SECTION 3. Section 37.055, Utilities Code, is amended to read as follows:

Sec. 37.055. REQUEST FOR PRELIMINARY ORDER. (a) An electric utility ~~[or other person]~~ that wants to exercise a right or privilege under a franchise or permit that the utility ~~[or other person]~~ anticipates obtaining but has not been granted may apply to the commission for a preliminary order under this section.

S.B. No. 1938

1 (b) The commission may issue a preliminary order declaring
2 that the commission, on application and under commission rules,
3 will grant the requested certificate on terms the commission
4 designates, after the electric utility [~~or other person~~] obtains
5 the franchise or permit.

6 (c) The commission shall grant the certificate on
7 presentation of evidence satisfactory to the commission that the
8 electric utility [~~or other person~~] has obtained the franchise or
9 permit.

10 SECTION 4. Section 37.056, Utilities Code, is amended by
11 adding Subsections (e), (f), (g), (h), and (i) to read as follows:

12 (e) A certificate to build, own, or operate a new
13 transmission facility that directly interconnects with an existing
14 electric utility facility or municipally owned utility facility may
15 be granted only to the owner of that existing facility. If a new
16 transmission facility will directly interconnect with facilities
17 owned by different electric utilities or municipally owned
18 utilities, each entity shall be certificated to build, own, or
19 operate the new facility in separate and discrete equal parts
20 unless they agree otherwise.

21 (f) Notwithstanding Subsection (e), if a new transmission
22 line, whether single or double circuit, will create the first
23 interconnection between a load-serving station and an existing
24 transmission facility, the entity with a load-serving
25 responsibility or an electric cooperative that has a member with a
26 load-serving responsibility at the load-serving station shall be
27 certificated to build, own, or operate the new transmission line

S.B. No. 1938

1 and the load-serving station. The owner of the existing
2 transmission facility shall be certificated to build, own, or
3 operate the station or tap at the existing transmission facility to
4 provide the interconnection, unless after a reasonable period of
5 time the owner of the existing transmission facility is unwilling
6 to build, and then the entity with the load-serving responsibility
7 or an electric cooperative that has a member with a load-serving
8 responsibility may be certificated to build the interconnection
9 facility.

10 (g) Notwithstanding any other provision of this section, an
11 electric utility or municipally owned utility that is authorized to
12 build, own, or operate a new transmission facility under Subsection
13 (e) or (f) may designate another electric utility that is currently
14 certificated by the commission within the same electric power
15 region, coordinating council, independent system operator, or
16 power pool or a municipally owned utility to build, own, or operate
17 a portion or all of such new transmission facility, subject to any
18 requirements adopted by the commission by rule.

19 (h) The division of any required certification of
20 facilities described in this section shall apply unless each entity
21 agrees otherwise. Nothing in this section is intended to require a
22 certificate for facilities that the commission has determined by
23 rule do not require certification to build, own, or operate.

24 (i) Notwithstanding any other provision of this section, an
25 electric cooperative may be certificated to build, own, or operate
26 a new facility in place of any other electric cooperative if both
27 cooperatives agree.

S.B. No. 1938

SECTION 5. Section 37.057, Utilities Code, is amended to read as follows:

Sec. 37.057. DEADLINE FOR APPLICATION FOR NEW TRANSMISSION FACILITY. ~~[The commission may grant a certificate for a new transmission facility to a qualified applicant that meets the requirements of this subchapter.]~~ The commission must approve or deny an application for a certificate for a new transmission facility not later than the first anniversary of the date the application is filed. If the commission does not approve or deny the application on or before that date, a party may seek a writ of mandamus in a district court of Travis County to compel the commission to decide on the application.

SECTION 6. Section 37.151, Utilities Code, is amended to read as follows:

Sec. 37.151. PROVISION OF SERVICE. Except as provided by Sections [this section, Section] 37.152[7] and [Section] 37.153, a certificate holder~~[, other than one granted a certificate under Section 37.051(d),]~~ shall:

(1) serve every consumer in the utility's certificated area; and

(2) provide continuous and adequate service in that area.

SECTION 7. Section 37.154(a), Utilities Code, is amended to read as follows:

(a) An electric utility or municipally owned utility may sell, assign, or lease a certificate or a right obtained under a certificate if ~~[the commission determines that]~~ the purchaser,

S.B. No. 1938

1 assignee, or lessee is already certificated by the commission to
2 provide electric service within the same electric power region,
3 coordinating council, independent system operator, or power pool,
4 or if the purchaser, assignee, or lessee is an electric cooperative
5 or municipally owned utility ~~[can provide adequate service]~~. As
6 part of a transaction subject to Sections 39.262(1)-(o) and 39.915,
7 the commission may approve a sale, assignment, or lease to an entity
8 that has not been previously certificated if the approval will not
9 diminish the retail rate jurisdiction of this state. Any purchase,
10 assignment, or lease under this section requires that the
11 commission determine that the purchaser, assignee, or lessee can
12 provide adequate service.

13 SECTION 8. Sections 37.051(d), (e), and (f), Utilities
14 Code, are repealed.

15 SECTION 9. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2019.

S.B. No. 1938

<hr/> <p>President of the Senate</p>	<hr/> <p>Speaker of the House</p>
<p>I hereby certify that S.B. No. 1938 passed the Senate on April 17, 2019, by the following vote: Yeas 30, Nays 1.</p>	

	<hr/> <p>Secretary of the Senate</p>
<p>I hereby certify that S.B. No. 1938 passed the House on May 7, 2019, by the following vote: Yeas 141, Nays 5, one present not voting.</p>	

	<hr/> <p>Chief Clerk of the House</p>
--	---------------------------------------

Approved:

<hr/> <p>Date</p>

<hr/> <p>Governor</p>

Exhibit D

Tex. Utilities Code § 37.056

This document is current through the 2019 Regular Session, 86th Legislature

Texas Statutes & Codes Annotated by LexisNexis® > Utilities Code > Title 2 Public Utility Regulatory Act (Subts. A — C) > Subtitle B Electric Utilities (Chs. 31 — 50) > Chapter 37 Certificates of Convenience and Necessity [Expires September 1, 2025] (Subchs. A — D) > Subchapter B Certificate of Convenience and Necessity [Expires September 1, 2025] (§§ 37.051 — 37.100)

Sec. 37.056. Grant or Denial of Certificate. [Expires September 1, 2025]

(a)The commission may approve an application and grant a certificate only if the commission finds that the certificate is necessary for the service, accommodation, convenience, or safety of the public.

(b)The commission may:

- (1)**grant the certificate as requested;
- (2)**grant the certificate for the construction of a portion of the requested system, facility, or extension or the partial exercise of the requested right or privilege; or
- (3)**refuse to grant the certificate.

(c)The commission shall grant each certificate on a nondiscriminatory basis after considering:

- (1)**the adequacy of existing service;
- (2)**the need for additional service;
- (3)**the effect of granting the certificate on the recipient of the certificate and any electric utility serving the proximate area; and
- (4)**other factors, such as:
 - (A)**community values;
 - (B)**recreational and park areas;
 - (C)**historical and aesthetic values;
 - (D)**environmental integrity;
 - (E)**the probable improvement of service or lowering of cost to consumers in the area if the certificate is granted; and
 - (F)**to the extent applicable, the effect of granting the certificate on the ability of this state to meet the goal established by Section 39.904(a) of this title.

(d)The commission by rule shall establish criteria, in addition to the criteria described by Subsection (c), for granting a certificate for a transmission project that serves the ERCOT power region, that is not necessary to meet state or federal reliability standards, and that does not serve a competitive renewable energy zone. The criteria must include a comparison of the estimated cost of the transmission project and the estimated cost savings that may result from the transmission project. The commission shall include with its decision on an application for a certificate to which this subsection applies findings on the criteria.

(e)A certificate to build, own, or operate a new transmission facility that directly interconnects with an existing electric utility facility or municipally owned utility facility may be granted only to the owner of that existing facility.

If a new transmission facility will directly interconnect with facilities owned by different electric utilities or municipally owned utilities, each entity shall be certificated to build, own, or operate the new facility in separate and discrete equal parts unless they agree otherwise.

(f)Notwithstanding Subsection (e), if a new transmission line, whether single or double circuit, will create the first interconnection between a load-serving station and an existing transmission facility, the entity with a load-serving responsibility or an electric cooperative that has a member with a load-serving responsibility at the load-serving station shall be certificated to build, own, or operate the new transmission line and the load-serving station. The owner of the existing transmission facility shall be certificated to build, own, or operate the station or tap at the existing transmission facility to provide the interconnection, unless after a reasonable period of time the owner of the existing transmission facility is unwilling to build, and then the entity with the load-serving responsibility or an electric cooperative that has a member with a load-serving responsibility may be certificated to build the interconnection facility.

(g)Notwithstanding any other provision of this section, an electric utility or municipally owned utility that is authorized to build, own, or operate a new transmission facility under Subsection (e) or (f) may designate another electric utility that is currently certificated by the commission within the same electric power region, coordinating council, independent system operator, or power pool or a municipally owned utility to build, own, or operate a portion or all of such new transmission facility, subject to any requirements adopted by the commission by rule.

(h)The division of any required certification of facilities described in this section shall apply unless each entity agrees otherwise. Nothing in this section is intended to require a certificate for facilities that the commission has determined by rule do not require certification to build, own, or operate.

(i)Notwithstanding any other provision of this section, an electric cooperative may be certificated to build, own, or operate a new facility in place of any other electric cooperative if both cooperatives agree.

History

Enacted by Acts 1997, 75th Leg., ch. 166 (S.B. 1751), § 1, effective September 1, 1997; am. Acts 2003, 78th Leg., ch. 295 (H.B. 2548), § 2, effective June 18, 2003; am. Acts 2011, 82nd Leg., ch. 949 (H.B. 971), § 2(a), effective June 17, 2011; am. Acts 2019, 86th Leg., ch. 44 (S.B. 1938), § 4, effective May 16, 2019.

Annotations

LexisNexis® Notes

Notes

STATUTORY NOTES

Editor's Notes.

Acts 2011, 82nd Leg., ch. 949 (H.B. 971), § 2(b) provides: "The change in law made by this section applies only to a certificate application filed with the Public Utility Commission of Texas on or after the effective date of this Act [June 17, 2011] and to a certificate application pending on the effective date of this Act. A certificate application filed with the Public Utility Commission of Texas before the effective date of this Act and not pending on the effective date of this Act is subject to the law in effect on the date the application is filed, and that law is continued in effect for that purpose."

Effect of amendments.

2011 amendment, added (d).

Case Notes

Energy & Utilities Law: Administrative Proceedings: Public Utility Commissions: General Overview

Energy & Utilities Law: Administrative Proceedings: Public Utility Commissions: Authority

Energy & Utilities Law: Administrative Proceedings: Ratemaking

Energy & Utilities Law: Electric Power Industry: State Regulation: General Overview

Energy & Utilities Law: Utility Companies: General Overview

Energy & Utilities Law: Administrative Proceedings: Public Utility Commissions: General Overview

In granting a certificate of convenience and necessity to a power company, the Public Utility Commission of Texas reasonably interpreted and applied the public-need standard under Tex. Util. Code Ann. § 37.056 by considering the statewide wholesale delivery of electricity; such an analysis was responsive to the legislative policy expressed in Tex. Util. Code Ann. § 31.002, service inadequacies in the area near the line created a public need, and substantial evidence supported the Commission's findings. *Hammack v. PUC*, 131 S.W.3d 713, 2004 Tex. App. LEXIS 3396 (Tex. App. Austin Apr. 15, 2004, no pet.).

Granting of a certificate of convenience and necessity to the power and light company was proper pursuant to Tex. Util. Code Ann. § 37.056, where the application adequately addressed the factors of probable improvement of service or lowering of costs to consumers; further, there was also substantial evidence that the company, with its consultants, studied numerous alternative routes. *Hammack v. PUC*, No. 03-02-00232-CV, 2003 Tex. App. LEXIS 8980 (Tex. App. Austin Oct. 23, 2003), op. withdrawn, sub. op., 131 S.W.3d 713, 2004 Tex. App. LEXIS 3396 (Tex. App. Austin Apr. 15, 2004).

In an action involving a grant of an amended certificate of convenience and necessity, the trial court upheld defendant's grant to the applicant when the applicant was under no duty to present evidence that it studied alternative routes and thus plaintiff was not prejudiced. *Frost v. Public Utility Com.*, 672 S.W.2d 883, 1984 Tex. App. LEXIS 5627 (Tex. App. Austin June 6, 1984, writ ref'd n.r.e.).

Energy & Utilities Law: Administrative Proceedings: Public Utility Commissions: Authority

Public Utility Commission of Texas' (PUC) construction of the Public Utility Regulatory Act (PURA) provisions was reasonable: the breadth of legislature's grant of the PUC's authority, the specific attention the PURA scheme placed on the deregulation climate, the specific authority granted to the PUC within that climate, and the authority to grant certificate of convenience and necessity requests in part; the PUC's interpretation of its authority appeared to be reasonable and did not appear to run contrary to the PURA. *Southwestern Elec. Power Co. v. PUC of Tex.*, 419 S.W.3d 414, 2011 Tex. App. LEXIS 8848 (Tex. App. Amarillo Nov. 4, 2011, no pet.).

Texas Public Utility Regulatory Act (PURA), Tex. Util. Code Ann. §§ 11.001-66.016, authorizes the Commission to grant a CCN to an electric utility that provides only transmission services and that does not have a certificated area in which such services will be provided. It is a reasonable interpretation of the PURA that Tex. Util. Code Ann. § 37.151 does not require a transmission-only utility to have a service area, but instead requires simply that utilities that do have a service area—as would be the case, for example, with a utility that provides distribution services to

retail customers, Tex. Util. Code Ann. § 37.051(b)—comply with certain mandates within that service area. PUC of Tex. v. City of Harlingen, 311 S.W.3d 610, 2010 Tex. App. LEXIS 2244 (Tex. App. Austin Mar. 26, 2010, no pet.).

Energy & Utilities Law: Administrative Proceedings: Ratemaking

Public Utility Commission of Texas' (PUC) construction of the Public Utility Regulatory Act (PURA) provisions was reasonable: the breadth of legislature's grant of the PUC's authority, the specific attention the PURA scheme placed on the deregulation climate, the specific authority granted to the PUC within that climate, and the authority to grant certificate of convenience and necessity requests in part; the PUC's interpretation of its authority appeared to be reasonable and did not appear to run contrary to the PURA. Southwestern Elec. Power Co. v. PUC of Tex., 419 S.W.3d 414, 2011 Tex. App. LEXIS 8848 (Tex. App. Amarillo Nov. 4, 2011, no pet.).

Energy & Utilities Law: Electric Power Industry: State Regulation: General Overview

In granting a certificate of convenience and necessity to a power company, the Public Utility Commission of Texas reasonably interpreted and applied the public-need standard under Tex. Util. Code Ann. § 37.056 by considering the statewide wholesale delivery of electricity; such an analysis was responsive to the legislative policy expressed in Tex. Util. Code Ann. § 31.002, service inadequacies in the area near the line created a public need, and substantial evidence supported the Commission's findings. Hammack v. PUC, 131 S.W.3d 713, 2004 Tex. App. LEXIS 3396 (Tex. App. Austin Apr. 15, 2004, no pet.).

Granting of a certificate of convenience and necessity to the power and light company was proper pursuant to Tex. Util. Code Ann. § 37.056, where the application adequately addressed the factors of probable improvement of service or lowering of costs to consumers; further, there was also substantial evidence that the company, with its consultants, studied numerous alternative routes. Hammack v. PUC, No. 03-02-00232-CV, 2003 Tex. App. LEXIS 8980 (Tex. App. Austin Oct. 23, 2003), op. withdrawn, sub. op., 131 S.W.3d 713, 2004 Tex. App. LEXIS 3396 (Tex. App. Austin Apr. 15, 2004).

Energy & Utilities Law: Utility Companies: General Overview

When a certificate of convenience and necessity or rights obtained thereunder are transferred in accordance with Tex. Util. Code Ann. § 37.154, and no additional service is to be installed, operated, or extended in connection with such transfer, the requirements of Tex. Util. Code Ann. § 37.056 do not apply. Instead, the transfer must satisfy § 37.154 and, if applicable, the additional statutory restrictions under Tex. Util. Code Ann. § 14.101. PUC of Tex. v. City of Harlingen, 311 S.W.3d 610, 2010 Tex. App. LEXIS 2244 (Tex. App. Austin Mar. 26, 2010, no pet.).

Texas Public Utility Regulatory Act (PURA), Tex. Util. Code Ann. §§ 11.001-66.016, authorizes the Commission to grant a CCN to an electric utility that provides only transmission services and that does not have a certificated area in which such services will be provided. It is a reasonable interpretation of the PURA that Tex. Util. Code Ann. § 37.151 does not require a transmission-only utility to have a service area, but instead requires simply that utilities that do have a service area—as would be the case, for example, with a utility that provides distribution services to retail customers, Tex. Util. Code Ann. § 37.051(b)—comply with certain mandates within that service area. PUC of Tex. v. City of Harlingen, 311 S.W.3d 610, 2010 Tex. App. LEXIS 2244 (Tex. App. Austin Mar. 26, 2010, no pet.).

Research References & Practice Aids

Administrative Code Reference.

For Public Utility Commission of Texas rules relating to Certification Criteria, see 16 TAC 25.101.

Tex. Utilities Code § 37.056

Texas Statutes & Codes Annotated by LexisNexis®
Copyright © 2019 Matthew Bender & Company, Inc.
a member of the LexisNexis Group. All rights reserved.

End of Document

Exhibit E

BILL ANALYSIS

Senate Research Center

S.B. 1938
By: Hancock
Business & Commerce
5/29/2019
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1938 will codify the existing process in Texas for determining the proper party to construct critical energy infrastructure, maintain Texas rate jurisdiction over transmission in the non-ERCOT areas of Texas, and clean-up statutory remnants of the Competitive Renewable Energy Zone (CREZ) buildout.

Today in Texas, the entity that owns the endpoint of an existing transmission line is the entity that has the right to build any new facility that may be interconnected, an established process embodied in ERCOT Protocol. There has been some ambiguity because of statutory exceptions that were included in the Utilities Code to allow outside utilities to construct transmission as a part of the CREZ buildout, which was all brand new transmission in areas of West Texas that were not certificated by the Public Utility Commission of Texas (PUC).

Electric utilities in Texas have established geographic footprints, and this bill would ensure the geographic continuity of the system in a way that further facilitates reliability.

Passage of this bill will protect the integrity of the electric transmission infrastructure and the way it is developed and built today. Additionally, in the non-ERCOT areas of the state served by utilities engaged in interstate commerce, this legislation will ensure that the PUC maintains its current jurisdiction over transmission rates borne by Texas customers rather than having a federal rate. (Original Author's/Sponsor's Statement of Intent)

S.B. 1938 amends current law relating to certificates of convenience and necessity for the construction of facilities for the transmission of electricity.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 4 (Section 37.056, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 37.051(a), Utilities Code, as follows:

(a) Prohibits an electric utility, rather than an electric utility or other person, from directly or indirectly providing service to the public under a franchise or permit unless the utility, rather than the utility or other person, first obtains from the Public Utility Commission of Texas (PUC) a certificate that states that the public convenience and necessity requires or will require the installation, operation, or extension of the service.

SECTION 2. Amends Section 37.053(a), Utilities Code, to require an electric utility, rather than an electric utility or other person, that wants to obtain or amend a certificate to submit an application to the PUC.

SECTION 3. Amends Section 37.055, Utilities Code, as follows:

Sec. 37.055. REQUEST FOR PRELIMINARY ORDER. (a) Authorizes an electric utility, rather than an electric utility or other person, that wants to exercise a right or

privilege under a franchise or permit that the utility, rather than the utility or other person, anticipates obtaining but has not been granted to apply to the PUC for a preliminary order under this section.

(b) Authorizes the PUC to issue a preliminary order declaring that the PUC, on application and under the PUC rules, will grant the requested certificate on terms the PUC designates, after the electric utility, rather than the utility or other person, obtains the franchise or permit.

(c) Requires the PUC to give the certificate on presentation of evidence satisfactory to the PUC that the electric utility, rather than the electric utility or other person, has obtained the franchise or permit.

SECTION 4. Amends Section 37.056, Utilities Code, by adding Subsections (e), (f), (g), (h), and (i), as follows:

(e) Authorizes a certificate to build, own, or operate a new transmission facility that directly interconnects with an existing electric utility facility or municipally owned utility facility to be granted only to the owner of that existing facility. Requires each entity, if a new transmission facility will directly interconnect with facilities owned by different electric utilities or municipally owned utilities, to build, own, or operate the facility in separate and discrete equal parts unless they agree otherwise.

(f) Requires the entity with a load-serving responsibility or an electric cooperative that has a member with a load-serving responsibility at the load-serving station, notwithstanding Subsection (e), if a new transmission line, whether single or double circuit, will create the first interconnection between a load-serving station and an existing transmission facility, to be certificated to build, own, or operate the new transmission line and the load-serving station. Requires the owner of the existing transmission facility to be certificated to build, own, or operate the station or tap at the existing transmission facility to provide the interconnection, unless after a reasonable period of time the owner of the existing transmission facility is unwilling to build, and then the entity with the load-serving responsibility or an electric cooperative that has a member with a load-serving responsibility is authorized to be certificated to build the interconnection facility.

(g) Authorizes an electric utility or municipally owned utility that is authorized to build, own, or operate a new transmission facility under Subsection (e) or (f), notwithstanding any other provision of this section, to designate another electric utility that is currently certificated by the PUC within the same electric power region, coordinating council, independent system operator, or power pool or a municipally owned utility to build, own, or operate a portion or all of such new transmission facility, subject to any requirements adopted by PUC rule.

(h) Requires the division of any required certification of facilities described in this section to apply unless each entity agrees otherwise. Provides that nothing in this section is intended to require a certificate for facilities that the PUC has determined by rule do not require certification to build, own, or operate.

(i) Authorizes an electric cooperative, notwithstanding any other provision of this section, to be certificated to build, own, or operate a new facility in place of any other electric cooperative if both cooperatives agree.

SECTION 5. Amends Section 37.057, Utilities Code, as follows:

Sec. 37.057. DEADLINE FOR APPLICATION FOR NEW TRANSMISSION FACILITY. Deletes existing text authorizing the PUC to grant a certificate for a new transmission facility to a qualified applicant that meets the requirements of this subchapter (Certificate of Convenience and Necessity).

SECTION 6. Amends Section 37.151, Utilities Code, as follows:

Sec. 37.151. PROVISION OF SERVICE. Requires a certificate holder, except as provided by Sections 37.152 (Grounds For Reduction of Service) and 37.153 (Required Refusal of Service), rather than requiring a certificate holder other than one granted a certificate under Section 37.051(d) (relating to authorizing a certificate to be granted to an electric utility or other person for a facility used as part of the transmission system serving the ERCOT power region solely for the transmission of electricity), except as provided by this section, Section 37.152, and Section 37.153, to take certain action.

SECTION 7. Amends Section 37.154(a), Utilities Code, as follows:

(a) Authorizes an electric utility or municipally owned utility to sell, assign, or lease a certificate or a right obtained under a certificate if the purchaser, assignee, or lessee is already certificated by the PUC to provide electric service within the same electric power region, coordinating council, independent system operator, or power pool, or if the purchaser, assignee, or lessee is an electric cooperative or municipally owned utility, rather than authorizing an electric utility to sell, assign, or lease a certificate or a right obtained under a certificate if the PUC determines that the purchaser, assignee, or lessee can provide adequate service. Authorizes the PUC, as part of the transaction subject to Sections 39.262(l) (relating to requiring an electric utility or transmission and distribution facility to report to and obtain approval from the PUC before closing certain transactions) through (o) (relating to authorizing the PUC to enforce certain agreements and to reasonably interpret and enforce certain conditions) and 39.915 (Consideration and Approval of Certain Transactions), to approve of a sale, assignment, or lease to an entity that has not been previously certificated if the approval will not diminish the retail rate jurisdiction of this state. Provides that any purchase, assignment, or lease under this section requires that the PUC determine that the purchaser, assignee, or lessee can provide adequate service.

SECTION 8. Repealer: Section 37.051(d) (relating to authorizing a certificate to be granted to an electric utility or other person for a facility used as part of a transmission system serving the ERCOT power region solely for transmission of electricity), Utilities Code.

Repealer: Section 37.051(e) (relating to requiring the PUC to make certain findings in relation to an application), Utilities Code.

Repealer: Section 37.051(f) (relating to requiring the PUC to consider certain requirements to have been met by an electric utility company or other person under certain conditions), Utilities Code.

SECTION 9. Effective date: upon passage or September 1, 2019.

Exhibit F

- (d) ERCOT may, at its discretion, discuss submitted transmission projects at meetings of the RPG in order to obtain additional input into its independent review; and
 - (e) ERCOT shall prepare a written report documenting the results of its independent review and recommendation on the project and shall distribute this report to the RPG.
- (2) Tier 1 projects require ERCOT Board endorsement.

3.11.4.8 Determine Designated Providers of Transmission Additions

- (1) Upon completion of an independent review, ERCOT shall determine the designated TSPs for any recommended transmission additions. The designated TSP for a recommended transmission addition will be the TSP that owns the end point(s) of the recommended transmission addition. The designated TSP can agree to provide the recommended transmission addition or delegate the responsibility to another TSP. If different TSPs own the two end points of a recommended transmission addition, ERCOT will designate them as co-providers of the recommended transmission addition, and they can decide between themselves what parts of the recommended transmission addition they will each provide. If they cannot agree, ERCOT will determine their responsibility following a meeting with the parties. If a designated TSP agrees to provide a recommended transmission addition but does not diligently pursue the recommended transmission addition (during the time frame before a CCN is filed, if required) in a manner that will meet the required in-service date, then upon concurrence of the ERCOT Board, ERCOT will solicit interest from TSPs through the RPG and will designate an alternate TSP.

3.11.4.9 Regional Planning Group Acceptance and ERCOT Endorsement

- (1) For Tier 3 projects, successful resolution of all comments received from ERCOT and stakeholders during the project comment process will result in RPG acceptance of the proposed project. An RPG acceptance letter shall be sent to the TSP(s) for the project, the project submitter (if different from the TSP(s)), and posted on the MIS Secure Area. For Tier 2 projects, ERCOT's recommendation as a result of its independent review of the proposed project will constitute ERCOT endorsement of the need for a project except as noted in paragraph (4) below. For Tier 1 projects, ERCOT's endorsement is obtained upon affirmative vote of the ERCOT Board except as noted in paragraph (4) below. An ERCOT endorsement letter shall be sent to the TSP(s) for the project, the project submitter (if different from the TSP(s)), and the PUCT, and posted on the MIS Secure Area upon receipt of ERCOT's endorsement for Tier 1 and Tier 2 projects except as noted in paragraph (4) below.
- (2) Following the completion of its independent review, ERCOT shall present all Tier 1 projects for which it finds a need to the ERCOT Board and shall provide a report to the ERCOT Board explaining the basis for its determination of need. Prior to presenting the project to the ERCOT Board, ERCOT shall present the project to the Technical Advisory Committee (TAC) for review and comment. Comments from TAC shall be included in

Exhibit G

WITNESS LIST

SB 1938
Senate Committee Report
Business & Commerce

April 2, 2019 - 8:00 AM

FOR:

Clark, Tony Sr. Advisor (Oncor, CenterPoint Energy, AEP Texas, Texas New Mexico Power Company, Xcel Energy, Entergy.), Washington, DC
Coleman, Katie (Texas Association of Manufacturers), Austin, TX
Mendiola, Lino (Entergy Texas, Inc.; Xcel Energy; El Paso Electric Company), Austin, TX
Oney, Tom General Counsel (LCRA Transmission Services Corporation), Austin, TX
Taylor, Jaren (also providing written testimony) (Oncor Electric, AEP Texas, Texas New Mexico Power, CenterPoint Energy), Dallas, TX

AGAINST:

Carlson, Trent (also providing written testimony) (GridLiance), Irving, TX

ON:

Galant, Carl (Texas Electric Cooperatives), Austin, TX
Williams, Aundrea President (also providing written testimony) (Lonestar Transmission, LLC), Austin, TX
Willick, Lawrence Senior Vice President (LS Power Development, LLC), Austin, TX

Registering, but not testifying:

FOR:

Albarado, Isaac (AEP Texas), Austin, TX
Boston, Jessica (Texas Association of Business), Austin, TX
Bresnen, Steve (Oncor), Austin, TX
Deadrick, June (Centerpoint), Austin, TX
Jackson, Roy (TNMP), Austin, TX
Jordan, Walt (Oncor), Dallas, TX
McCarty, Austin (Texas Chemical Council), Austin, TX
Meroney, Mike Consultant (BASF Corporation), Austin, TX
Reinhart, Patrick Vice President Governmental Affairs (El Paso Electric Co.), Austin/Tx, TX
Sampson, Chance Vice President (Entergy Texas, Inc.), Austin, TX
Schulze, Paul (Sharyland Utilities, L.P.), Dallas, TX
Strama, Keith (ExxonMobil), Austin, TX
Torres, Gerard Director, Texas State Relations (CenterPoint Energy), Austin, TX, TX
Wisdom, Christina (Occidental Petroleum), Austin, TX
Withrow, Damon Director regional government affairs (Xcel Energy / Southwestern Public Service Co.), Austin, TX
Womack, Daniel Director State Government Affairs (Dow), Austin, TX

AGAINST:

Kelberlau, Bill (Self), Georgetown, TX
Neeley, Josiah Director (R Street Institute), Austin, TX

WITNESS LIST

SB 1938
Senate Committee Report
Business & Commerce

ON:

Bunker-Henderson, Nichole Associate Deputy For Civil Litigation (Office of Attorney General), Austin, TX
Bunker-Henderson, Nichole Assiote Deputy for Civil Litigation (Office of Attorney General), Austin, TX
Calvert, Kathi CEO (Self; Houston County Electric Cooperative, Inc), Crockett, TX
Campbell, Cliff Chief Operating Officer (Wood County Electric Cooperative, Inc), Quitman, TX
Keene, Russell T. "Russ" (Texas Public Power Association), Austin, TX
Reed, Cyrus Conservation director (Lone star chapter sierra club), Austin, TX
Reid, Rhett General Manager (Self), Henderson, TX
Robinson, Debbie CEO/General Manager (Wood County Electric Cooperative), Quitman, TX
Tamplin, Mark General Manager (Jaser Newton Electric Coop inc), Kirbyville, TX
Thomas, Ryan (East Texas Electric Cooperative, Inc.), Nacogdoches, TX
Turk, Doug General Manager/CEO (Self; Sam Houston Electric Cooperative), Livingston, TX
Walker, DeAnn Chairman (Public Utility Commission of Texas), Austin, TX
Walker, Robert General Manager (Upshur Rural Electric Cooperative), Gilmer, TX

WITNESS LIST

HB 3995

HOUSE COMMITTEE REPORT

State Affairs Committee

April 1, 2019 - 10:30 AM or upon final adjourn./recess or bill referral if permission granted

For :

Clark, Tony (Oncor, CenterPoint Energy, AEP Texas, Texas New Mexico Power Company, Xcel Energy and Entergy)
Coleman, Katie (Texas Association of Manufacturers)
Mendiola, Lino (Entergy Texas, Inc.; El Paso Electric Company; Xcel Energy)
Oney, Tom (LCRA Transmission Services Corporation)
Taylor, Jaren (Oncor Electric, CenterPoint Energy, AEP Texas, Texas New Mexico Power)

Against :

Carlson, Trent (GridLiance)
Carlson, Trent (GridLiance)
Neeley, Josiah (R Street Institute)
Williams, Aundrea (Lonestar Transmission, LLC)
Willick, Lawrence (LS Power Development, LLC)

On :

Galant, Carl (Texas Electric Cooperatives)
Thomas, Ryan (East Texas Electric Cooperative, Inc.)

Registering, but not testifying:

For :

Albarado, Isaac (AEP Texas)
Bonham, Jeff (CenterPoint Energy, Inc.)
Hutchens, Mia (Texas Association of Business)
Jackson, Roy (TNMP)
Jordan, Walt (Oncor)
Mathis, James (Occidental Petroleum)
McCarty, Austin (Texas Chemical Council)
Reinhart, Patrick (El Paso Electric Co.)
Sampson, Chance (Entergy Texas, Inc.)
Schulze, Paul (Sharyland Utilities, L.P.)
Withrow, Damon (Xcel Energy /Southwestern Public Service Co.)
Womack, Daniel (Dow)

Against :

Crowder, Calvin (GridLiance, a Blackstone Portfolio Company)
Crowder, Calvin (GridLiance)

On :

Calvert, Kathi (Houston County Electric Cooperative Inc)
Campbell, Cliff (Wood County Electric Cooperative)
Keene, Russell T. "Russ" (Texas Public Power Association)
Reed, Cyrus (Lone star chapter sierra club)
Reid, Rhett (Rusk County Electric Cooperative)
Robinson, Debbie (Wood County Electric Cooperative)
Tamplin, Mark (Jasper Newton Electric Cooperative)
Turk, Doug (Sam Houston Electric Cooperative)
Walker, DeAnn (Public Utility Commission of Texas)
Walker, Robert (Upshur Rural Electric Cooperative)
Wood, Kathy (Self; Panola-Harrison Electric Cooperative, Inc)

Exhibit H

AEP Texas Inc.

10-K 1 aep10klegal20184q.htm AMERICAN ELECTRIC POWER 2018 10-K

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Registrants; States of Incorporation; Address and Telephone Number	I.R.S. Employer Identification Nos.
1-3525	AMERICAN ELECTRIC POWER COMPANY, INC. (A New York Corporation)	13-4922640
333-221643	AEP TEXAS INC. (A Delaware Corporation)	51-0007707
333-217143	AEP TRANSMISSION COMPANY, LLC (A Delaware Limited Liability Company)	46-1125168
1-3457	APPALACHIAN POWER COMPANY (A Virginia Corporation)	54-0124790
1-3570	INDIANA MICHIGAN POWER COMPANY (An Indiana Corporation)	35-0410455
1-6543	OHIO POWER COMPANY (An Ohio Corporation)	31-4271000
0-343	PUBLIC SERVICE COMPANY OF OKLAHOMA (An Oklahoma Corporation)	73-0410895
1-3146	SOUTHWESTERN ELECTRIC POWER COMPANY (A Delaware Corporation) 1 Riverside Plaza, Columbus, Ohio 43215 Telephone (614) 716-1000	72-0323455

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Name of Each Exchange on Which Registered
American Electric Power Company, Inc.	Common Stock, \$6.50 par value	New York Stock Exchange
AEP Texas Inc.	None	
AEP Transmission Company, LLC	None	
Appalachian Power Company	None	
Indiana Michigan Power Company	None	
Ohio Power Company	None	
Public Service Company of Oklahoma	None	
Southwestern Electric Power Company	None	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant American Electric Power Company, Inc. is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrants AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company, are well-known seasoned issuers, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrants American Electric Power Company, Inc., AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether American Electric Power Company, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

Indicate by check mark whether AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies, or emerging growth companies. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark if the registrants are shell companies, as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and are therefore filing this Form 10-K with the reduced disclosure format specified in General Instruction I(2) to such Form 10-K.

	Aggregate Market Value of Voting and Non-Voting Common Equity Held by Non-Affiliates of the Registrants as of June 30, 2018 the Last Trading Date of the Registrants' Most Recently Completed Second Fiscal Quarter	Number of Shares of Common Stock Outstanding of the Registrants as of December 31, 2018
American Electric Power Company, Inc.	\$34,157,276,913	493,245,876 (\$6.50 par value)
AEP Texas Inc.	None	100 (\$0.01 par value)
AEP Transmission Company, LLC (a)	None	NA
Appalachian Power Company	None	13,499,500 (no par value)
Indiana Michigan Power Company	None	1,400,000 (no par value)
Ohio Power Company	None	27,952,473 (no par value)
Public Service Company of Oklahoma	None	9,013,000 (\$15 par value)
Southwestern Electric Power Company	None	7,536,640 (\$18 par value)

(a) 100% interest is held by AEP Transmission Holdco.
NA Not applicable.

Note on Market Value of Common Equity Held by Non-Affiliates

American Electric Power Company, Inc. owns all of the common stock of AEP Texas Inc., Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company and all of the LLC membership interest in AEP Transmission Company, LLC (see Item 12 herein).

GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

Term	Meaning
AEGCo	AEP Generating Company, an AEP electric utility subsidiary.
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority-owned consolidated subsidiaries and consolidated affiliates.
AEP Clean Energy Resources, LLC	A nonregulated holding company for AEP's competitive renewable generation and a wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP Energy	AEP Energy, Inc., a wholly-owned retail electric supplier for customers in Ohio, Illinois and other deregulated electricity markets throughout the United States.
AEP Energy Supply, LLC	A nonregulated holding company for AEP's competitive generation, wholesale and retail businesses, and a wholly-owned subsidiary of AEP.
AEP OnSite Partners, LLC	A wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP Renewables, LLC	A wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEP Texas	AEP Texas Inc., an AEP electric utility subsidiary.
AEP Transmission Holdco	AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of AEP.
AEPEP	AEP Energy Partners, Inc., a subsidiary of AEP dedicated to wholesale marketing and trading, hedging activities, asset management and commercial and industrial sales in the deregulated Ohio and Texas markets.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, a wholly-owned subsidiary of AEP Transmission Holdco, is an intermediate holding company that owns the State Transcos.
AEPTCo Parent	AEP Transmission Company, LLC, the holding company of the State Transcos within the AEPTCo consolidation.
AEPTHCo	AEP Transmission Holding Company, LLC, a subsidiary of AEP, an intermediate holding company that owns transmission operations joint ventures and AEPTCo.
AFUDC	Allowance for Funds Used During Construction.
AGR	AEP Generation Resources Inc., a competitive AEP subsidiary in the Generation & Marketing segment.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
CAA	Clean Air Act.
CO ₂	Carbon dioxide and other greenhouse gases.
Conesville Plant	A generation plant consisting of three coal-fired generating units totaling 1,695 MW located in Conesville, Ohio. The plant is jointly owned by AGR and a nonaffiliate.
Cook Plant	Donald C. Cook Nuclear Plant, a two-unit, 2,278 MW nuclear plant owned by I&M.
CSPCo	Columbus Southern Power Company, a former AEP electric utility subsidiary that was merged into OPCo effective December 31, 2011.
ERCOT	Electric Reliability Council of Texas regional transmission organization.
ETT	Electric Transmission Texas, LLC, an equity interest joint venture between AEP Transmission Holdco and Berkshire Hathaway Energy Company formed to own and operate electric transmission facilities in ERCOT.

AEPTHCO JOINT VENTURE INITIATIVES

AEP has established joint ventures with other electric utility companies for the purpose of developing, building, and owning transmission assets that seek to improve reliability and market efficiency and provide transmission access to remote generation sources in North America (Transmission Joint Ventures).

The Transmission Joint Ventures currently include:

Joint Venture Name	Location	Projected or Actual Completion Date	Owners (Ownership %)	Total Estimated/Actual Project Costs at Completion (in millions)	Approved Return on Equity
ETT	Texas (ERCOT)	(a)	Berkshire Hathaway Energy (50%) AEP (50%)	\$ 3,310.9 (a)	9.6%
Prairie Wind	Kansas	2014	Westar Energy (50%) Berkshire Hathaway Energy (25%) AEP (25%) (b)	158.0	12.8%
Pioneer	Indiana	2018	Duke Energy (50%) AEP (50%)	187.4	10.82%
Transource Missouri	Missouri	2016	Evergy, Inc. (13.5%) (c) AEP (86.5%) (c)	310.5	11.2% (d)
Transource West Virginia	West Virginia	2019	Evergy, Inc. (13.5%) (c) AEP (86.5%) (c)	78.1	10.5%
Transource Maryland	Maryland	2020	Evergy, Inc. (13.5%) (c) AEP (86.5%) (c)	25.0 (e)	10.4% (f)
Transource Pennsylvania	Pennsylvania	2020	Evergy, Inc. (13.5%) (c) AEP (86.5%) (c)	192.0 (e)	10.4% (f)

- (a) ETT is undertaking multiple projects and the completion dates will vary for those projects. ETT's investment in completed, current and future projects in ERCOT over the next ten years is expected to be \$3.3 billion. Future projects will be evaluated on a case-by-case basis.
- (b) AEP owns 25% of Prairie Wind Transmission, LLC (Prairie Wind) through its ownership interest in Electric Transmission America, LLC, which is a 50/50 joint venture with Berkshire Hathaway Energy (formerly known as MidAmerican Energy) and AEP.
- (c) AEP owns 86.5% of Transource Missouri, Transource West Virginia, Transource Maryland and Transource Pennsylvania through its ownership interest in Transource Energy, LLC (Transource). Transource is a joint venture with AEPTHCo and Evergy, Inc. formed to pursue competitive transmission projects. AEPTHCo and Evergy, Inc. own 86.5% and 13.5% of Transource, respectively.
- (d) The ROE represents the weighted average approved ROE based on the costs of two projects developed by Transource Missouri; the \$64 million Iatan-Nashua project (10.3%) and the \$247 million Sibley-Nebraska City project (11.3%).
- (e) In August 2016, Transource Maryland and Transource Pennsylvania received approval from the PJM Interconnection Board to construct portions of a transmission project located in both Maryland and Pennsylvania. The project is expected to go in service in 2020. Project costs are in 2018 dollars.
- (f) In January 2018, Transource Maryland and Transource Pennsylvania received FERC approval of a settlement authorizing an ROE of 10.4%. This reflects a 9.9% base plus 0.5% RTO participation adder.

Transource Missouri, Transource West Virginia, Transource Maryland and Transource Pennsylvania are consolidated joint ventures by AEP. All other joint ventures in the table above are not consolidated by AEP. AEP's joint ventures do not have employees. Business services for the joint ventures are provided by AEPSC and other AEP subsidiaries and the joint venture partners. During 2018, approximately 537 AEPSC employees and 283 operating company employees provided service to one or more joint ventures.

NYS Department of State

Division of Corporations

Entity Information

The information contained in this database is current through August 16, 2019.

Selected Entity Name: AMERICAN ELECTRIC POWER COMPANY, INC.

Selected Entity Status Information

Current Entity Name: AMERICAN ELECTRIC POWER COMPANY, INC.

DOS ID #: 20479

Initial DOS Filing Date:

County: NEW YORK

Jurisdiction: NEW YORK

Entity Type: DOMESTIC BUSINESS CORPORATION

Current Entity Status: ACTIVE

Selected Entity Address Information

DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)

AMERICAN ELECTRIC POWER COMPANY, INC.

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Chief Executive Officer

NICHOLAS K. AKINS

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Principal Executive Office

AMERICAN ELECTRIC POWER COMPANY, INC.

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Registered Agent

C T CORPORATION SYSTEM

28 LIBERTY ST.

NEW YORK, NEW YORK, 10005

This office does not record information regarding the names and addresses of officers, shareholders or directors of nonprofessional corporations except the chief executive officer, if provided, which would be listed above. Professional corporations must include the name(s) and address(es) of the initial officers, directors, and shareholders in the initial certificate of incorporation, however this information is not recorded and only available by [viewing the certificate](#).

*Stock Information

# of Shares	Type of Stock	\$ Value per Share
600000000	Par Value	6.5

*Stock information is applicable to domestic business corporations.

Name History

Filing Date	Name Type	Entity Name
MAY 12, 1958	Actual	AMERICAN ELECTRIC POWER COMPANY, INC.
FEB 18, 1925	Actual	AMERICAN GAS AND ELECTRIC COMPANY

A **Fictitious** name must be used when the **Actual** name of a foreign entity is unavailable for use in New York State. The entity must use the fictitious name when conducting its activities or business in New York State.

NOTE: New York State does not issue organizational identification numbers.

[Search Results](#) [New Search](#)

[Services/Programs](#) | [Privacy Policy](#) | [Accessibility Policy](#) | [Disclaimer](#) | [Return to DOS Homepage](#) | [Contact Us](#)

CenterPoint Energy Houston Electric, LLC

RECEIVED

2019 MAR 31 PM 2:15

PUBLIC UTILITY COMMISSION
FILING CLERK

PROJECT NO. 36867
ANNUAL REPORT OF AFFILIATE ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

REQUIRED BY
PUBLIC UTILITY COMMISSION OF TEXAS
SUBSTANTIVE RULE 25.84

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
(TRANSMISSION AND DISTRIBUTION UTILITY)
P.O.BOX 1700
HOUSTON, TEXAS 77251

1259

**REPORT ATTESTATION
YEAR ENDED DECEMBER 31, 2018**

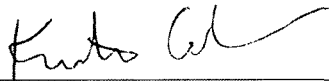
**REQUIRED BY
PUBLIC UTILITY COMMISSION OF TEXAS
SUBSTANTIVE RULE 25.71 (d)**

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
P.O. BOX 1700
HOUSTON, TEXAS 77251**

THE STATE OF TEXAS

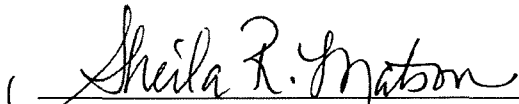
COUNTY OF HARRIS

I, the undersigned Kristie Colvin, Sr. Vice President and Chief Accounting Officer, CenterPoint Energy Houston Electric, LLC on my oath aver that the foregoing annual report of affiliate activities has been prepared, under my direction: that I have carefully examined the same, and declare the same to be correct to the best of my knowledge, information, and belief.

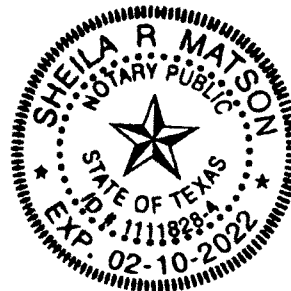


Kristie Colvin
Sr. Vice President and Chief Accounting Officer
CenterPoint Energy Houston Electric, LLC

Subscribed and sworn to before me this 21 day of May, 2019.



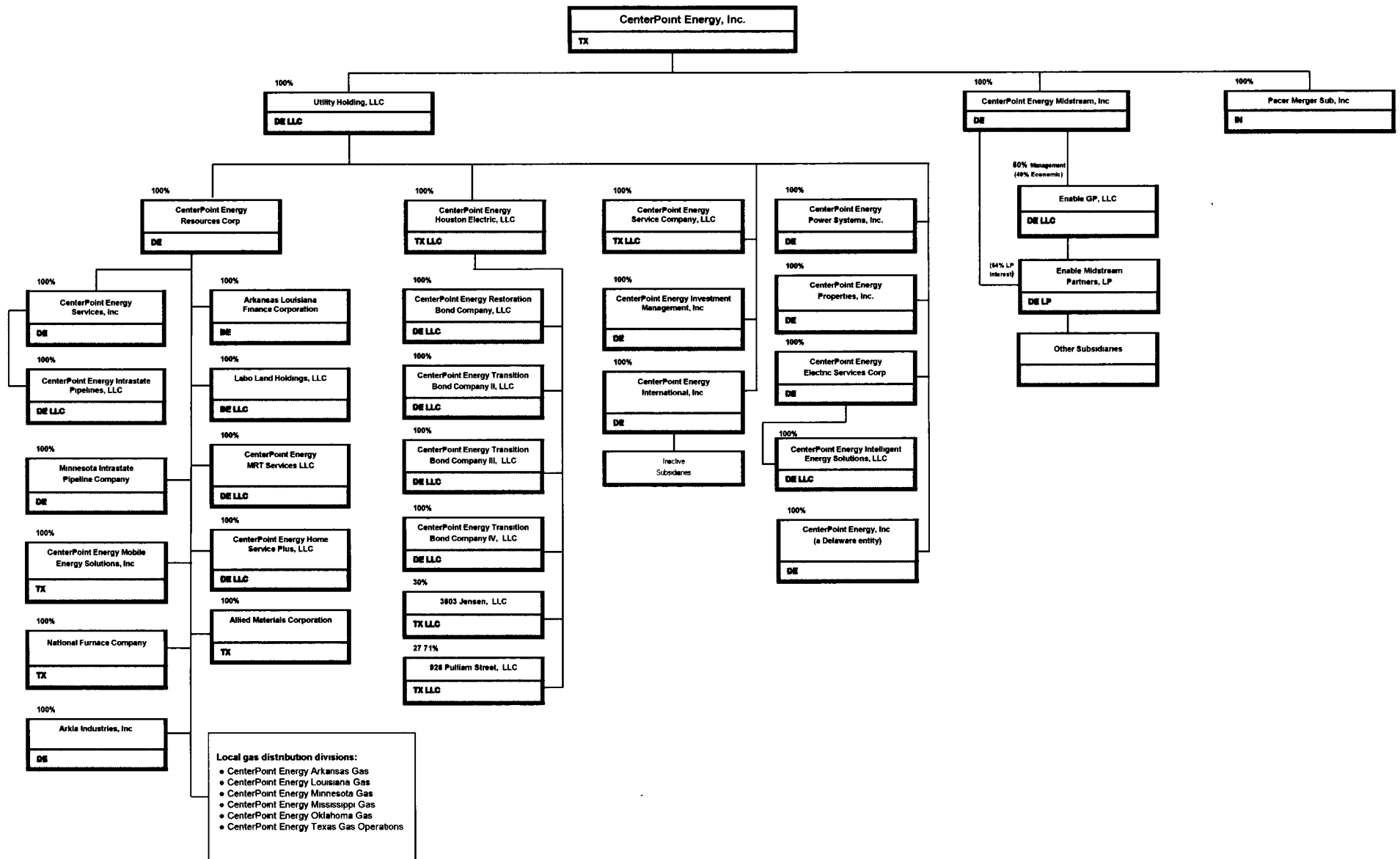
Notary Public in and for the County of
Harris, State of Texas



**ORGANIZATION CHART
YEAR ENDED DECEMBER 31, 2018**

**REQUIRED BY
PUBLIC UTILITY COMMISSION OF TEXAS
SUBSTANTIVE RULE 25.84**

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
(TRANSMISSION AND DISTRIBUTION UTILITY)
P.O. BOX 1700
HOUSTON, TEXAS 77251**



TEXAS SECRETARY of STATE
JOSE A. ESPARZA**BUSINESS ORGANIZATIONS INQUIRY - VIEW ENTITY**

Filing Number: 800007462
Original Date of Filing: August 31, 2001
Formation Date: N/A
Tax ID: 17406944151
Duration: Perpetual
Entity Type: Domestic For-Profit Corporation
Entity Status: In existence
FEIN:
Name: CenterPoint Energy, Inc.
Address: PO BOX 4567
HOUSTON, TX 77002 USA

REGISTERED AGENT	FILING HISTORY	NAMES	MANAGEMENT	ASSUMED NAMES	ASSOCIATED ENTITIES
Name		Address		Inactive Date	
C T Corporation System		1999 Bryan St., Suite 900 Dallas, TX 75201-3136 USA			

Instructions:

- To place an order for additional information about a filing press the 'Order' button.

Cross Texas Transmission, LLC

PUBLIC UTILITY COMMISSION OF TEXAS

PUC DOCKET NO. 36867

RECEIVED

2019 JUN -3 PM 2: 36

ANNUAL REPORT OF AFFILIATE ACTIVITIES
FOR
CROSS TEXAS TRANSMISSION, LLC
FOR
THE YEAR ENDING DECEMBER 31, 2018

PUBLIC UTILITY COMMISSION
FILING CLERK

**(Required by P.U.C. SUBST. R. 25.84, relating to Annual Reporting of Affiliate Transactions
for Electric Utilities)**

June 1, 2019

Contact Person: James W. Checkley, Jr.
Cross Texas Transmission, LLC
112 South Capital of Texas Highway, Suite 100
Austin, TX 78746
(512) 473-2700
jcheckley@crosstexas.com



**ANNUAL REPORT OF AFFILIATE ACTIVITIES
for
CROSS TEXAS TRANSMISSION, LLC**

INDEX OF EXHIBITS

- I. ORGANIZATION CHART
- II. ORGANIZATION OWNERSHIP AND SCOPE OF BUSINESS
- III. FINANCIAL SUMMARIES OF UTILITY – AFFILIATE TRANSACTIONS
- IV. CONTRACTS AND SERVICE AGREEMENTS
- V. MIGRATION OF EMPLOYEES
- VI. INFORMAL COMPLAINT RESOLUTION
- VII. DEVIATIONS FROM CODE OF CONDUCT
- VIII. COMPLIANCE PLAN UPDATES
- IX. AUDITS OF AFFILIATE TRANSACTIONS
- X. ATTESTATION

ATTACHMENT 1 Organization Chart

I. ORGANIZATION CHART

The ultimate parent company of Cross Texas Transmission, LLC (“Cross Texas” or “CTT”) is LS Power Development, LLC (“LSP Development”). LSP Development controls and manages LS Power Associates, L.P. (“LSP Associates”), which has two primary subsidiaries, LSP Generation III, LLC (“Generation III”) and LSP Generation IV, LLC (“Generation IV”). Generation III and Generation IV each has several subsidiaries that own generation and transmission-related businesses, the most important of which for purposes of this Report is LS Power Transmission, LLC (“LSP TransCo”). LSP TransCo owns transmission-related entities including, indirectly, Cross Texas, as described below. LSP TransCo is owned jointly by Generation III and Generation IV.

LSP TransCo owns LSP Western Transmission Holdings, LLC (“LSP Western”), which in turn owns Texas Nevada Transmission Holdings, LLC (“TNT Holdings”), which in turn owns a majority interest in Texas Nevada Transmission, LLC (“TNT”). TNT owns 99.9% of the outstanding membership interests in Cross Texas. TNT Holdings directly owns 0.05425% of the outstanding membership interests in Cross Texas. Through June 30, 2018, John Hancock Life Insurance Company (U.S.A.) (“John Hancock”) owned directly and indirectly 45.75% of the membership interests in Cross Texas, through a 45.75% direct interest in TNT (which holds 99.9% of Cross Texas) and through the direct ownership of 0.04575% of the outstanding membership interests in Cross Texas. On June 30, 2018, John Hancock transferred 27.45% of its direct interest in TNT and .02745% of its direct interest in Cross Texas to John Hancock Infrastructure Master Fund 2, L.P. (“Hancock Master Fund”). Cross Texas has no subsidiary companies.

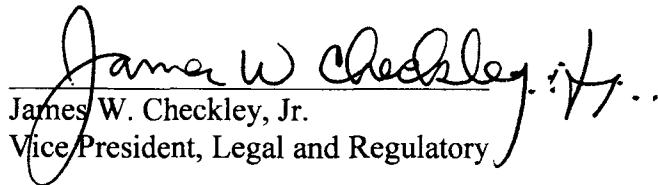
Attached as Attachment 1 is an organization chart for the 2018 reporting period showing the parent company, all competitive affiliates, and the percentage of ownership of each company.

Exhibit X

ATTESTATION PURSUANT TO PUC SUBST. R. 25.71(d)

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

I, James W. Checkley, Jr., Vice President, Legal and Regulatory, for Cross Texas Transmission, LLC, certify that the attached Annual Report of Affiliate Activities for Cross Texas Transmission, LLC for Year Ending December 31, 2018, has been prepared under my direction and that the information included therein is correct and accurate.

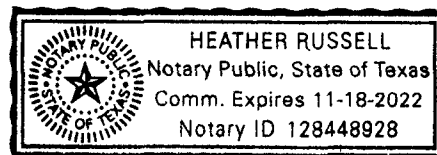

James W. Checkley, Jr.
Vice President, Legal and Regulatory

SUBSCRIBED AND SWORN BEFORE ME by the said James W. Checkley, Jr. on the 3rd day of June 2019.

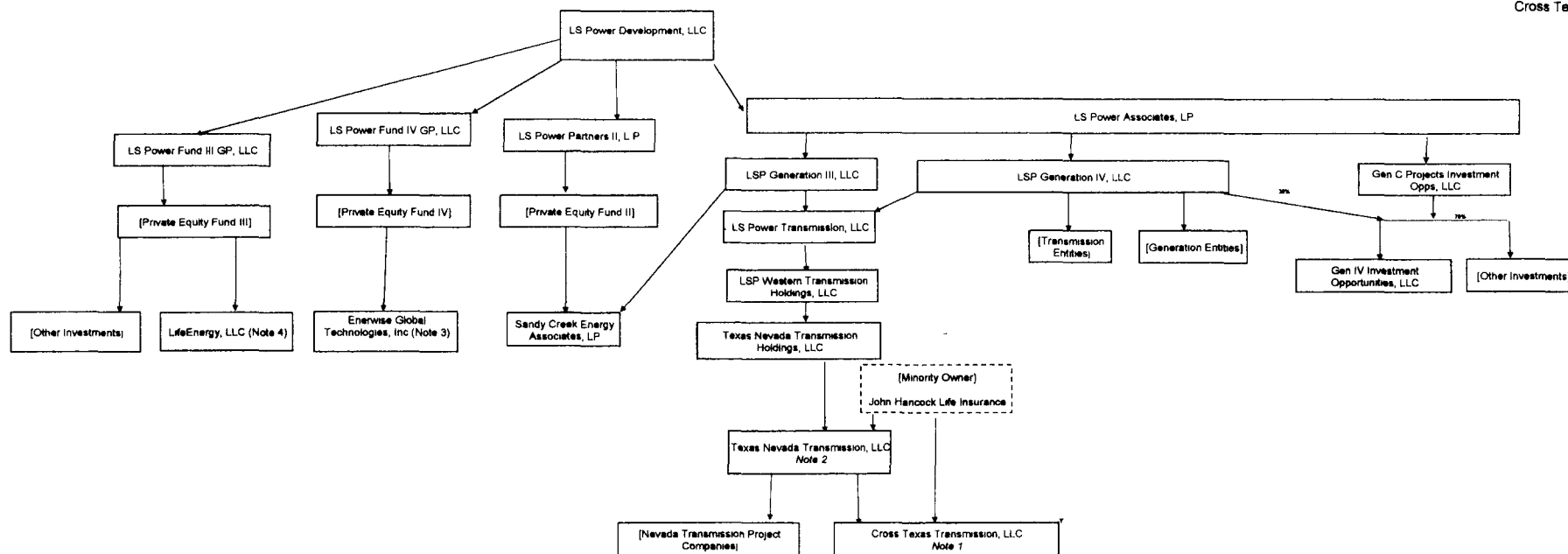

NOTARY PUBLIC FOR THE STATE OF TEXAS

My Commission Expires:

Nov 18, 2022



Organizational Chart for the 2018 Reporting Period

Attachment 1
Cross Texas Transmission

1) As of December 31, 2018, John Hancock Life Insurance Company (U.S.A.) holds 0.01830% of CTT and John Hancock Infrastructure Master Fund 2, L.P. holds 0.02745% of CTT.

2) As of December 31, 2018, John Hancock Life Insurance Company (U.S.A.) holds 18.3% of TNT and John Hancock Infrastructure Master Fund 2, L.P. holds 27.45% of TNT.

3) The chart shows a simplified ownership of Enerwise Global Technologies, Inc., eliminating intermediate holding companies and small minority interests held by management of Enerwise. On January 31, 2019, Enerwise Global Technologies, Inc. was converted to Enerwise Global Technologies, LLC.

4) The chart shows a simplified ownership of LifeEnergy, LLC, eliminating intermediate holding companies and small minority interests held by management of LifeEnergy.

Other than with respect to Cross Texas Transmission, LLC, the above chart shows a simplified ownership structure. All percentages above subject to rounding.

NYS Department of State

Division of Corporations

Entity Information

The information contained in this database is current through August 16, 2019.

Selected Entity Name: LS POWER DEVELOPMENT, LLC

Selected Entity Status Information

Current Entity Name: LS POWER DEVELOPMENT, LLC

DOS ID #: 3470019

Initial DOS Filing Date: JANUARY 31, 2007

County: NEW YORK

Jurisdiction: DELAWARE

Entity Type: FOREIGN LIMITED LIABILITY COMPANY

Current Entity Status: ACTIVE

Selected Entity Address Information

DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)

C/O CORPORATION SERVICE COMPANY

80 STATE STREET

ALBANY, NEW YORK, 12207-2543

Registered Agent

CORPORATION SERVICE COMPANY

80 STATE STREET

ALBANY, NEW YORK, 12207-2543

This office does not require or maintain information regarding the names and addresses of members or managers of nonprofessional limited liability companies. Professional limited liability companies must include the name(s) and address(es) of the original members, however this information is not recorded and only available by [viewing the certificate](#).

***Stock Information**

of Shares Type of Stock \$ Value per Share

No Information Available

*Stock information is applicable to domestic business corporations.

Name History

Filing Date Name Type Entity Name

JAN 31, 2007 Actual LS POWER DEVELOPMENT, LLC

A **Fictitious** name must be used when the **Actual** name of a foreign entity is unavailable for use in New York State. The entity must use the fictitious name when conducting its activities or business in New York State.

NOTE: New York State does not issue organizational identification numbers.

[Search Results](#) [New Search](#)

[Services/Programs](#) | [Privacy Policy](#) | [Accessibility Policy](#) | [Disclaimer](#) | [Return to DOS](#)
[Homepage](#) | [Contact Us](#)

El Paso Electric Company

PROJECT NO. 36867

RECEIVED

2018 ELECTRIC UTILITY ANNUAL
REPORT OF AFFILIATE ACTIVITIES
REQUIRED BY PUC SUBST. R. 25.84

§
§
§

PUBLIC UTILITY COMMISSION
2019 MAY 20 9:07

OFFICE OF THE PUBLIC UTILITY COMMISSION
FILING CLERK

**ANNUAL REPORT OF AFFILIATE ACTIVITIES FOR
EL PASO ELECTRIC COMPANY FOR YEAR ENDED DECEMBER 31, 2018**

Contact Information	2
Attestation Pursuant to 16 Tex. Admin. Code § 25.71 (d)	3
Annual Report of Affiliate Activities	4

254

PROJECT NO. 36867

**ANNUAL REPORT OF AFFILIATE ACTIVITIES
FOR EL PASO ELECTRIC COMPANY FOR YEAR ENDED 2018**

Contact Person

Name: James A. Schichtl
Title: Vice President – Regulatory Affairs
Address: 100 N. Stanton Street
El Paso, Texas 79901
Telephone: (915) 521-4697
Fax: (915) 521-4450

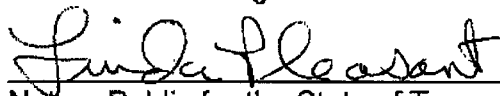
ATTESTATION PURSUANT TO 16 TEX. ADMIN. CODE § 25.71(d)

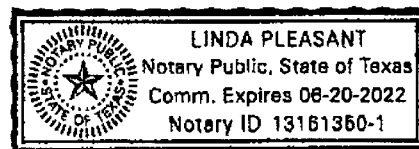
STATE OF TEXAS §
 §
COUNTY OF EL PASO §

I, James A. Schichtl, Vice President of Regulatory Affairs for El Paso Electric Company, certify that the attached Annual Report of Affiliate Activities for El Paso Electric Company for Year Ended 2018 has been prepared under my direction and that the information included therein is correct and accurate.


James A. Schichtl
Vice President – Regulatory Affairs

22nd SUBSCRIBED AND SWORN BEFORE ME by the said James A. Schichtl on this
day of May, 2019.


Notary Public for the State of Texas



My Commission Expires:

June 20, 2022

PROJECT NO. 36867

**ANNUAL REPORT OF AFFILIATE ACTIVITIES FOR
EL PASO ELECTRIC COMPANY FOR YEAR ENDED 2018**

I. ORGANIZATION CHART

- A. Provide an organization chart showing the parent company, all affiliated companies, and the percentage of ownership of each company.**

Pursuant to the definitions of "affiliate" in Sections 11.003 and 11.0042 of the Public Utility Regulatory Act ("PURA"), El Paso Electric Company ("EPE") has no affiliates. As such, no organization chart is provided.

II. ORGANIZATION OWNERSHIP AND SCOPE OF BUSINESS

For all affiliates that have had transactions with the regulated utility during the reporting period, provide the following information:

- A. A list of directors and/or officers common to the regulated utility and each affiliate;**

N/A. EPE has no affiliates.

- B. Changes in successive ownership between the regulated utility and the affiliate;**

N/A. EPE has no affiliates.

- C. A description of the nature of the business activity of each affiliate with which the regulated utility does business;**

N/A. EPE has no affiliates.

- D. A narrative description of the types of products and services provided to the utility by the affiliate and by the utility to the affiliate;**

N/A. EPE has no affiliates.

- E. For each billing allocation formula utilized in transactions between the utility and its affiliates (either direction), list a title/function description (e.g., payroll) for the formula, the basis for the formula (e.g., number of employees), the percentages allocated by the formula to each applicable entity, and how often the formula inputs are updated (e.g., monthly, annually).**

N/A. EPE has no affiliates.

III. FINANCIAL SUMMARIES OF UTILITY - AFFILIATE TRANSACTIONS

Provide the data required in parts III. A and B to the extent such transactions are conducted by the utility.

A. Chart - Charges by Utility Affiliate

For each affiliate with which the utility has had transactions, provide financial summaries of the transactions (not each transaction individually) in which the utility charges the affiliate.

N/A. EPE has no affiliates.

B. Chart - Charges of Affiliate to Utility

For each affiliate with which the electric utility has had transactions, provide financial summaries of the transactions (not each transaction individually) in which the affiliate charges the utility.

N/A. EPE has no affiliates.

IV. CONTRACTS AND SERVICE AGREEMENT

Certify that the electric utility has filed with the Commission copies of all contracts and service agreements between the utility and each affiliate pursuant to P.U.C. SUBST. R. 25.84(e).

N/A. EPE has no affiliates.

V. MIGRATION OF EMPLOYEES

Report the movement between the utility and its competitive affiliates of all employees engaged in transmission or distribution system operations, including persons employed by a service company affiliated with the utility who are engaged in transmission or distribution system operations on a day-to-day basis or who have knowledge of transmission or distribution system operations. Use an identification code for each migrating employee to list the effective dates of the migration and the titles held by the employee at each indicated entity. Indicate whether the employee movement is from the utility to a competitive affiliate or from a competitive affiliate to the utility.

N/A. EPE has no affiliates.

VI. INFORMAL COMPLAINT RESOLUTION

Report the nature and status of the informal complaints handled in accordance with the utility's procedures developed pursuant to §25.272(i)(4), relating to the Code of Conduct for Electric Utilities and Their Affiliates, during the reporting period. For each complaint, list the following:

- (1) Name of the complainant
- (2) Summary report of the complaint, including:
 - (a) Any relevant dates,
 - (b) Companies involved,
 - (c) Employees involved,
 - (d) The specific claim, and
 - (e) Actions taken to address the complaint.
- (3) Status of the complaint as resolved, pending, or other (if "other," briefly describe the status).

No complaints were handled during the reporting period.

VII. DEVIATIONS FROM CODE OF CONDUCT

When deviations from the code of conduct are necessary to ensure public safety and system reliability pursuant to §25.272(d)(4), a utility is required to make a full report to the commission within 30 days of the occurrence. In this annual report, provide a summary list (details may be briefer than in the occurrence reports) of all deviations from the Code of Conduct that occurred in the reporting period, including:

- (1) Effective date(s) of the deviation;
- (2) Type of circumstances requiring deviation (e.g., recovery after storm);
- (3) Type of action taken by the utility that comprised deviation (e.g., quantity and type of resource shared);
- (4) Names of key parties involved in deviation (e.g., affiliate names).

N/A. EPE has no affiliates.

VIII. COMPLIANCE PLAN UPDATES

Utilities are required to file initial plans for compliance with P.U.C. SUBST. R. §25.272 (relating to Code of Conduct for Electric Utilities and Their Affiliates) when filing an unbundling plan pursuant to PURA §39.051, relating to Unbundling. In this annual report, all information supplied should reflect the most current approved compliance plan, including any changes resulting from the creation of new affiliates. In addition, provide a summary list of all of the changes to the utility's compliance plan that have been approved in the reporting year.

EPE's current compliance plan is on file in Docket No. 21958, Application of El Paso Electric Company for Approval of Internal Code of Conduct Pursuant to PURA Section 39.157(d) and 16 Tex. Admin. Code § 25.272. No changes to EPE's compliance plan were made or approved during the reporting year.

IX. AUDITS OF AFFILIATE TRANSACTIONS

Provide a list of any audit of the electric utility's transactions with affiliates conducted in the reporting year, whether by internal or external auditors. This is not a request to file the results of the audits. Report the occurrence of such audits, including date, with sufficient description (in title or narrative) to indicate subject and scope of the audit.

N/A. EPE has no affiliates.

Electric Transmission Texas, LLC

10-K 1 aep10klegal20184q.htm AMERICAN ELECTRIC POWER 2018 10-K

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Registrants; States of Incorporation; Address and Telephone Number	I.R.S. Employer Identification Nos.
1-3525	AMERICAN ELECTRIC POWER COMPANY, INC. (A New York Corporation)	13-4922640
333-221643	AEP TEXAS INC. (A Delaware Corporation)	51-0007707
333-217143	AEP TRANSMISSION COMPANY, LLC (A Delaware Limited Liability Company)	46-1125168
1-3457	APPALACHIAN POWER COMPANY (A Virginia Corporation)	54-0124790
1-3570	INDIANA MICHIGAN POWER COMPANY (An Indiana Corporation)	35-0410455
1-6543	OHIO POWER COMPANY (An Ohio Corporation)	31-4271000
0-343	PUBLIC SERVICE COMPANY OF OKLAHOMA (An Oklahoma Corporation)	73-0410895
1-3146	SOUTHWESTERN ELECTRIC POWER COMPANY (A Delaware Corporation) 1 Riverside Plaza, Columbus, Ohio 43215 Telephone (614) 716-1000	72-0323455

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Name of Each Exchange on Which Registered
American Electric Power Company, Inc.	Common Stock, \$6.50 par value	New York Stock Exchange
AEP Texas Inc.	None	
AEP Transmission Company, LLC	None	
Appalachian Power Company	None	
Indiana Michigan Power Company	None	
Ohio Power Company	None	
Public Service Company of Oklahoma	None	
Southwestern Electric Power Company	None	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant American Electric Power Company, Inc. is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrants AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company, are well-known seasoned issuers, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrants American Electric Power Company, Inc., AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether American Electric Power Company, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

Indicate by check mark whether AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies, or emerging growth companies. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark if the registrants are shell companies, as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and are therefore filing this Form 10-K with the reduced disclosure format specified in General Instruction I(2) to such Form 10-K.

	Aggregate Market Value of Voting and Non-Voting Common Equity Held by Non-Affiliates of the Registrants as of June 30, 2018 the Last Trading Date of the Registrants' Most Recently Completed Second Fiscal Quarter	Number of Shares of Common Stock Outstanding of the Registrants as of December 31, 2018
American Electric Power Company, Inc.	\$34,157,276,913	493,245,876 (\$6.50 par value)
AEP Texas Inc.	None	100 (\$0.01 par value)
AEP Transmission Company, LLC (a)	None	NA
Appalachian Power Company	None	13,499,500 (no par value)
Indiana Michigan Power Company	None	1,400,000 (no par value)
Ohio Power Company	None	27,952,473 (no par value)
Public Service Company of Oklahoma	None	9,013,000 (\$15 par value)
Southwestern Electric Power Company	None	7,536,640 (\$18 par value)

(a) 100% interest is held by AEP Transmission Holdco.
NA Not applicable.

Note on Market Value of Common Equity Held by Non-Affiliates

American Electric Power Company, Inc. owns all of the common stock of AEP Texas Inc., Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company and all of the LLC membership interest in AEP Transmission Company, LLC (see Item 12 herein).

GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

Term	Meaning
AEGCo	AEP Generating Company, an AEP electric utility subsidiary.
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority-owned consolidated subsidiaries and consolidated affiliates.
AEP Clean Energy Resources, LLC	A nonregulated holding company for AEP's competitive renewable generation and a wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP Energy	AEP Energy, Inc., a wholly-owned retail electric supplier for customers in Ohio, Illinois and other deregulated electricity markets throughout the United States.
AEP Energy Supply, LLC	A nonregulated holding company for AEP's competitive generation, wholesale and retail businesses, and a wholly-owned subsidiary of AEP.
AEP OnSite Partners, LLC	A wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP Renewables, LLC	A wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEP Texas	AEP Texas Inc., an AEP electric utility subsidiary.
AEP Transmission Holdco	AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of AEP.
AEPEP	AEP Energy Partners, Inc., a subsidiary of AEP dedicated to wholesale marketing and trading, hedging activities, asset management and commercial and industrial sales in the deregulated Ohio and Texas markets.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, a wholly-owned subsidiary of AEP Transmission Holdco, is an intermediate holding company that owns the State Transcos.
AEPTCo Parent	AEP Transmission Company, LLC, the holding company of the State Transcos within the AEPTCo consolidation.
AEPTHCo	AEP Transmission Holding Company, LLC, a subsidiary of AEP, an intermediate holding company that owns transmission operations joint ventures and AEPTCo.
AFUDC	Allowance for Funds Used During Construction.
AGR	AEP Generation Resources Inc., a competitive AEP subsidiary in the Generation & Marketing segment.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
CAA	Clean Air Act.
CO ₂	Carbon dioxide and other greenhouse gases.
Conesville Plant	A generation plant consisting of three coal-fired generating units totaling 1,695 MW located in Conesville, Ohio. The plant is jointly owned by AGR and a nonaffiliate.
Cook Plant	Donald C. Cook Nuclear Plant, a two-unit, 2,278 MW nuclear plant owned by I&M.
CSPCo	Columbus Southern Power Company, a former AEP electric utility subsidiary that was merged into OPCo effective December 31, 2011.
ERCOT	Electric Reliability Council of Texas regional transmission organization.
ETT	Electric Transmission Texas, LLC, an equity interest joint venture between AEP Transmission Holdco and Berkshire Hathaway Energy Company formed to own and operate electric transmission facilities in ERCOT.

AEPTHCO JOINT VENTURE INITIATIVES

AEP has established joint ventures with other electric utility companies for the purpose of developing, building, and owning transmission assets that seek to improve reliability and market efficiency and provide transmission access to remote generation sources in North America (Transmission Joint Ventures).

The Transmission Joint Ventures currently include:

Joint Venture Name	Location	Projected or Actual Completion Date	Owners (Ownership %)	Total Estimated/Actual Project Costs at Completion (in millions)	Approved Return on Equity
ETT	Texas (ERCOT)	(a)	Berkshire Hathaway Energy (50%) AEP (50%)	\$ 3,310.9 (a)	9.6%
Prairie Wind	Kansas	2014	Westar Energy (50%) Berkshire Hathaway Energy (25%) AEP (25%) (b)	158.0	12.8%
Pioneer	Indiana	2018	Duke Energy (50%) AEP (50%)	187.4	10.82%
Transource Missouri	Missouri	2016	Evergy, Inc. (13.5%) (c) AEP (86.5%) (c)	310.5	11.2% (d)
Transource West Virginia	West Virginia	2019	Evergy, Inc. (13.5%) (c) AEP (86.5%) (c)	78.1	10.5%
Transource Maryland	Maryland	2020	Evergy, Inc. (13.5%) (c) AEP (86.5%) (c)	25.0 (e)	10.4% (f)
Transource Pennsylvania	Pennsylvania	2020	Evergy, Inc. (13.5%) (c) AEP (86.5%) (c)	192.0 (e)	10.4% (f)

- (a) ETT is undertaking multiple projects and the completion dates will vary for those projects. ETT's investment in completed, current and future projects in ERCOT over the next ten years is expected to be \$3.3 billion. Future projects will be evaluated on a case-by-case basis.
- (b) AEP owns 25% of Prairie Wind Transmission, LLC (Prairie Wind) through its ownership interest in Electric Transmission America, LLC, which is a 50/50 joint venture with Berkshire Hathaway Energy (formerly known as MidAmerican Energy) and AEP.
- (c) AEP owns 86.5% of Transource Missouri, Transource West Virginia, Transource Maryland and Transource Pennsylvania through its ownership interest in Transource Energy, LLC (Transource). Transource is a joint venture with AEPTHCo and Evergy, Inc. formed to pursue competitive transmission projects. AEPTHCo and Evergy, Inc. own 86.5% and 13.5% of Transource, respectively.
- (d) The ROE represents the weighted average approved ROE based on the costs of two projects developed by Transource Missouri; the \$64 million Iatan-Nashua project (10.3%) and the \$247 million Sibley-Nebraska City project (11.3%).
- (e) In August 2016, Transource Maryland and Transource Pennsylvania received approval from the PJM Interconnection Board to construct portions of a transmission project located in both Maryland and Pennsylvania. The project is expected to go in service in 2020. Project costs are in 2018 dollars.
- (f) In January 2018, Transource Maryland and Transource Pennsylvania received FERC approval of a settlement authorizing an ROE of 10.4%. This reflects a 9.9% base plus 0.5% RTO participation adder.

Transource Missouri, Transource West Virginia, Transource Maryland and Transource Pennsylvania are consolidated joint ventures by AEP. All other joint ventures in the table above are not consolidated by AEP. AEP's joint ventures do not have employees. Business services for the joint ventures are provided by AEPSC and other AEP subsidiaries and the joint venture partners. During 2018, approximately 537 AEPSC employees and 283 operating company employees provided service to one or more joint ventures.

NYS Department of State

Division of Corporations

Entity Information

The information contained in this database is current through August 16, 2019.

Selected Entity Name: AMERICAN ELECTRIC POWER COMPANY, INC.

Selected Entity Status Information

Current Entity Name: AMERICAN ELECTRIC POWER COMPANY, INC.

DOS ID #: 20479

Initial DOS Filing Date:

County: NEW YORK

Jurisdiction: NEW YORK

Entity Type: DOMESTIC BUSINESS CORPORATION

Current Entity Status: ACTIVE

Selected Entity Address Information

DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)

AMERICAN ELECTRIC POWER COMPANY, INC.

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Chief Executive Officer

NICHOLAS K. AKINS

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Principal Executive Office

AMERICAN ELECTRIC POWER COMPANY, INC.

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Registered Agent

C T CORPORATION SYSTEM

28 LIBERTY ST.

NEW YORK, NEW YORK, 10005

This office does not record information regarding the names and addresses of officers, shareholders or directors of nonprofessional corporations except the chief executive officer, if provided, which would be listed above. Professional corporations must include the name(s) and address(es) of the initial officers, directors, and shareholders in the initial certificate of incorporation, however this information is not recorded and only available by [viewing the certificate](#).

*Stock Information

# of Shares	Type of Stock	\$ Value per Share
600000000	Par Value	6.5

*Stock information is applicable to domestic business corporations.

Name History

Filing Date	Name Type	Entity Name
MAY 12, 1958	Actual	AMERICAN ELECTRIC POWER COMPANY, INC.
FEB 18, 1925	Actual	AMERICAN GAS AND ELECTRIC COMPANY

A **Fictitious** name must be used when the **Actual** name of a foreign entity is unavailable for use in New York State. The entity must use the fictitious name when conducting its activities or business in New York State.

NOTE: New York State does not issue organizational identification numbers.

[Search Results](#) [New Search](#)

[Services/Programs](#) | [Privacy Policy](#) | [Accessibility Policy](#) | [Disclaimer](#) | [Return to DOS Homepage](#) | [Contact Us](#)



IOWA SECRETARY OF STATE

Paul D. Pate

[Home](#)
[Business Services](#)
[Search Databases](#)
[Online Filing](#)
[Elections](#)
[Notaries](#)
[Nonprofits](#)
[Youth](#)

Home » Search Databases » Business Entities » Results » Summary

Business Entity Summary

[print](#)

[Summary](#)
[Address](#)
[Agent](#)
[Filings](#)
[Names](#)
[Officers](#)
[Stock](#)
[Search Again](#)

[Print Certificate of Existence](#)

Searched: **berkshire hathaway energy**

Business No.	Legal Name	Status
219908	BERKSHIRE HATHAWAY ENERGY COMPANY	Active
Type	State of Inc.	Modified
Legal	IA	No
Expiration Date	Effective Date	Filing Date
PERPETUAL	8/10/1998	8/10/1998
Chapter		
CODE 490 DOMESTIC PROFIT		

Names (Viewing 3 of 3)

Type	Status	Modified	Name
Legal	Active	No	BERKSHIRE HATHAWAY ENERGY COMPANY
Legal	Inactive	No	MAVERICK REINCORPORATION SUB, INC.
Legal	Inactive	No	MIDAMERICAN ENERGY HOLDINGS COMPANY

Registered Agent or Reserving Party

Full Name	C T CORPORATION SYSTEM
Address	Address 2
400 E COURT AVE	
City, State, Zip	
DES MOINES, IA, 50309	

Home Office

Full Name	
Address	Address 2
666 GRAND AVE #500	
City, State, Zip	
DES MOINES, IA, 503092580	

[↑ Back to Top](#)

FEATURED RESOURCES

[QUICK LINKS](#)
[ONLINE SERVICES](#)
[SEARCH](#)

- [UCC Online Demo](#)
- [Find Your Precinct/Polling Place](#)
- [Am I Registered to Vote in Iowa?](#)
- [Register to Vote](#)
- [Request an Absentee Ballot](#)
- [Track Your Absentee Ballot](#)
- [Business Resources](#)

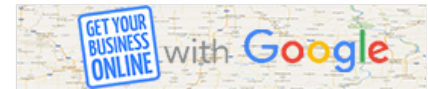




ADDRESS CONFIDENTIALITY PROGRAM



HOW CAN THE SECRETARY HELP YOU?



PUT YOUR BUSINESS ON GOOGLE



CONSTITUENT SERVICES

STAY CONNECTED



JOIN OUR MAILING LIST

Email Address

SIGN UP

Secretary of State
First Floor, Lucas Building
321 E. 12th St.
Des Moines, IA 50319

Home | State of Iowa | Sitemap | Disclaimer | Contact Us
sos@sos.iowa.gov | (888) 767-8683

Entergy Texas, Inc.

10-K 1 etr-12312018x10k.htm 10-K

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

**X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2018

OR

**TRANSITION REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000 72-1229752	1-35747	ENTERGY NEW ORLEANS, LLC (a Texas limited liability company) 1600 Perdido Street New Orleans, Louisiana 70112 Telephone (504) 670-3700 82-2212934
1-10764	ENTERGY ARKANSAS, LLC (a Texas limited liability company) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000 83-1918668	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 10055 Grogans Mill Road The Woodlands, Texas 77380 Telephone (409) 981-2000 61-1435798
1-32718	ENTERGY LOUISIANA, LLC (a Texas limited liability company) 4809 Jefferson Highway Jefferson, Louisiana 70121 Telephone (504) 576-4000 47-4469646	1-09067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000 72-0752777
1-31508	ENTERGY MISSISSIPPI, LLC (a Texas limited liability company) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000 83-1950019		

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Class	Name of Each Exchange on Which Registered
Entergy Corporation	Common Stock, \$0.01 Par Value – 189,580,512 shares outstanding at January 31, 2019	New York Stock Exchange, Inc. Chicago Stock Exchange, Inc.
Entergy Arkansas, LLC	Mortgage Bonds, 4.90% Series due December 2052 Mortgage Bonds, 4.75% Series due June 2063 Mortgage Bonds, 4.875% Series due September 2066	New York Stock Exchange, Inc. New York Stock Exchange, Inc. New York Stock Exchange, Inc.
Entergy Louisiana, LLC	Mortgage Bonds, 5.25% Series due July 2052 Mortgage Bonds, 4.70% Series due June 2063 Mortgage Bonds, 4.875% Series due September 2066	New York Stock Exchange, Inc. New York Stock Exchange, Inc. New York Stock Exchange, Inc.
Entergy Mississippi, LLC	Mortgage Bonds, 4.90% Series due October 2066	New York Stock Exchange, Inc.
Entergy New Orleans, LLC	Mortgage Bonds, 5.0% Series due December 2052 Mortgage Bonds, 5.50% Series due April 2066	New York Stock Exchange, Inc. New York Stock Exchange, Inc.
Entergy Texas, Inc.	Mortgage Bonds, 5.625% Series due June 2064	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of Class
Entergy Texas, Inc.	Common Stock, no par value

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

	Yes	No
Entergy Corporation	✓	
Entergy Arkansas, LLC		✓
Entergy Louisiana, LLC	✓	
Entergy Mississippi, LLC		✓
Entergy New Orleans, LLC		✓
Entergy Texas, Inc.		✓
System Energy Resources, Inc.		✓

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

	Yes	No
Entergy Corporation		✓
Entergy Arkansas, LLC		✓
Entergy Louisiana, LLC		✓
Entergy Mississippi, LLC		✓
Entergy New Orleans, LLC		✓
Entergy Texas, Inc.		✓
System Energy Resources, Inc.		✓

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

[Table of Contents](#)

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Securities Exchange Act of 1934.

	Large accelerated filer	Accelerated filer	Non- accelerated filer	Smaller reporting company	Emerging growth company
Entergy Corporation	✓				
Entergy Arkansas, LLC			✓		
Entergy Louisiana, LLC			✓		
Entergy Mississippi, LLC			✓		
Entergy New Orleans, LLC			✓		
Entergy Texas, Inc.			✓		
System Energy Resources, Inc.			✓		

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

System Energy Resources, Inc. meets the requirements set forth in General Instruction I(1) of Form 10-K and is therefore filing this Form 10-K with reduced disclosure as allowed in General Instruction I(2). System Energy Resources, Inc. is reducing its disclosure by not including Part III, Items 10 through 13 in its Form 10-K.

The aggregate market value of Entergy Corporation Common Stock, \$0.01 Par Value, held by non-affiliates as of the end of the second quarter of 2018 was \$14.6 billion based on the reported last sale price of \$80.79 per share for such stock on the New York Stock Exchange on June 29, 2018. Entergy Corporation is the sole holder of the common stock of Entergy Texas, Inc. and System Energy Resources, Inc. Entergy Corporation is the direct and indirect holder of the common membership interests of Entergy Utility Holding Company, LLC, which is the sole holder of the common membership interests of Entergy Arkansas, LLC, Entergy Louisiana, LLC, Entergy Mississippi, LLC, and Entergy New Orleans, LLC.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement of Entergy Corporation to be filed in connection with its Annual Meeting of Stockholders, to be held May 3, 2019, are incorporated by reference into Part III hereof.



(<https://www.sos.la.gov/Pages/default.aspx>)

Search for Louisiana Business Filings

GET HELP

[Buy Certificates and Certified Copies](#)

[Subscribe to Electronic Notification](#)

[Print Detailed Record](#)

Name	Type	City	Status
ENTERGY CORPORATION	Business Corporation (Non-Louisiana)	WILMINGTON	Active

Previous Names

ENTERGY-GSU HOLDINGS, INC. (Changed: 7/28/1994)

Business: ENTERGY CORPORATION

Charter Number: 34451598F

Registration Date: 1/1/1994

Domicile Address

1209 ORANGE STREET
WILMINGTON, DE 19801

Mailing Address

C/O LEAH DAWSEY
639 LOYOLA AVENUE, 26TH FLOOR
NEW ORLEANS, LA 70113

Principal Business Office

639 LOYOLA AVENUE
NEW ORLEANS, LA 70113

Registered Office in Louisiana

639 LOYOLA AVENUE, 26TH FLOOR
NEW ORLEANS, LA 70113

Principal Business Establishment in Louisiana

639 LOYOLA AVENUE
NEW ORLEANS, LA 70113

Status

Status: Active

Annual Report Status: In Good Standing

Qualified: 1/1/1994

Last Report Filed: 12/12/2018

Type: Business Corporation (Non-Louisiana)

Registered Agent(s)

Agent:	MARCUS V. BROWN
Address 1:	639 LOYOLA AVENUE, 26TH FLOOR
City, State, Zip:	NEW ORLEANS, LA 70113
Appointment Date:	8/8/2006

Officer(s)

Additional Officers: No

Lone Star Transmission, LLC

PROJECT NO. 36867

**ANNUAL REPORT OF AFFILIATE ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

REQUIRED BY PUBLIC UTILITY COMMISSION OF TEXAS
SUBSTANTIVE RULE 25.84

LONE STAR TRANSMISSION, LLC

5920 W. William Cannon Dr., Building 2, Austin, TX 78749
(512) 236-3130



**LONE STAR TRANSMISSION, LLC
2018 ANNUAL REPORT OF AFFILIATE ACTIVITIES**

TABLE OF CONTENTS

Report Attestation	2
I. Organization Chart.....	3
II. Organization Ownership and Scope of Business	4
III. Financial Summaries of Utility-Affiliate Transactions.....	18
IV. Contracts and Service Agreements	24
V. Migration of Employees	26
VI. Informal Complaint Resolution	26
VII. Deviations from Code of Conduct	26
VIII. Compliance Plan Updates	26
IX. Audits of Affiliate Transactions.....	26

**LONE STAR TRANSMISSION, LLC
2018 ANNUAL REPORT OF AFFILIATE ACTIVITIES**

Report Attestation Required by P.U.C. SUBST. R. 25.71(d)

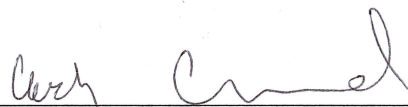
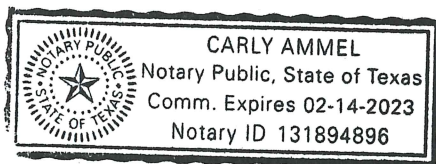
**State of Texas §
County of Travis §**

I, Aundrea Williams, President of Lone Star Transmission, LLC, on my oath state that the following report has been prepared under my direction, from the original books, papers, and records of Lone Star Transmission, LLC; that I have carefully examined the report, and declare the report to be a correct statement of the business and affairs of Lone Star Transmission, LLC for the period covered by this report in respect to each and every matter and thing set forth therein, to the best of my knowledge, information, and belief.



Aundrea Williams
President
Lone Star Transmission, LLC

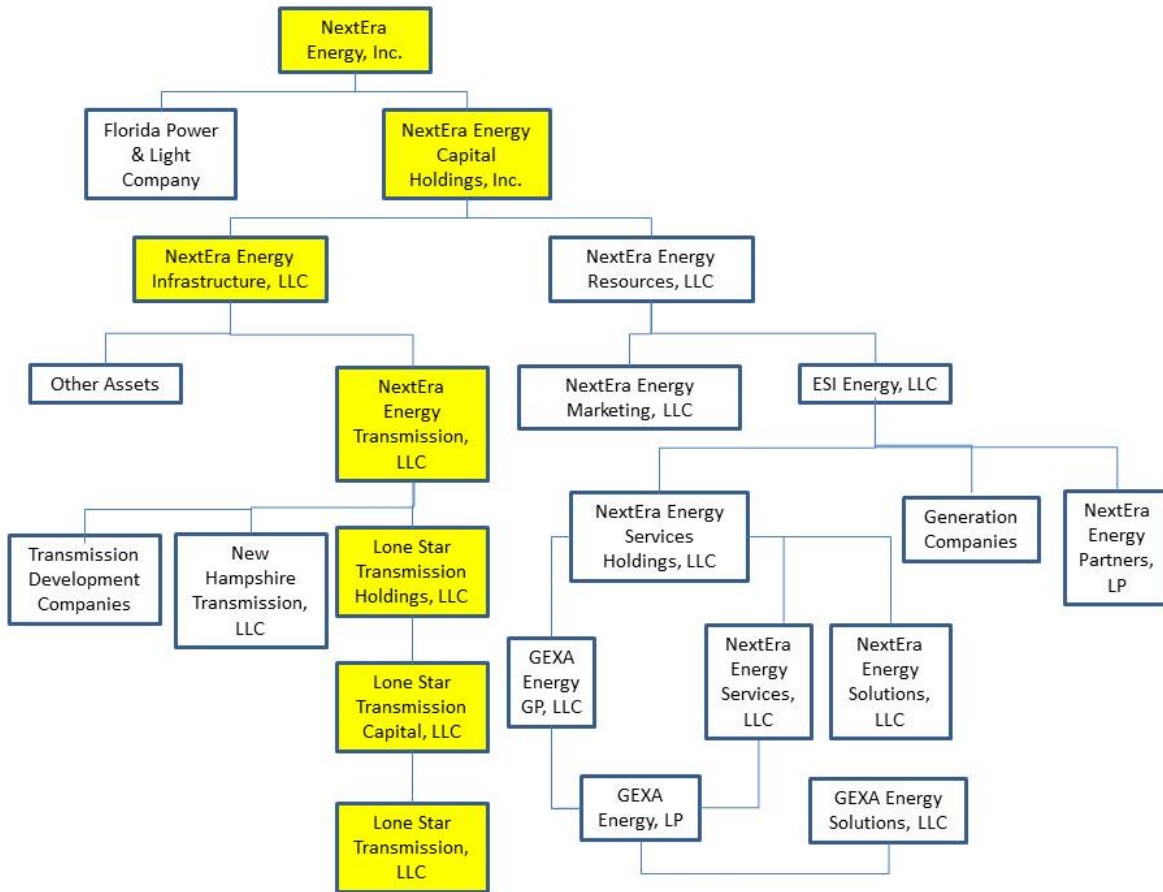
Subscribed and sworn to before me this 31st day of May, 2019.



Notary Public in and for Travis County,
State of Texas

I. Organization Chart

Below is a simplified organization chart depicting Lone Star Transmission, LLC (“Lone Star”) and key affiliates within the NextEra Energy, Inc. (“NextEra Energy,” or “NEE”) family of companies. Attached is a full organization chart for the parent company, NextEra Energy, and all affiliate companies reflecting the name of each affiliate company, the ownership structure, and the percentage of ownership of each affiliate company.





[Department of State](#) / [Division of Corporations](#) / [Search Records](#) / [Detail By Document Number](#) /

Detail by Entity Name

Florida Profit Corporation
NEXTERA ENERGY, INC.

Filing Information

Document Number	M04961
FEI/EIN Number	59-2449419
Date Filed	09/10/1984
State	FL
Status	ACTIVE
Last Event	RESTATED ARTICLES
Event Date Filed	05/22/2015
Event Effective Date	NONE

Principal Address

700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Changed: 02/17/2009

Mailing Address

700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Changed: 02/17/2009

Registered Agent Name & Address

LEE, DAVID M
700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Name Changed: 10/20/2016

Address Changed: 10/20/2016

Officer/Director Detail

Name & Address

Title Chairman, President & CEO

ROBO, JAMES L
700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Title EVP, Finance and CFO

KETCHUM, JOHN W
700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Title EVP & General Counsel

SIEVING, CHARLES E
700 UNIVERSE BLVD.
JUNO BEACH, FL 33408

Title Treasurer

CUTLER, PAUL I
700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Title VP, Compliance & Corporate Secretary

Seeley, W. Scott
700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Title Asst. Secretary

Plotsky, Melissa A
700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Annual Reports

Report Year	Filed Date
2017	01/03/2017
2018	01/09/2018
2019	01/02/2019

Document Images

01/02/2019 -- ANNUAL REPORT	View image in PDF format
01/09/2018 -- ANNUAL REPORT	View image in PDF format
01/03/2017 -- ANNUAL REPORT	View image in PDF format
10/20/2016 -- Reg. Agent Change	View image in PDF format
01/06/2016 -- ANNUAL REPORT	View image in PDF format
05/22/2015 -- Amended and Restated Articles	View image in PDF format
05/21/2015 -- Amendment	View image in PDF format
01/07/2015 -- ANNUAL REPORT	View image in PDF format
01/09/2014 -- ANNUAL REPORT	View image in PDF format
03/07/2013 -- ANNUAL REPORT	View image in PDF format
02/10/2012 -- ANNUAL REPORT	View image in PDF format
02/14/2011 -- ANNUAL REPORT	View image in PDF format
05/25/2010 -- Restated Articles	View image in PDF format

09/29/2010 -- Restated Articles	View image in PDF format
05/21/2010 -- Name Change	View image in PDF format
02/04/2010 -- ANNUAL REPORT	View image in PDF format
02/23/2009 -- ANNUAL REPORT	View image in PDF format
02/17/2009 -- ANNUAL REPORT	View image in PDF format
01/18/2008 -- ANNUAL REPORT	View image in PDF format
02/09/2007 -- ANNUAL REPORT	View image in PDF format
07/03/2006 -- Amendment	View image in PDF format
03/24/2006 -- ANNUAL REPORT	View image in PDF format
03/11/2005 -- Amendment	View image in PDF format
03/10/2005 -- ANNUAL REPORT	View image in PDF format
05/28/2004 -- Amendment	View image in PDF format
02/20/2004 -- ANNUAL REPORT	View image in PDF format
03/10/2003 -- ANNUAL REPORT	View image in PDF format
04/10/2002 -- ANNUAL REPORT	View image in PDF format
03/28/2001 -- ANNUAL REPORT	View image in PDF format
03/17/2000 -- ANNUAL REPORT	View image in PDF format
03/17/1999 -- ANNUAL REPORT	View image in PDF format
04/13/1998 -- ANNUAL REPORT	View image in PDF format
03/21/1997 -- ANNUAL REPORT	View image in PDF format
03/12/1996 -- ANNUAL REPORT	View image in PDF format
04/10/1995 -- ANNUAL REPORT	View image in PDF format

**Oncor Electric
Delivery Company
LLC**

Project No. 36867

RECEIVED
2019 MAY 31 PM 2:39
PUBLIC UTILITY COMMISSION
FILING CLERK

**ANNUAL REPORT OF AFFILIATE ACTIVITIES
FOR ELECTRIC UTILITIES**

(Required by P.U.C. SUBST. R. 25.84, relating to
Annual Reporting of Affiliate Transactions for Electric Utilities)

ONCOR ELECTRIC DELIVERY COMPANY LLC

1616 Woodall Rodgers Freeway
Dallas, TX 75202-1234

FOR THE YEAR ENDED DECEMBER 31, 2018

260

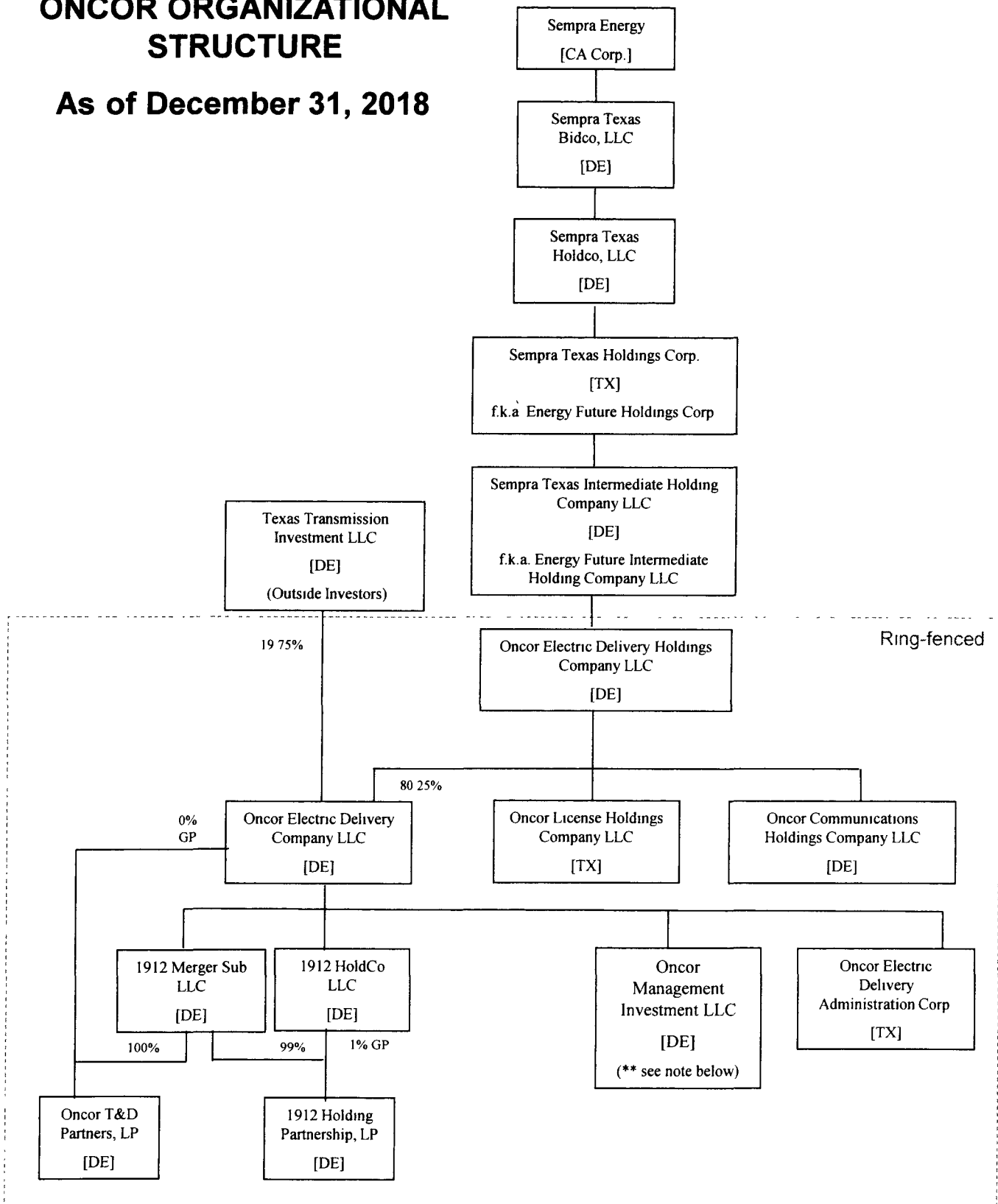
I. ORGANIZATION CHART

- A. Provide an organization chart showing the parent company, all affiliated companies, and the percentage of ownership of each company.
- B. To ensure legibility, use additional charts and extra sheets of paper as necessary to detail the organization.

Please see the attached Oncor Organizational Structure chart as of December 31, 2018 for Oncor's direct owners and Oncor's subsidiaries as of December 31, 2018. Please note that not all affiliates of Sempra Energy are on the organization chart due to the large number of entities. A separate list of Sempra Energy's affiliated companies and their respective percentage ownership by Sempra Energy is attached and labeled "Sempra Energy's Active Entities for Oncor as of December 31, 2018".

ONCOR ORGANIZATIONAL STRUCTURE

As of December 31, 2018

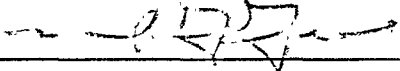


* Oncor Electric Delivery Company LLC owns 32% of 926 Pulliam Street, LLC [TX]

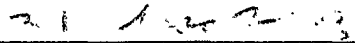
** Oncor holds 100% of the Class A membership interests in Oncor Management Investment LLC (Investment LLC). Certain current and former management employees and independent directors of Oncor beneficially own Class B membership interests in Investment LLC.

ATTESTATION STATEMENT

Pursuant to P.U.C. Subst. R. 25.71(d), I attest that the information provided in this Annual Report of Affiliate Activities for Electric Utilities has been reviewed internally for accuracy and I have the authority to make this report on behalf of Oncor Electric Delivery Company, LLC.



Michael G. Grable



Date

Alex Padilla
California Secretary of State



Business Search - Entity Detail

The California Business Search is updated daily and reflects work processed through Monday, August 19, 2019. Please refer to document **Processing Times** for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity. Not all images are available online.

C1991515 SEMPRA ENERGY

Registration Date: 10/11/1996
Jurisdiction: CALIFORNIA
Entity Type: DOMESTIC STOCK
Status: ACTIVE
Agent for Service of Process: **CORPORATION SERVICE COMPANY WHICH WILL DO BUSINESS IN CALIFORNIA AS CSC - LAWYERS INCORPORATING SERVICE (C1592199)**
 To find the most current California registered Corporate Agent for Service of Process address and authorized employee(s) information, click the link above and then select the most current 1505 Certificate.

Entity Address: 488 8TH AVE
 SAN DIEGO CA 92101
Entity Mailing Address: 488 8TH AVE
 SAN DIEGO CA 92101

A Statement of Information is due EVERY year beginning five months before and through the end of October.

Document Type	↕	File Date	↕	PDF
PUBLICLY TRADED DISCLOSURE		08/05/2019		
SI-COMPLETE		11/19/2018		
SI-COMPLETE		09/27/2018		
AMENDMENT		07/11/2018		
PUBLICLY TRADED DISCLOSURE		05/17/2018		
AMENDMENT		01/05/2018		
PUBLICLY TRADED DISCLOSURE		05/11/2017		
PUBLICLY TRADED DISCLOSURE		05/11/2016		

Document Type	File Date	PDF
PUBLICLY TRADED DISCLOSURE	05/12/2015	
PUBLICLY TRADED DISCLOSURE	05/27/2014	
PUBLICLY TRADED DISCLOSURE	05/29/2013	
PUBLICLY TRADED DISCLOSURE	05/25/2012	
PUBLICLY TRADED DISCLOSURE	05/31/2011	
PUBLICLY TRADED DISCLOSURE	12/17/2010	
PUBLICLY TRADED DISCLOSURE	05/27/2009	
PUBLICLY TRADED DISCLOSURE	07/22/2008	
RESTATED REGISTRATION	05/23/2008	
AMENDMENT	12/04/2007	
PUBLICLY TRADED DISCLOSURE	06/04/2007	
PUBLICLY TRADED DISCLOSURE	05/31/2006	
AMENDMENT	05/08/2006	
PUBLICLY TRADED DISCLOSURE	05/31/2005	
PUBLICLY TRADED DISCLOSURE	02/19/2004	Image unavailable. Please request paper copy.
AMENDMENT	06/08/1998	
RESTATED REGISTRATION	03/27/1998	
REGISTRATION	10/11/1996	

* Indicates the information is not contained in the California Secretary of State's database.

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Please refer to California Corporations Code **section 2114** for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to **Name Availability**.
- If the image is not available online, for information on ordering a copy refer to **Information Requests**.
- For information on ordering certificates, status reports, certified copies of documents and copies of documents not currently available in the Business Search or to request a more extensive search for records, refer to **Information Requests**.

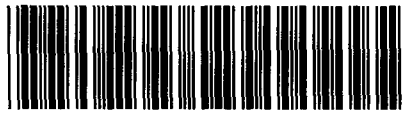
- For help with searching an entity name, refer to [Search Tips](#).
- For descriptions of the various fields and status types, refer to [Frequently Asked Questions](#).

Modify Search

New Search

Back to Search Results

Sharyland Utilities, L.L.C.



Control Number: 48929



Item Number: 414

Addendum StartPage: 0

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**

RECEIVED
 2019 MAY -9 PH 2:29
 PUBLIC UTILITY COMMISSION
 FILING CLERK

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,

414

39.262(l) through (o), and 39.915, because of the regulatory commitments that have been made by the joint applicants as described in this Order.

The joint applicants, Commission Staff, the Office of the Public Utility Counsel (OPUC), the Alliance for Retail Markets (ARM), the Steering Committee of Cities Served by Oncor (Cities), the Texas Energy Association for Marketers (TEAM), and the Texas Industrial Energy Consumers (TIEC) entered into an unopposed settlement agreement dated April 5, 2019. On April 9, 2019, a revised settlement agreement reflecting various non-substantive changes was filed, with an additional signatory, Hunt Consolidated, Inc. (collectively, with the parties to the April 5 agreement, the signatories). The other parties to this docket—the Electric Reliability Council of Texas, Inc. (ERCOT); the City of Lubbock; Golden Spread Electric Cooperative, Inc.; and the Texas Cotton Ginners' Association—did not join, but do not oppose, the revised settlement agreement.

I. Discussion

A. The Proposed Transactions and the Related GS-CV Transactions

This docket involves multiple transactions that will occur concurrently, all of which are required to accomplish the following results: (1) the termination of the real estate investment trust (REIT) status of InfraREIT and of agreements between SDTS and Sharyland Utilities, L.P. by which Sharyland Utilities, L.P. leases and operates SDTS's assets; (2) SDTS becoming the North Texas Utility, an indirect, wholly-owned subsidiary of Oncor that will own transmission and distribution assets previously owned by either Sharyland Utilities, L.P. or SDTS in north, central, and west Texas, including the Golden Spread project¹ and the Lubbock Power & Light (LP&L) projects;² and (3) Sharyland Utilities, L.P. (through its successor Sharyland Utilities, L.L.C.) remaining a utility that owns transmission and distribution assets previously owned by either

¹ The term Golden Spread project refers to the 52-mile, 345-kV Antelope-Elk Energy Center–White River transmission line. Sharyland Utilities, L.P. obtained the CCN for this line in Docket No. 42063. Direct Testimony of D. Greg Wilks, SU Ex. 1 at 4:19–20; 5:1–3.

² The term LP&L projects refers to the transmission projects that are necessary to integrate a portion of the load served by Lubbock Power & Light into ERCOT, which integration was approved by the Commission in Docket No. 47576. SU Ex. 1 at 5:3–6.

Sharyland Utilities, L.P. or SDTS in south Texas, with Sempra Energy indirectly owning 50% of Sharyland Utilities, L.L.C.³

The first transaction is governed by an asset exchange agreement⁴ that re-aligns the transmission assets and certain related assets owned by Sharyland Utilities, L.P. and SDTS and results in SDTS's ownership of transmission and distribution assets only in north, central, and west Texas, and Sharyland Utilities, L.P.'s ownership (through its successor Sharyland Utilities, L.L.C.) of transmission and distribution assets only in south Texas.⁵ Under the asset exchange agreement, Sharyland Utilities, L.P. will transfer the equity interest GS Project Entity, L.L.C. (the owner of the Golden Spread Project), the LP&L projects, and certain generation interconnection agreements, along with associated assets, liabilities, and working capital, to SDTS.⁶ In exchange, Sharyland Utilities, L.P. will receive all of SDTS's assets located in south Texas, including the high-voltage direct-current tie and associated transmission facilities in the McAllen area.⁷ The assets will be exchanged at net book value, and any difference will be paid in cash at closing.⁸ As of June 30, 2018, the assets that Sharyland Utilities, L.P. will transfer to SDTS have a net book value of \$115.5 million, and the assets that SDTS will transfer to Sharyland Utilities, L.P. have a net book value of \$104.8 million.⁹

The second transaction is governed by the Oncor merger agreement¹⁰ and will result in Oncor's direct or indirect ownership of all outstanding ownership interests of InfraREIT and InfraREIT Partners (including indirect ownership of SDTS) and in InfraREIT's status as a REIT

³ *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*, Joint Applicants Ex. 1 at 5–6 and Exhibit B at 1–2; Direct Testimony of Don J. Clevenger, Oncor Ex. 1 at 11:9–18.

⁴ *Agreement and Plan of Merger by and among Sharyland Utilities, L.P., Sharyland Distribution & Transmission Services, L.L.C., and Oncor Electric Delivery Company LLC* (Oct. 18, 2018); Oncor Ex. 1 at Exhibit DJC-1.

⁵ Joint Applicants Ex. 1 at 11; Oncor Ex. 1 at 11:22–28 and Exhibit DJC-1.

⁶ Joint Applicants Ex. 1 at 5; SU Ex. 1 at 8:20–23 and Exhibit DGW-4.

⁷ SU Ex. 1 at 8:23–26 and Exhibit DGW-4.

⁸ *Id.*, 9:1–2.

⁹ *Id.*, 9:2–4.

¹⁰ *Agreement and Plan of Merger by and Among Oncor Electric Delivery Company LLC, 1912 Merger Sub LLC, Oncor T&D Partners, LP., InfraREIT, Inc., and InfraREIT Partners, LP* (Oct. 18, 2018); Oncor Ex. 1 at Exhibit DJC-2.

being terminated.¹¹ InfraREIT's separate corporate existence will cease after the merger, thus eliminating the current REIT structure, and Oncor will operate and indirectly own SDTS's post-asset exchange assets through its wholly-owned subsidiary, the North Texas Utility, which will be the surviving entity of the merger.¹² The aggregate purchase price for InfraREIT under the Oncor merger agreement is approximately \$1.275 billion, resulting in InfraREIT's stockholders and limited partners of InfraREIT Partners receiving \$21.00 per share in cash.¹³ Oncor will also assume or refinance approximately \$945 million of existing InfraREIT debt.¹⁴

The third transaction is governed by the Sempra purchase agreement,¹⁵ which involves Sempra Energy's purchase of 50% of the indirect, equity interests of the restructured Sharyland Utilities, L.L.C. Sharyland Utilities, L.P. will be converted into a Delaware limited liability company, Sharyland Utilities, L.L.C. After the conversion, Sempra Texas, a wholly-owned subsidiary of Sempra Energy, will acquire 50% of the limited-partner interests in Sharyland Holdings, L.P., which will own 100% of the equity interests in Sharyland Utilities, L.L.C., for approximately \$98 million, subject to customary adjustments.¹⁶

This docket also involves two related transactions in which GS Project Entity, L.L.C. (the owner of the Golden Spread project) will merge into the North Texas Utility, and CV Project Entity, L.L.C. (the owner of the Cross Valley project)¹⁷ will merge into Sharyland Utilities, L.L.C. (together, the related GS-CV transactions).¹⁸ The related GS-CV transactions facilitate the complete division of the North Texas Utility assets from Sharyland Utilities, L.L.C.'s assets.¹⁹ The

¹¹ Oncor Ex. 1 at 12:6–9.

¹² Direct Testimony of Brant Meleski, SDTS Exhibit 1 at 8:13–15.

¹³ SU Ex. 1 at 9:4–7.

¹⁴ *Id.*, 9:7–8.

¹⁵ *Agreement and Plan of Merger by and Among Oncor Electric Delivery Company LLC, 1912 Merger Sub LLC, Oncor T&D Partners, LP., InfraREIT, Inc., and InfraREIT Partners, LP* (Oct. 18, 2018); Direct Testimony of Trevor I. Mihalik, Sempra Ex. 1 at 7:10–12 and 17:4; SU Ex. 1 at Exhibit DGW-5; Oncor Ex. 1 at 12:18–21.

¹⁶ Sempra Ex. 1 at 17:5–11; SU Ex. 1 at 9:10–13.

¹⁷ The Cross Valley project refers to an approximately 50% interest of the 345-kV, North Edinburg–Loma Alta transmission line. Sharyland Utilities, L.P. obtained the CCN for this line in Docket No. 41606. SU Ex. 1 at 4:21–5:3.

¹⁸ Oncor Ex. 1 at 12:28–30.

¹⁹ Direct Testimony of Stephen N. Ragland, Oncor Ex. 3 at 8:16–18.

goal of these mergers is to eliminate additional corporate entities once they are no longer necessary.²⁰

B. Regulatory Commitments

Oncor, Sempra Energy, and Sharyland Utilities, L.P. agreed to the regulatory commitments set forth in findings of fact 79 through 100 below. These commitments include, among others, a commitment to provide \$17 million in merger-savings rate credits, a commitment to provide rate credits equal to 90% of any interest-rate savings realized, and a commitment to implement a ring fence at Sharyland Utilities, L.L.C. In addition, Oncor and Sharyland Utilities, L.P. have committed not to seek recovery of certain outstanding regulatory assets.

The Commission finds that all regulatory commitments discussed in this Order must be imposed in order to find that the proposed transactions and the related GS-CV transactions are in the public interest under PURA §§ 14.101, 39.262(*l*) through (m), and 39.915. Moreover, the Commission may enforce these regulatory commitments under PURA §§ 39.262(o) and 39.915(d).

The Commission adopts the following findings of fact and conclusions of law.

II. Findings of Fact

Application

1. On November 30, 2018, Oncor, SDTS, Sharyland Utilities, L.P., and Sempra Energy (collectively, the joint applicants) jointly filed a report and application for Commission approval of the proposed transactions and the related GS-CV transactions under PURA §§ 14.101, 37.154, 39.262(*l*) through (m), and 39.915.
2. In Order No. 3 issued December 20, 2018, the Commission administrative law judge (ALJ) found the application sufficient, memorialized the prehearing conference, and adopted a procedural schedule.

Notice

3. In Order No. 3 issued December 20, 2018, the Commission ALJ found the proposed notice reasonable.

²⁰ Oncor Ex. 3 at 8:18–19.

4. Oncor provided notice of the transactions at issue in this docket by first-class mail to the following: (a) all affected counties and municipalities; (b) all entities listed in the Commission's transmission matrix in Docket No. 47777;²¹ (c) all neighboring utilities and electric cooperatives of Sharyland Utilities, L.P. and SDTS; and (d) all authorized representatives for parties in Docket No. 45414.²²
5. Notice of the proposed transactions was published in newspapers having general circulation in all counties served by Oncor, Sharyland Utilities, L.P., and SDTS, including those counties in which the assets to be exchanged under the asset exchange agreement are located. The notice was published once a week for two consecutive weeks within the periods of December 19, 2018 through January 16, 2019, with the exception of *The Texas Spur*, which published notice on January 17 and 24, 2019, based on its extended holiday closure.
6. On February 5, 2019, the joint applicants filed the affidavit of Teri Smart, director of regulatory support and compliance for Oncor, who attested that Oncor had provided notice as described in findings of fact 4 and 5.

Intervenors

7. In Order No. 2 issued December 11, 2018, the Commission granted OPUC's and Cities' motions to intervene.
8. On December 18, 2018, the Commission ALJ held a prehearing conference and granted the motions to intervene of TIEC, the Texas Cotton Ginners' Association, and the City of Lubbock through Lubbock Power & Light (Lubbock).
9. In Order No. 5 issued January 14, 2019, the Commission ALJ granted the motions to intervene of ERCOT, ARM, and TEAM.
10. In Order No. 6 issued January 17, 2019, the Commission ALJ granted the motion to intervene of Golden Spread Electric Cooperative, Inc.

²¹ *Commission Staff's Application to Set 2018 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 47777, Order (Mar. 29, 2018).

²² *Review of Rates of Sharyland Utilities, L.P., Establishment of Rates for Sharyland Distribution & Transmission Services, LLC, and Request for Grant of a Certificate of Convenience and Necessity and Transfer of Certificate Rights*, Docket No. 45414, Order Dismissing Proceeding (Sept. 29, 2017).

11. On April 8, 2019, Hunt Consolidated, Inc. filed a late motion to intervene.
12. On April 10, 2019, the ALJ granted Hunt Consolidated, Inc.'s motion to intervene.

Testimony

13. On December 18, 2018, SDTS filed the supplemental direct testimony of Brant Meleski.
14. On February 1, 2019, Oncor filed the supplemental direct testimonies of Stephen N. Ragland and Wesley R. Speed, and Sharyland Utilities, L.P. filed the supplemental direct testimony of D. Greg Wilks.
15. On February 13, 2019, Commission Staff filed its response to the joint applicants' supplemental direct testimony and its recommendation on rate issues.
16. On February 21, 2019, the joint applicants filed their reply to Commission Staff's February 13, 2019 filings.
17. On February 21, 2019, Oncor filed a response to Commission Staff's recommendation on rate issues.
18. On February 28, 2019, the Texas Cotton Ginners' Association filed its statement of position.
19. On March 5, 2019, Golden Spread filed its statement of position.
20. On March 5, 2019, Cities filed the direct testimony of Lane Kollen, ERCOT filed the direct testimony of William Blevins, TIEC filed the direct testimony of Charles S. Griffey, and OPUC filed the direct testimony of Cynthia L. Zamora.
21. On March 22, 2019, Commission Staff filed the direct testimonies of John Antonuk, Blake Ianni, Anna Givens, Darryl Tietjen, and Nancy Palma.
22. On March 27, 2019, ERCOT filed the supplemental direct testimony of William Blevins.
23. On April 3, 2019, the joint applicants filed their rebuttal testimony: Oncor filed the rebuttal testimonies of Don J. Clevenger, Stephen N. Ragland, Wesley R. Speed, and Salvatore P. Montalbano; Sharyland Utilities, L.P. filed the rebuttal testimonies of Ellen Lapson and D. Greg Wilks; and Sempra Energy filed the rebuttal testimony of Trevor I. Mihalik.

Scope of Hearing

24. On January 18, 2019, the Commission issued a preliminary order identifying the issues to be addressed in this proceeding.
25. On February 28, 2019, the Commission referred this docket to the State Office of Administrative Hearings (SOAH) for the limited purpose of considering and resolving all discovery disputes.
26. On March 1, 2019, the Commission issued an amended preliminary order identifying the issues to be addressed and not to be addressed in this proceeding.
27. In SOAH Order No. 1 issued March 7, 2019, the SOAH ALJ addressed discovery disputes and requested the filing of a statement indicating whether any additional discovery issues were ripe for a ruling.

Settlement Agreement

28. On April 5, 2019, the joint applicants, Commission Staff, OPUC, ARM, Cities, TEAM, and TIEC filed a settlement agreement.
29. On April 8, 2019, the Commission ALJ held a prehearing conference in which the following evidence was admitted into the record: (a) the joint report and application, including the direct testimonies of Don J. Clevenger, Stephen N. Ragland, Wesley R. Speed, Salvatore P. Montalbano, Brant Meleski, D. Greg Wilks, and Trevor I. Mihalik; (b) an affidavit attesting to the provision of notice; (c) the supplemental direct testimony of Brant Meleski, filed on December 18, 2018; (d) the supplemental direct testimonies of Stephen N. Ragland, Wesley R. Speed, and D. Greg Wilks, filed on February 1, 2019; (e) the direct testimony of Lane Kollen filed on behalf of Cities on March 5, 2019; (f) the direct testimony of William Blevins filed on behalf of ERCOT on March 5, 2019; (g) the direct testimony of Charles Griffey filed on behalf of TIEC on March 5, 2019; (h) the direct testimony of Cynthia Zamora filed on behalf of OPUC on March 5, 2019; (i) the direct testimonies of John Antonuk, Blake Ianni, Anna Givens, Darryl Tietjen, and Nancy Palma filed on behalf of Commission Staff on March 22, 2019.
30. On April 9, 2019, the signatories filed the revised settlement agreement to reflect various non-substantive changes to the settlement agreement and to add Hunt Consolidated, Inc. as

an additional signatory (collectively, with the parties to the April 5 agreement, the signatories).

31. The signatories agreed that the revised settlement agreement resolves all issues among them related to this proceeding and that the revised settlement agreement is binding on each of the signatories for the purpose of resolving the issues set forth in the revised settlement agreement.

Description of the Transactions

32. The joint report and application and the direct testimonies of Don J. Clevenger and D. Greg Wilks describe the proposed transactions.
33. In the joint report and application, the joint applicants requested Commission approval of the following: (a) the proposed exchange of transmission assets between SDTS and Sharyland Utilities, L.P. that will result in SDTS's ownership of transmission assets exclusively in north, central, and west Texas (including the Golden Spread project and the LP&L projects) and certain other related assets, and in Sharyland Utilities, L.P.'s ownership of transmission assets exclusively in south Texas; (b) the necessary amendments to the 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; (c) the proposed acquisition by Oncor of InfraREIT, Inc. and InfraREIT Partners; (d) the proposed acquisition by Sempra Energy of a 50% indirect interest in Sharyland Utilities, L.L.C. (collectively with (a), (b), and (c), the proposed transactions); and (e) the related GS-CV transactions.
34. Sharyland Utilities, L.P.'s equity interest in SDTS is cancelled as a result of the asset exchange agreement.
35. The asset exchange agreement aligns the assets that SDTS and Sharyland Utilities, L.P. hold today into two distinct, geographically aligned utilities: the North Texas Utility and Sharyland Utilities, L.L.C.
36. Under the asset exchange agreement, the difference between the net book value of the assets exchanged between SDTS and Sharyland Utilities, L.P. will be paid in cash at closing.

37. Oncor, InfraREIT, InfraREIT Partners, 1912 Merger Sub LLC, and Oncor T&D Partners, LP entered into the Oncor merger agreement dated October 18, 2018. Under the Oncor merger agreement, Oncor will acquire InfraREIT and InfraREIT Partners, resulting in Oncor owning and operating all of SDTS's post-transaction assets.
38. Under the Oncor merger agreement, Oncor will acquire InfraREIT and InfraREIT Partners through (a) a cash payment of \$21.00 per share to InfraREIT's stockholders and per partnership interest to InfraREIT Partners' limited partners, totaling approximately \$1.275 billion and (b) assumption or refinancing of the outstanding debt of InfraREIT's subsidiaries Transmission and Distribution Company, L.L.C. and SDTS (approximately \$945 million as of September 30, 2018).
39. Oncor intends to finance the cash purchase price with capital contributions from Sempra Energy and Texas Transmission Investment LLC (TTI) under an equity-commitment letter dated October 18, 2018, entered into by Oncor, Sempra Energy, and certain of TTI's indirect owners. Sempra Energy indirectly owns 80.25% of Oncor, and TTI owns the remaining 19.75%. Sempra Energy and TTI will provide capital contributions in proportion to their ownership interests.
40. SU Investment Partners, L.P. (SUIP)—the current owner of 100% of the limited partnership interest in Sharyland Utilities, L.P.—Sharyland Utilities, L.P., Sempra Energy, and a Sempra Energy affiliate entered into the Sempra purchase agreement dated October 18, 2018.
41. Under the Sempra purchase agreement, Sharyland Utilities, L.P. will be converted into a Delaware limited liability company, Sharyland Utilities, L.L.C.
42. Under the Sempra purchase agreement, Sempra Energy will purchase (through its wholly-owned subsidiary Sempra Texas Utilities Holdings I, LLC) a 50% limited partnership interest in a newly formed Delaware limited partnership expected to be named Sharyland Holdings, L.P. Sharyland Holdings will own a 100% interest in Sharyland Utilities, L.L.C., the successor to Sharyland Utilities, L.P.
43. Sempra Energy will pay SUIP approximately \$98 million for the 50% indirect limited partnership interest in Sharyland Holdings. To fund Sempra Energy's acquisition of the

50% interest in Sharyland Holdings and its capital contribution to Oncor for Oncor's acquisition of InfraREIT, Sempra Energy plans to use the proceeds it has already received or will receive from selling approximately 980 megawatts (MW) of its operating United States solar portfolio and development projects, its 724 MW United States wind portfolio, and its non-utility, natural-gas storage assets.

44. The asset exchange agreement, Oncor merger agreement, and Sempra purchase agreement are mutually dependent on each other, and none will become effective without the closing of the others.
45. The joint applicants also requested approval of the related GS-CV transactions in which two corporate entities that will no longer be needed (GV Project Entity, L.L.C. and CV Project Entity, L.L.C.) will be merged into the North Texas Utility and Sharyland Utilities, L.L.C., respectively.

CCNs

46. The signatories agreed to the amendments of the CCNs of SDTS, Sharyland Utilities, L.P., and Oncor under PURA § 37.154 to authorize the North Texas Utility and Sharyland Utilities, L.L.C. to own, operate, and maintain their respective assets after the proposed transactions close.
 - a. Under the agreement, all CCN rights associated with assets that will be owned by Sharyland Utilities, L.L.C. after closing of the proposed transactions are transferred to CCN 30192, which will remain with Sharyland Utilities, L.L.C. after the closing of the proposed transactions;
 - b. Under the agreement, all CCN rights associated with west Texas assets are transferred to the three CCNs that originated with Cap Rock assets (CCNs 30026, 30114, and 30191) in Dawson, Borden, Andrews, Martin, Howard, Mitchell, Ector, Midland, Glascock, Upton, and Reagan counties, and these CCNs will be held by the North Texas Utility after the closing of the proposed transactions; and
 - c. Under the agreement, all CCN rights associated with the remaining assets that are part of the proposed transactions are transferred to CCN 30198, which will be held by the North Texas Utility after the closing of the proposed transactions. Those

assets are located in Oldham, Potter, Carson, Deaf Smith, Randall, Armstrong, Castro, Swisher, Briscoe, Hale, Floyd, Motley, Crosby, Dickens, Haskell, Throckmorton, Young, Taylor, Runnels, Coleman, Brown, Mills, McCullough, San Saba, and Lampasas counties.

47. The North Texas Utility and Sharyland Utilities, L.L.C. are capable of providing adequate service.
48. The amendments to the CCNs of SDTS, Sharyland Utilities, L.P., and Oncor under the agreement are reasonable, provided the proposed transactions are consummated.

Establishment of Separate Wholesale Rates and Tariffs

49. Under the agreement, separate wholesale-transmission rates and tariffs are established for the North Texas Utility's assets and Sharyland Utilities, L.L.C.'s assets based on the bifurcation of Sharyland Utilities, L.P.'s current wholesale-transmission-service rate, which is \$3.745003 per kilowatt (kW), on a net plant basis. This method results in approximately 86.15% of Sharyland Utilities, L.P.'s current wholesale-transmission-service rate being charged by the North Texas Utility and approximately 13.85% of Sharyland Utilities, L.P.'s current wholesale-transmission-service rate being charged by Sharyland Utilities, L.L.C. This method results in the following reasonable rates: the North Texas Utility will charge a wholesale-transmission-service rate that is \$3.226341 per kW, and Sharyland Utilities, L.L.C. will charge a WTS rate that is \$0.518662 per kW.
50. The signatories agreed that the North Texas Utility and Sharyland Utilities, L.L.C. will each file a compliance tariff reflecting the applicable rate within ten days after the Commission's order in this proceeding becomes final.
51. The bifurcation method proposed under the revised settlement agreement is a reasonable method for establishing separate rates for the North Texas Utility and Sharyland Utilities, L.L.C. after the proposed transactions close.

Approval of Tariffs for the North Texas Utility and Sharyland Utilities, L.L.C.

52. The signatories agreed that Sharyland Utilities, L.L.C. will file Sharyland Utilities, L.P.'s existing tariff and rate schedules, with the wholesale-transmission-service rate revised

consistent with the bifurcation method described above in finding of fact 49, as a compliance filing within ten days after this Order becomes final.

53. Oncor agreed to file a compliance tariff on behalf of the North Texas Utility within ten days after this Order becomes final. Oncor agreed that the compliance tariff will be consistent with the existing tariff for Oncor and will include (a) the wholesale-transmission-service rate revised in accordance with the bifurcation method described above in finding of fact 49 and (b) the wholesale-distribution-substation-service rate and rider transition costs as those rates currently appear in Sharyland Utilities, L.P.'s existing tariff.
54. It is reasonable that such compliance tariffs be filed so that Commission Staff can review those tariffs for compliance with this Order.

Consolidation of Oncor and the North Texas Utility for Ratemaking Purposes

55. The signatories agreed that Oncor may consolidate the North Texas Utility with Oncor for ratemaking purposes and make a combined rate filing in Oncor's next base-rate case, which is to be filed no later than October 2021.
56. The consolidation of the North Texas Utility with Oncor for ratemaking purposes in Oncor's next base-rate case is reasonable.

The North Texas Utility Consolidation

57. The signatories agreed that the North Texas Utility will be merged into Oncor once all assets acquired in Docket No. 48929 are fully depreciated.
58. It is reasonable for the North Texas Utility to apply to be merged into Oncor once all assets acquired in Docket No. 48929 are fully depreciated.

Consolidation of Oncor and the North Texas Utility for Earnings-Monitoring Report Purposes

59. The signatories agreed that Oncor may consolidate the North Texas Utility with Oncor for purposes of calculation and reporting of its earnings-monitoring report and for purposes of compliance with finding of fact 56 of the order in Docket No. 47675.²³

²³ 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).

60. It is reasonable for Oncor to consolidate the North Texas Utility with Oncor for purposes of calculation and reporting of its earnings-monitoring report and for purposes of compliance with finding of fact 56 of the order in Docket No. 47675.

Cash Equity Contributions

61. The signatories agreed for the cash equity contributions invested by Oncor's owners used to directly finance the transactions contemplated by the asset exchange agreement dated October 18, 2018 to be included in the calculations reported in Oncor's earnings-monitoring report solely for purposes of determining compliance with Oncor's debt-to-equity ratio requirement as set by finding of fact 56 in the order in Docket No. 47675.
62. It is reasonable for the cash equity contributions invested by Oncor's owners used to directly finance the transactions contemplated by the asset exchange agreement dated October 18, 2018 to be included in the calculations reported in Oncor's earnings-monitoring report solely for purposes of determining compliance with Oncor's debt-to-equity ratio requirement as set by finding of fact 56 in the order in Docket No. 47675.

Sharyland Utilities, L.L.C. Base-Rate Case

63. The signatories agreed that Sharyland Utilities, L.L.C. will file a base-rate case no later than December 31, 2020, based on a historical 12-month test year beginning on July 1, 2019 if the proposed transactions close on or before June 30, 2019. If the proposed transactions close after June 30, 2019, the test year will begin on the first day of the month following the closing of the proposed transactions.
64. Allowing Sharyland Utilities, L.L.C. to complete a test year after the closing of the transactions constitutes good cause to grant Sharyland Utilities, L.P. (and its successor Sharyland Utilities, L.L.C.) an exception to the requirement contained in 16 TAC § 25.247 that it file a rate case by July 1, 2020.
65. It is reasonable that Sharyland Utilities, L.L.C. be required to file a base-rate case consistent with finding of fact 63.

Oncor's Provision of Operations and Maintenance Services to the North Texas Utility

66. The signatories agreed that Oncor's provision of operations and maintenance services to the North Texas Utility does not require a tariff and does not require that those services be made available to third parties.
67. Given the nature of the proposed transactions, it is reasonable for Oncor to provide operations and maintenance services to the North Texas Utility without a tariff and without making those services available to third parties.

Oncor's Provision of Operations Services to Sharyland Utilities, L.L.C.

68. The signatories agreed that as long as Oncor and Sharyland Utilities, L.L.C. are affiliates, Oncor may provide operations services to Sharyland Utilities, L.L.C., subject to the following conditions:
- a. Pricing compensates Oncor fully for its direct, overhead, and indirect costs, depreciation on assets acquired or used to provide operations services to Sharyland Utilities, L.L.C., and carrying costs between incurrence and payment for services;
 - b. The basis for calculating charges for untimely invoice payment is 5% per annum; and
 - c. Within 90 days of closing, Oncor and Sharyland Utilities, L.L.C. will submit to the Commission a fully detailed pricing basis that defines and quantifies the pricing basis of all services and transactions in a manner that would permit independent verification of proper pricing.
69. It is reasonable for Oncor to provide operations services to the Sharyland Utilities, L.L.C., as long as Oncor and Sharyland Utilities, L.L.C. are affiliates, subject to the conditions set forth above, without a tariff and without making those services available to third parties.

Cancellation of Sharyland Utilities L.P.'s Interest in SDTS

70. The signatories agreed that the cancellation of Sharyland Utilities, L.P.'s interest in SDTS, including all of Sharyland Utilities, L.P.'s equity interests (as defined in the asset exchange agreement) and related economic and management interests in SDTS, should be approved.

71. Oncor, Sharyland Utilities, L.L.C., and Sharyland Utilities, L.P. commit that any costs relating to the cancellation of Sharyland Utilities, L.P.'s interests will not be recovered from customers.
72. The cancellation of Sharyland Utilities, L.P.'s interest in SDTS is reasonable.

Approval to Create a Regulatory Asset

73. The signatories agreed that Oncor can establish a regulatory asset to capture the amounts Oncor pays to the North Texas Utility under Sharyland Utilities, L.P.'s wholesale-distribution-substation-service tariff until rates are established to recover those costs.
74. It is reasonable for Oncor to establish a regulatory asset to capture the amounts Oncor pays to the North Texas Utility under Sharyland Utilities, L.P.'s wholesale-distribution-substation-service tariff until rates are established to recover these costs.

Accounting for Make-Whole Payments

75. The signatories agreed that, before Oncor's next rate case, Oncor will record in its books, as it would in the normal course of business, any make-whole payments and other expenses that may be required to extinguish, transfer to Oncor, or restructure the debt of InfraREIT and its subsidiaries.
76. It is reasonable for Oncor to record in its books the payments and expenses identified in finding of fact 75.

Operational Control Transition

77. The joint applicants agreed to work with ERCOT to coordinate the transition of transmission assets and ensure that ERCOT's models and databases are updated to reflect the proper owner and operator of the transitioned transmission assets. Because the proposed transactions may close before ERCOT can update its network operations model and other ERCOT databases in accordance with timing requirements under the ERCOT Protocols, the signatories agreed for ERCOT and the joint applicants to be granted a waiver of any timing requirements under the ERCOT Protocols related to updating ERCOT's models, databases, or systems to reflect the proper asset owner and operator resulting from the proposed transactions. The ownership and transmission operator changeover of the transmission assets will be implemented by ERCOT and reflected in ERCOT's systems no

later than June 30, 2019, provided that ERCOT receives notice three days before the changeover. The joint applicants agreed to give ERCOT written notice of the date and time of the ownership and transmission operator changeover at least three days prior to the changeover. If ERCOT does not receive written notice of the changeover on or before June 27, 2019, ERCOT will not implement the ownership and transmission operator changeover of the transmission assets until after September 14, 2019.

78. The operational control transition plan described in finding of fact 77 is reasonable.

Commitments by Oncor, Sempra Energy, and Sharyland

79. Oncor, Sharyland Utilities, L.P., Sharyland Utilities, L.L.C., and Sempra Energy agreed that the settlement of this proceeding will not preclude any party to this proceeding from taking a position in any future rate case for Oncor, North Texas Utility, or Sharyland Utilities, L.L.C. concerning the prudence of any or all of the costs of the assets that are the subject of the proposed transactions and that have not been previously reviewed for prudence.
80. Oncor and Sempra Energy commit that the North Texas Utility will be governed and managed within the existing ring-fencing structure that governs Oncor.
81. Sharyland Utilities, L.P. and Oncor commit to waive the requirement in the asset exchange agreement that an executed future development agreement be delivered at closing. Sharyland Utilities, L.P. and Oncor agreed to withdraw the future development agreement and commit that neither Sharyland Utilities, L.P., nor Sharyland Utilities, L.L.C., nor Oncor, nor any of their affiliates, will execute that agreement. In addition, Sharyland Utilities, L.P., SDTS, and Oncor affirm that none of the joint applicants has any current agreement, promise, or understanding to enter into a new future development agreement or any document of similar scope and applicability.
82. Oncor and Sharyland Utilities, L.P. commit to amend their respective existing codes of conduct to include the North Texas Utility, Sharyland Utilities, L.L.C., or any new affiliates resulting from the proposed transactions and to each separately file its amended code of conduct with the Commission for review and approval.

83. Oncor, the North Texas Utility, Sharyland Utilities, L.P., and Sharyland Utilities, L.L.C. commit to provide customers with wholesale-transmission-service rate credits of 90% of the interest savings that each utility realizes as a result of the improved credit quality of the North Texas Utility and Sharyland Utilities, L.L.C., if any, and of debt issuance savings that each utility realizes, if any. Oncor and Sharyland Utilities, L.L.C. commit to each file in separate compliance dockets a calculation of any interest rate savings annually until their next rate cases.
84. Oncor, the North Texas Utility, Sharyland Utilities, L.P., and Sharyland Utilities, L.L.C. commit to provide \$17 million in merger-savings rate credits to customers through wholesale-transmission-service rates, to be paid as follows:
- (a) In 2019, Oncor will provide a merger-savings rate credit of \$5 million within 30 days after the Commission's final order in this proceeding becomes final.
 - (b) In 2020, Oncor will provide a merger-savings rate credit of \$5 million and Sharyland Utilities, L.L.C. will provide a rate credit of \$2 million by July 1, 2020.
 - (c) In 2021, Oncor will provide a merger-savings rate credit of \$5 million by July 1, 2021.
 - (d) A merger-savings rate-credit factor will be calculated by dividing the applicable merger-savings credit amount by the ERCOT four-coincident-peak (4CP) demand for the previous year. For example, the 2019 factor will be calculated using the 2018 ERCOT 4CP demand. The merger-savings rate credit factor will be applied to each distribution service provider's 4CP demand for the previous year for a one month refund according to the schedule above.
 - (e) Oncor and Sharyland will each file a compliance tariff rider for each annual merger-savings rate-credit factor for administrative approval before the refund period.
85. Oncor commits that it and the North Texas Utility will hold harmless customers from any and all costs of de-REITing InfraREIT, Inc. and any and all liability for income taxes under the REIT structure before the consummation of the proposed transactions.

86. Oncor commits that it and the North Texas Utility will not seek recovery of the goodwill recorded as an asset on Oncor's books as a result of the proposed transactions through Oncor's rates and to exclude that goodwill amount from Oncor's rate base.
87. Sharyland Utilities, L.P. currently has \$1.1 million of goodwill associated with the acquisition of Cap Rock recorded in FERC Account 114. In the proposed transactions, Sharyland Utilities, L.P. is receiving \$1.969 million (net book value as of June 30, 2018) of plant acquisition adjustments from SDTS to be recorded in FERC Account 114 on Sharyland Utilities, L.P.'s books. Sharyland Utilities, L.P. commits that neither Sharyland Utilities, L.L.C. nor itself will seek to recover this goodwill or these plant acquisition adjustments. Sharyland Utilities, L.P. commits that Sharyland Utilities, L.L.C. will exclude both the goodwill and the plant acquisition adjustments from the common equity in Sharyland Utilities, L.L.C.'s earnings-monitoring-report filings and in all future rate-case filings.
88. Oncor commits that it and the North Texas Utility will not seek recovery of the termination fee paid by InfraREIT Partners to Hunt Utility Services, LLC to terminate the management agreement between InfraREIT, InfraREIT Partners, and Hunt Utility Services.
89. Oncor, the North Texas Utility, Sharyland Utilities, L.L.C., and Sempra Energy commit not to seek recovery in rates of any expenses related to the proposed transactions.
90. Oncor and Sharyland Utilities, L.P. commit that Oncor, the North Texas Utility, and Sharyland Utilities, L.L.C. will not seek recovery of the approximately \$30,000,000 regulatory asset associated with the startup costs incurred at the inception of Sharyland Utilities, L.P. and deferred in Docket No. 41474.²⁴
91. Oncor commits that it and the North Texas Utility will not seek recovery of any amount of the approximately \$8.9 million regulatory asset related to Sharyland Utilities, L.P.'s rate-case expenses that were requested or incurred in Docket No. 45979.²⁵ Sharyland Utilities,

²⁴ *Application of Sharyland Utilities, L.P. to Establish Retail Delivery Rates, Approve Tariff for Retail Delivery Service, and Adjust Wholesale Transmission Rate*, Docket No. 41474, Order (Jan. 23, 2014).

²⁵ *Review of Rate Case Expenses Incurred by Sharyland Utilities, L.P. in Docket No. 45414*, Docket No. 45979 (pending).

- L.P. commits that Sharyland Utilities, L.L.C. will not seek recovery of any rate-case expenses that were requested or incurred in Docket No. 45979.
92. Oncor and Sharyland Utilities, L.P. commit that neither the North Texas Utility nor Sharyland Utilities, L.L.C. will amortize or reduce the regulatory liabilities for excess accumulated deferred income taxes recorded as the result of the Tax Cuts and Jobs Act of 2017 until the amortization is reflected in rates, and they agreed that the disposition of these amounts will be addressed in the next base-rate case proceedings for Oncor and Sharyland Utilities, L.L.C. Additionally, the signatories agreed for all issues related to net operating loss accumulated deferred income tax to be reserved for disposition in future base-rate proceedings.
93. Subject to Oncor's receipt of appropriate CCNs, where required, Oncor commits that all greenfield investments and other investments in transmission projects associated with transmission assets previously owned by Sharyland Utilities, L.P. and SDTS (including the pending LP&L projects) that are not required to be made at SDTS by debt covenants or that are capital replacements of a break-or-fix nature will be made at Oncor and owned by Oncor. This expressly includes the LP&L integration projects pending at the Commission.
94. Other than with respect to the transmission-cost-of-service refund identified in item 6 of schedule F of the Sharyland and SDTS asset schedules attached to the asset exchange agreement, Oncor and Sharyland Utilities, L.P. commit that the entity that owns the assets after consummation of the proposed transactions is the entity that is responsible for filing a reconciliation of rates for those assets under 16 TAC § 25.192(h)(2). Similarly, Oncor and Sharyland Utilities, L.P. commit that if the Commission finds that any amount previously included in interim transmission-cost-of-service updates is unreasonable or unnecessary, the entity that owns the associated assets after consummation of the proposed transactions will be responsible for refunding any such amounts in the manner prescribed by the Commission.
95. The commitments described above are reasonable and necessary to find that the proposed transactions are in the public interest.

Ring Fence

96. The signatories agreed for a ring fence to be implemented at Sharyland Utilities, L.L.C. (the Sharyland Utilities, L.L.C. ring fence) with the provisions set forth below.
97. Sharyland Holdings, L.P. (Sharyland Holdings), Sharyland Utilities, L.P. and Sharyland Utilities, L.L.C. agreed that the actions listed below as (a) through (cc) require the consent of Sempra Energy on the terms specified in the Sharyland Holdings limited partnership agreement (the LP agreement) and, where expressly indicated, prior Commission approval. Sempra Energy will retain these consent rights for as long as Sempra Energy retains an indirect ownership interest in Sharyland Utilities, L.L.C., unless the Commission otherwise orders. These consent rights will also be incorporated into the LP agreement and made alterable only with Commission approval.
- a. Approval of Sharyland Utilities, L.L.C.'s annual plan.
 - b. Acquiring or submitting to ERCOT any transmission and distribution project that involves the establishment of a new station, has an acquisition price of more than \$3 million, or requires the incurrence or commitment to incur capital expenditures of more than \$3 million per fiscal year to develop a new transmission and distribution project.
 - c. Any change in the location of Sharyland Utilities, L.L.C.'s principal place of business.
 - d. Any amendment to the organizational documents, including the LP agreement itself. Any amendment will also require prior approval of the Commission to the extent the amendment relates to any condition referenced in this Order.
 - e. The creation of any subsidiary of Sharyland Utilities, L.L.C., Sharyland Holdings, or SU Investment Partners, L.P. Prior approval of the Commission is also required to create any such subsidiary.
 - f. The issuance, transfer, sale, or disposal by Sharyland Holdings of, or the pledge or the grant of an option with respect to, any securities of Sharyland Holdings or other ownership interest in Sharyland Holdings (other than the issuance of units with respect to capital contributions as provided in section 2.5 of the LP agreement or the issuance

and forfeiture of units as provided in section 2.10 of the LP agreement). Such issuance, transfer, sale, or disposal will also require the Commission's prior approval.

- g. The redemption, purchase, or other acquisition by Sharyland Holdings of any partnership interests or other equity securities of Sharyland Holdings. Any such redemption, purchase, or other acquisition will also require the Commission's prior approval.
- h. The incurrence of debt at Sharyland Utilities, L.L.C. or Sharyland Holdings, except as provided for in Sharyland Utilities, L.L.C.'s annual plan.
- i. Sharyland Holdings or Sharyland Utilities, L.L.C. guaranteeing any obligations other than for Sharyland Holdings or Sharyland Utilities, L.L.C. Any guaranteeing for any entity other than Sharyland Holdings or Sharyland Utilities, L.L.C. will also require the Commission's prior approval.
- j. The commencement of any material legal proceedings or the intentional waiver, payment, discharge, compromise, or settlement of any material pending or threatened legal proceeding.
- k. The release of claims greater than \$100,000.
- l. Any material tax elections.
- m. The initiation, settlement, or compromise of any material legal proceeding or audit relating to taxes.
- n. Any change in audit firms.
- o. Any sale, reorganization, merger, or consolidation of Sharyland Holdings or Sharyland Utilities, L.L.C. These actions will also require the Commission's prior approval.
- p. Any material change to accounting methods, principles, or practices.
- q. Any material change in business lines. Such a change will also require the Commission's prior approval.
- r. The appointment of any executive officers.
- s. Any material change in employees.

- 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.

106. The proposed transactions and the related GS-CV transactions result in no Oncor property or other assets being sold, transferred, or otherwise affected.
107. Based on the record evidence and the regulatory commitments set forth in this Order, the proposed transactions and the related GS-CV transactions do not adversely affect the health or safety of the joint applicants' customers or employees.
108. Based on the record evidence and regulatory commitments set forth in this Order, the proposed transactions and the related GS-CV transactions do not result in the transfer of jobs of citizens of this state to workers domiciled outside of this state.
109. Based on the record evidence and regulatory commitments set forth in this Order, the proposed transactions and the related GS-CV transactions do not result in a decline in service to the joint applicants' customers.
110. Based on the record evidence and regulatory commitments set forth in this Order, the proposed transactions and the related GS-CV transactions do not adversely affect Oncor's, Sharyland Utilities, L.P.'s, or Sharyland Utilities, L.L.C.'s reliability of service, availability of service, or cost of service.
111. Based on the record evidence and regulatory commitments relating to transaction costs set forth in this Order, the proposed transactions and the related GS-CV transactions do not result in Texas ratepayers bearing transaction-related costs unrelated to the corresponding benefits to Texas ratepayers.
112. With the commitments by the joint applicants described in this Order, the proposed transactions and the related GS-CV transactions are in the public interest in accordance with PURA §§ 14.101, 39.262(l)-(m), and 39.915.

III. Conclusions of Law

1. Oncor is an electric utility as defined by PURA § 31.002(6).
2. Oncor is a transmission and distribution utility as defined by PURA § 31.002(19).
3. Sharyland Utilities, L.P. is an electric utility as defined by PURA § 31.002(6).
4. Sharyland Utilities, L.P. is a transmission and distribution utility as defined by PURA § 31.002(19).

5. SDTS is an electric utility as defined by PURA § 31.002(6).
6. The Commission has jurisdiction over the parties and the subject matter of this docket under PURA §§ 14.101, 32.001, 35.004, 35.007, 37.154, 39.262(*l*) through (o), and 39.915.
7. Notice of the transactions at issue in this proceeding and of the events in this docket was provided in accordance with 16 TAC § 22.55.
8. The Commission's consideration of the revised settlement agreement complies with PURA § 14.054 and 16 TAC § 22.206.
9. The Commission may enforce any representation or commitment made by the joint applicants under PURA §§ 39.262(o) and 39.915(d).
10. To the extent that the joint applicants fail to comply with a Commission Order, the Commission may take necessary actions to remedy the noncompliance, including seeking a court order requiring compliance with this Order under PURA § 15.021, filing a court action for contempt for failure to comply with this Order under PURA § 15.022, or imposing administrative penalties under PURA § 15.023.
11. The proposed transactions and the related GS-CV transactions, along with the provisions of the revised settlement agreement dated April 9, 2019, are in the public interest under PURA §§ 14.101, 39.262(*l*) through (m), and 39.915, as long as all commitments described in this Order are met.
12. The transfer of CCN rights as approved in this Order necessitated by the consummation of the proposed transactions meets the requirements of PURA § 37.154.
13. Allowing Sharyland Utilities, L.L.C. to complete a test year after the closing of the transactions constitutes good cause to grant Sharyland Utilities, L.P. (and its successor Sharyland Utilities, L.L.C.) an exception to the requirement that it file a rate case by July 1, 2020. 16 TAC § 25.247.
14. The Commission may authorize Oncor to provide operations and maintenance services to the North Texas Utility and operations services to Sharyland Utilities, L.L.C. without a tariff and without making those services available to third parties. 16 TAC § 25.272(e)(1)(A).

IV. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves the transactions described in Oncor Electric Delivery Company LLC, Sharyland Distribution & Transmission Services, L.L.C., Sharyland Utilities, L.P., and Sempra Energy's joint report and application, as modified by the revised settlement agreement and this Order, including the proposed transactions and the related GS-CV transactions.
2. All parties to this docket must comply with all commitments described in this Order.
3. Oncor and Sharyland Utilities, L.P. must each amend their existing codes of conduct to include the North Texas Utility, Sharyland Utilities, L.L.C., or any new affiliates resulting from the proposed transactions. Oncor and Sharyland Utilities, L.P. must each separately file its amended code of conduct with the Commission for review and approval in Docket No. 49521, *Compliance Filing of Oncor Electric Delivery Company LLC and Sharyland Utilities, L.L.C. for Review of Amended Codes of Conduct Resulting From Docket No. 48929*.
4. The joint applicants must coordinate with ERCOT on the transition of transmission assets and ensure that ERCOT's models and databases are updated to reflect the proper owner and operator of those transmission assets. Because the transactions may close before ERCOT can update its network operations model and other ERCOT databases in accordance with timing requirements under the ERCOT Protocols, the Commission grants ERCOT and the joint applicants a waiver of any timing requirements under the ERCOT Protocols related to updating ERCOT's models, databases, or systems to reflect the proper asset owner and operator resulting from the transactions. The ownership and transmission operator changeover of the transmission assets will be implemented by ERCOT and reflected in ERCOT's systems no later than June 30, 2019, provided that ERCOT receives notice three days before the changeover. The joint applicants must give ERCOT written notice of the date and time of the ownership and transmission operator changeover at least three days before the changeover. If ERCOT does not receive such notice on or before

June 27, 2019, ERCOT will not implement the ownership and transmission operator changeover of the transmission assets until after September 14, 2019.

5. The Commission transfers all CCN rights associated with assets that will be owned by Sharyland Utilities, L.L.C. after the closing of the proposed transactions to CCN 30192, and CCN 30192 will remain with Sharyland Utilities, L.L.C. after the closing of the proposed transactions.
6. The Commission transfers all CCN rights associated with the west Texas assets to the three CCNs that originated with Cap Rock assets (CCNs 30026, 30114, and 30191) in Dawson, Borden, Andrews, Martin, Howard, Mitchell, Ector, Midland, Glascock, Upton, and Reagan counties. The North Texas Utility will hold these CCNs after the closing of the proposed transactions. Within six months after the closing of the proposed transactions, Oncor and the North Texas Utility must make a compliance filing with the Commission to consolidate the CCN rights that will be held by the North Texas Utility into a single CCN number. This compliance filing is not a condition of closing of the proposed transactions.
7. The Commission transfers to CCN 30198 all CCN rights associated with the remaining assets that are part of the proposed transactions. CCN 30198 will remain with the North Texas Utility after the proposed transactions close. Those assets are located in Oldham, Potter, Carson, Deaf Smith, Randall, Armstrong, Castro, Swisher, Briscoe, Hale, Floyd, Motley, Crosby, Dickens, Haskell, Throckmorton, Young, Taylor, Runnels, Coleman, Brown, Mills, McCullough, San Saba, and Lampasas counties.
8. Until its next rate case, Oncor must file a report regarding any interest-rate savings or debt issuance savings to the Commission annually and demonstrating a calculation of the credit for the relevant time period as described in finding of fact 83 in a compliance docket to be styled *Interest-Rate Savings Compliance Filing of Oncor Electric Delivery Company LLC Resulting from Docket No. 48929*, using a control number available at that time.
9. Until its next rate case, Sharyland Utilities, L.L.C. must file a report regarding any interest-rate savings or debt issuance savings to the Commission annually and demonstrating a calculation of the credit for the relevant time period as described in finding of fact 83 in a compliance docket to be styled *Interest-Rate Savings Compliance Filing of*

Sharyland Utilities, L.L.C. Resulting from Docket No. 48929, using a control number available at that time.

10. Oncor may establish a regulatory asset to capture the amounts that Oncor pays to the North Texas Utility under Sharyland Utilities, L.P.'s wholesale-distribution-substation-service tariff until rates are established to recover those costs.
11. Oncor, Sharyland Utilities, L.P., and Sharyland Utilities, L.L.C. must provide \$17 million in merger-savings rate credits to customers through wholesale-transmission-service rates, to be paid as follows:
 - (a) In 2019, Oncor must provide a merger-savings rate credit of \$5 million within 30 days after the Commission's order in this proceeding becomes final.
 - (b) In 2020, Oncor must provide a merger-savings rate credit of \$5 million and Sharyland Utilities, L.L.C. must provide a rate credit of \$2 million by July 1, 2020.
 - (c) In 2021, Oncor must provide a merger-savings rate credit of \$5 million by July 1, 2021.
 - (d) A merger-savings-rate-credit factor must be calculated by dividing the applicable merger savings credit amount by the ERCOT 4CP demand for the previous year. For example, the 2019 factor must be calculated using the 2018 ERCOT 4CP demand. The merger-savings-rate-credit factor must be applied to each distribution-service provider's 4CP demand for the previous year for a one-month refund according to the schedule above.
 - (e) Oncor and Sharyland Utilities, L.L.C. must each file a compliance tariff rider for each annual merger-savings-rate-credit factor for administrative approval before the refund period. This compliance tariff rider must be filed in Docket No. 49520, *Compliance Filing of Oncor Electric Delivery Company LLC and Sharyland Utilities, L.L.C. for Approval of Merger-Savings-Rate-Credit Factor Resulting from Docket No. 48929*.
12. Oncor, the North Texas Utility, Sharyland Utilities, L.P., and Sharyland Utilities, L.L.C. must provide customers with wholesale-transmission-service rate credits of 90% of the interest savings that each utility realizes as a result of the improved credit quality of the

North Texas Utility and Sharyland Utilities, L.L.C., if any, and of debt issuance savings that each utility realizes, if any.

13. Within ten days after the Commission's order in this docket becomes final, Sharyland Utilities, L.L.C. must file, as a compliance filing in Docket No. 49519, *Compliance Filing of Oncor Electric Delivery Company LLC and Sharyland Utilities, L.L.C. for Revised Tariffs Resulting from Docket No. 48929*, the existing tariff and rate schedules for Sharyland Utilities, L.P., with the wholesale-transmission-service rate revised in accordance with finding of fact 49.
14. Within ten days after the Commission's order in this docket becomes final, Oncor must file, on behalf of the North Texas Utility, a compliance tariff in accordance with Oncor's existing tariff for Oncor and including (a) the WTS rate revised consistent with finding of fact 49, and (b) the wholesale-distribution-substation-service rate and rider transition costs as those rates currently appear in Sharyland Utilities, L.P.'s existing tariff. Oncor must file the compliance tariff in Docket No. 49519, *Compliance Filing of Oncor Electric Delivery Company LLC and Sharyland Utilities, L.L.C. for Revised Tariffs Resulting from Docket No. 48929*.
15. Sharyland Utilities, L.L.C. must file annual reports for a period of five years after closing regarding compliance with the terms stated in this Order in Docket No. 49518, *Sharyland Utilities, L.L.C.'s Annual Reports Regarding Compliance with Final Order in Docket No. 48929*.
16. Oncor must make a combined rate filing no later than October 2021 that includes a proposal to consolidate the North Texas Utility with Oncor for ratemaking purposes, subject to Commission approval.
17. Oncor must consolidate the North Texas Utility with Oncor for purposes of calculation and reporting of its earnings-monitoring report and for purposes of compliance with finding of fact 56 of the final order in Docket No. 47675.
18. The cash equity contributions invested by Oncor's owners used to directly finance the transactions contemplated by the asset exchange agreement dated October 18, 2018 must be included in the calculations reported in Oncor's earnings-monitoring report solely for

purposes of determining compliance with Oncor's debt-to-equity ratio requirement as set by finding of fact 56 in the final order in Docket No. 47675.

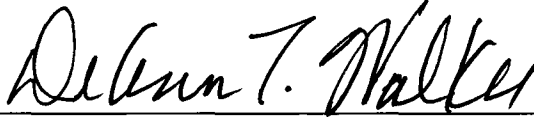
19. Oncor must provide operations and maintenance services to the North Texas Utility until otherwise ordered by the Commission.
20. Oncor must provide operations services to Sharyland Utilities, L.L.C. under the conditions described in this Order as long as Oncor and Sharyland Utilities, L.L.C. are affiliates or until otherwise ordered by the Commission.
21. The North Texas Utility must be governed and managed within the existing ring-fencing structure that governs Oncor.
22. Sharyland Utilities, L.L.C. must implement a ring fence as set forth above in findings of fact 97 and 98. Sharyland Holdings, Sharyland Utilities, L.P., Sharyland Utilities, L.L.C., Hunt, and Sempra Energy must comply with all their respective commitments in the ring-fencing provisions.
23. Oncor must 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.
24. Oncor and the North Texas Utility must hold harmless its customers from any and all costs of de-REITing InfraREIT, Inc. and any and all liability for income taxes under the REIT structure before the consummation of the proposed transactions.
25. Oncor and the North Texas Utility must not seek recovery of the goodwill recorded as an asset on Oncor's books as a result of the proposed transactions through Oncor's rates and must exclude that goodwill amount from Oncor's rate base.
26. Sharyland Utilities, L.L.C. must not seek to recover either the goodwill or plant acquisition adjustments described in finding of fact 87. Sharyland Utilities, L.L.C. must exclude both the goodwill and the plant acquisition adjustments from the common equity in Sharyland Utilities, L.L.C.'s earnings-monitoring-report filings and in all future rate-case filings.

27. Oncor and the North Texas Utility must not seek recovery of the termination fee paid by InfraREIT Partners to Hunt Utility Services, LLC to terminate the management agreement between InfraREIT, InfraREIT Partners, and Hunt Utility Services.
28. Oncor, the North Texas Utility, Sharyland Utilities, L.L.C., and Sempra Energy must not seek recovery in rates of any expenses related to the proposed transactions.
29. Oncor, the North Texas Utility, and Sharyland Utilities, L.L.C. must not seek recovery of the approximately \$30,000,000 regulatory asset associated with the startup costs incurred at the inception of Sharyland Utilities, L.P. and deferred in Docket No. 41474.
30. Oncor and the North Texas Utility must not seek recovery of any amount of the approximately \$8.9 million regulatory asset related to Sharyland Utilities, L.P.'s rate-case expenses that were requested or incurred in Docket No. 45979.
31. Sharyland Utilities, L.L.C. must not seek recovery of any rate-case expenses that were requested or incurred in Docket No. 45979.
32. Oncor, the North Texas Utility, and Sharyland Utilities, L.L.C. must not amortize or reduce the regulatory liabilities for excess accumulated deferred income taxes recorded as a result of the Tax Cuts and Jobs Act of 2017 until the amortization is reflected in rates.
33. Oncor, Sharyland Utilities, L.L.C., and Sharyland Utilities, L.P. must not seek recovery of any costs relating to the cancellation of Sharyland Utilities, L.P.'s interest in SDTS, including all of Sharyland Utilities, L.P.'s equity interests (as defined in the asset exchange agreement) and related economic and management interests in SDTS.
34. Sharyland Utilities, L.L.C. must file a base-rate case no later than December 31, 2020, based on a historical 12-month test year beginning on July 1, 2019 if the proposed transactions close on or before June 30, 2019. If the proposed transactions close after June 30, 2019, the test year must begin on the first day of the month following the closing of the proposed transactions.
35. The entry of this Order does not indicate the Commission's endorsement of any principle or methodology that may underlie the revised settlement agreement. Entry of this Order must not be regarded as precedent as to the appropriateness of any principle or methodology underlying the revised settlement agreement.

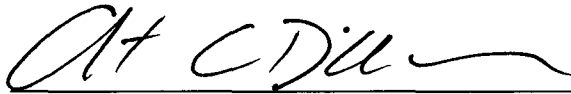
36. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 9th day of May 2019.

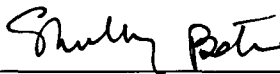
PUBLIC UTILITY COMMISSION OF TEXAS



DEANN T. WALKER, CHAIRMAN



ARTHUR C. D'ANDREA, COMMISSIONER



SHELLY BOTKIN, COMMISSIONER

W2013

q:\cadm\orders\final\48000\48929 fo.docx

Alex Padilla
California Secretary of State



Business Search - Entity Detail

The California Business Search is updated daily and reflects work processed through Monday, August 19, 2019. Please refer to document **Processing Times** for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity. Not all images are available online.

C1991515 SEMPRA ENERGY

Registration Date: 10/11/1996
Jurisdiction: CALIFORNIA
Entity Type: DOMESTIC STOCK
Status: ACTIVE
Agent for Service of Process: **CORPORATION SERVICE COMPANY WHICH WILL DO BUSINESS IN CALIFORNIA AS CSC - LAWYERS INCORPORATING SERVICE (C1592199)**
 To find the most current California registered Corporate Agent for Service of Process address and authorized employee(s) information, click the link above and then select the most current 1505 Certificate.

Entity Address: 488 8TH AVE
 SAN DIEGO CA 92101
Entity Mailing Address: 488 8TH AVE
 SAN DIEGO CA 92101

A Statement of Information is due EVERY year beginning five months before and through the end of October.

Document Type	↕	File Date	↕	PDF
PUBLICLY TRADED DISCLOSURE		08/05/2019		
SI-COMPLETE		11/19/2018		
SI-COMPLETE		09/27/2018		
AMENDMENT		07/11/2018		
PUBLICLY TRADED DISCLOSURE		05/17/2018		
AMENDMENT		01/05/2018		
PUBLICLY TRADED DISCLOSURE		05/11/2017		
PUBLICLY TRADED DISCLOSURE		05/11/2016		

Document Type	File Date	PDF
PUBLICLY TRADED DISCLOSURE	05/12/2015	
PUBLICLY TRADED DISCLOSURE	05/27/2014	
PUBLICLY TRADED DISCLOSURE	05/29/2013	
PUBLICLY TRADED DISCLOSURE	05/25/2012	
PUBLICLY TRADED DISCLOSURE	05/31/2011	
PUBLICLY TRADED DISCLOSURE	12/17/2010	
PUBLICLY TRADED DISCLOSURE	05/27/2009	
PUBLICLY TRADED DISCLOSURE	07/22/2008	
RESTATED REGISTRATION	05/23/2008	
AMENDMENT	12/04/2007	
PUBLICLY TRADED DISCLOSURE	06/04/2007	
PUBLICLY TRADED DISCLOSURE	05/31/2006	
AMENDMENT	05/08/2006	
PUBLICLY TRADED DISCLOSURE	05/31/2005	
PUBLICLY TRADED DISCLOSURE	02/19/2004	Image unavailable. Please request paper copy.
AMENDMENT	06/08/1998	
RESTATED REGISTRATION	03/27/1998	
REGISTRATION	10/11/1996	

* Indicates the information is not contained in the California Secretary of State's database.

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Please refer to California Corporations Code **section 2114** for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to **Name Availability**.
- If the image is not available online, for information on ordering a copy refer to **Information Requests**.
- For information on ordering certificates, status reports, certified copies of documents and copies of documents not currently available in the Business Search or to request a more extensive search for records, refer to **Information Requests**.

- For help with searching an entity name, refer to [Search Tips](#).
- For descriptions of the various fields and status types, refer to [Frequently Asked Questions](#).

Modify Search

New Search

Back to Search Results

TEXAS SECRETARY of STATE**JOSE A. ESPARZA****BUSINESS ORGANIZATIONS INQUIRY - VIEW ENTITY**

Filing Number: 12903710
Original Date of Filing: December 27, 1999
Formation Date: N/A
Tax ID: 32036179441
Duration: Perpetual
Entity Type: Domestic Limited Partnership (LP)
Entity Status: In existence
FEIN:
Name: SU INVESTMENT PARTNERS, L.P.
Address: 1900 NORTH AKARD STREET
DALLAS, TX 75201-2300 USA

REGISTERED AGENT	FILING HISTORY	NAMES	MANAGEMENT	ASSUMED NAMES	ASSOCIATED ENTITIES
Name CAPITOL CORPORATE SERVICES, INC.		Address 206 E 9TH ST., Suite 1300 Austin, TX 78701 USA		Inactive Date	

Instructions:

- To place an order for additional information about a filing press the 'Order' button.

Southwestern Electric Power Company

10-K 1 aep10klegal20184q.htm AMERICAN ELECTRIC POWER 2018 10-K

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Registrants; States of Incorporation; Address and Telephone Number	I.R.S. Employer Identification Nos.
1-3525	AMERICAN ELECTRIC POWER COMPANY, INC. (A New York Corporation)	13-4922640
333-221643	AEP TEXAS INC. (A Delaware Corporation)	51-0007707
333-217143	AEP TRANSMISSION COMPANY, LLC (A Delaware Limited Liability Company)	46-1125168
1-3457	APPALACHIAN POWER COMPANY (A Virginia Corporation)	54-0124790
1-3570	INDIANA MICHIGAN POWER COMPANY (An Indiana Corporation)	35-0410455
1-6543	OHIO POWER COMPANY (An Ohio Corporation)	31-4271000
0-343	PUBLIC SERVICE COMPANY OF OKLAHOMA (An Oklahoma Corporation)	73-0410895
1-3146	SOUTHWESTERN ELECTRIC POWER COMPANY (A Delaware Corporation) 1 Riverside Plaza, Columbus, Ohio 43215 Telephone (614) 716-1000	72-0323455

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Name of Each Exchange on Which Registered
American Electric Power Company, Inc.	Common Stock, \$6.50 par value	New York Stock Exchange
AEP Texas Inc.	None	
AEP Transmission Company, LLC	None	
Appalachian Power Company	None	
Indiana Michigan Power Company	None	
Ohio Power Company	None	
Public Service Company of Oklahoma	None	
Southwestern Electric Power Company	None	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant American Electric Power Company, Inc. is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrants AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company, are well-known seasoned issuers, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrants American Electric Power Company, Inc., AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether American Electric Power Company, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

Indicate by check mark whether AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies, or emerging growth companies. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark if the registrants are shell companies, as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

AEP Texas Inc., AEP Transmission Company, LLC, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and are therefore filing this Form 10-K with the reduced disclosure format specified in General Instruction I(2) to such Form 10-K.

	Aggregate Market Value of Voting and Non-Voting Common Equity Held by Non-Affiliates of the Registrants as of June 30, 2018 the Last Trading Date of the Registrants' Most Recently Completed Second Fiscal Quarter	Number of Shares of Common Stock Outstanding of the Registrants as of December 31, 2018
American Electric Power Company, Inc.	\$34,157,276,913	493,245,876 ((\$6.50 par value))
AEP Texas Inc.	None	100 ((\$0.01 par value))
AEP Transmission Company, LLC (a)	None	NA
Appalachian Power Company	None	13,499,500 (no par value)
Indiana Michigan Power Company	None	1,400,000 (no par value)
Ohio Power Company	None	27,952,473 (no par value)
Public Service Company of Oklahoma	None	9,013,000 ((\$15 par value))
Southwestern Electric Power Company	None	7,536,640 ((\$18 par value))

(a) 100% interest is held by AEP Transmission Holdco.
NA Not applicable.

Note on Market Value of Common Equity Held by Non-Affiliates

American Electric Power Company, Inc. owns all of the common stock of AEP Texas Inc., Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company and all of the LLC membership interest in AEP Transmission Company, LLC (see Item 12 herein).

GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

Term	Meaning
AEGCo	AEP Generating Company, an AEP electric utility subsidiary.
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority-owned consolidated subsidiaries and consolidated affiliates.
AEP Clean Energy Resources, LLC	A nonregulated holding company for AEP's competitive renewable generation and a wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP Energy	AEP Energy, Inc., a wholly-owned retail electric supplier for customers in Ohio, Illinois and other deregulated electricity markets throughout the United States.
AEP Energy Supply, LLC	A nonregulated holding company for AEP's competitive generation, wholesale and retail businesses, and a wholly-owned subsidiary of AEP.
AEP OnSite Partners, LLC	A wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP Renewables, LLC	A wholly-owned subsidiary of AEP Energy Supply, LLC.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEP Texas	AEP Texas Inc., an AEP electric utility subsidiary.
AEP Transmission Holdco	AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of AEP.
AEPEP	AEP Energy Partners, Inc., a subsidiary of AEP dedicated to wholesale marketing and trading, hedging activities, asset management and commercial and industrial sales in the deregulated Ohio and Texas markets.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, a wholly-owned subsidiary of AEP Transmission Holdco, is an intermediate holding company that owns the State Transcos.
AEPTCo Parent	AEP Transmission Company, LLC, the holding company of the State Transcos within the AEPTCo consolidation.
AEPTHCo	AEP Transmission Holding Company, LLC, a subsidiary of AEP, an intermediate holding company that owns transmission operations joint ventures and AEPTCo.
AFUDC	Allowance for Funds Used During Construction.
AGR	AEP Generation Resources Inc., a competitive AEP subsidiary in the Generation & Marketing segment.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
CAA	Clean Air Act.
CO ₂	Carbon dioxide and other greenhouse gases.
Conesville Plant	A generation plant consisting of three coal-fired generating units totaling 1,695 MW located in Conesville, Ohio. The plant is jointly owned by AGR and a nonaffiliate.
Cook Plant	Donald C. Cook Nuclear Plant, a two-unit, 2,278 MW nuclear plant owned by I&M.
CSPCo	Columbus Southern Power Company, a former AEP electric utility subsidiary that was merged into OPCo effective December 31, 2011.
ERCOT	Electric Reliability Council of Texas regional transmission organization.
ETT	Electric Transmission Texas, LLC, an equity interest joint venture between AEP Transmission Holdco and Berkshire Hathaway Energy Company formed to own and operate electric transmission facilities in ERCOT.

AEPTHCO JOINT VENTURE INITIATIVES

AEP has established joint ventures with other electric utility companies for the purpose of developing, building, and owning transmission assets that seek to improve reliability and market efficiency and provide transmission access to remote generation sources in North America (Transmission Joint Ventures).

The Transmission Joint Ventures currently include:

Joint Venture Name	Location	Projected or Actual Completion Date	Owners (Ownership %)	Total Estimated/Actual Project Costs at Completion (in millions)	Approved Return on Equity
ETT	Texas (ERCOT)	(a)	Berkshire Hathaway Energy (50%) AEP (50%)	\$ 3,310.9 (a)	9.6%
Prairie Wind	Kansas	2014	Westar Energy (50%) Berkshire Hathaway Energy (25%) AEP (25%) (b)	158.0	12.8%
Pioneer	Indiana	2018	Duke Energy (50%) AEP (50%)	187.4	10.82%
Transource Missouri	Missouri	2016	Eversys, Inc. (13.5%) (c) AEP (86.5%) (c)	310.5	11.2% (d)
Transource West Virginia	West Virginia	2019	Eversys, Inc. (13.5%) (c) AEP (86.5%) (c)	78.1	10.5%
Transource Maryland	Maryland	2020	Eversys, Inc. (13.5%) (c) AEP (86.5%) (c)	25.0 (e)	10.4% (f)
Transource Pennsylvania	Pennsylvania	2020	Eversys, Inc. (13.5%) (c) AEP (86.5%) (c)	192.0 (e)	10.4% (f)

- (a) ETT is undertaking multiple projects and the completion dates will vary for those projects. ETT's investment in completed, current and future projects in ERCOT over the next ten years is expected to be \$3.3 billion. Future projects will be evaluated on a case-by-case basis.
- (b) AEP owns 25% of Prairie Wind Transmission, LLC (Prairie Wind) through its ownership interest in Electric Transmission America, LLC, which is a 50/50 joint venture with Berkshire Hathaway Energy (formerly known as MidAmerican Energy) and AEP.
- (c) AEP owns 86.5% of Transource Missouri, Transource West Virginia, Transource Maryland and Transource Pennsylvania through its ownership interest in Transource Energy, LLC (Transource). Transource is a joint venture with AEPTHCo and Eversys, Inc. formed to pursue competitive transmission projects. AEPTHCo and Eversys, Inc. own 86.5% and 13.5% of Transource, respectively.
- (d) The ROE represents the weighted average approved ROE based on the costs of two projects developed by Transource Missouri; the \$64 million Iatan-Nashua project (10.3%) and the \$247 million Sibley-Nebraska City project (11.3%).
- (e) In August 2016, Transource Maryland and Transource Pennsylvania received approval from the PJM Interconnection Board to construct portions of a transmission project located in both Maryland and Pennsylvania. The project is expected to go in service in 2020. Project costs are in 2018 dollars.
- (f) In January 2018, Transource Maryland and Transource Pennsylvania received FERC approval of a settlement authorizing an ROE of 10.4%. This reflects a 9.9% base plus 0.5% RTO participation adder.

Transource Missouri, Transource West Virginia, Transource Maryland and Transource Pennsylvania are consolidated joint ventures by AEP. All other joint ventures in the table above are not consolidated by AEP. AEP's joint ventures do not have employees. Business services for the joint ventures are provided by AEPSC and other AEP subsidiaries and the joint venture partners. During 2018, approximately 537 AEPSC employees and 283 operating company employees provided service to one or more joint ventures.

NYS Department of State

Division of Corporations

Entity Information

The information contained in this database is current through August 16, 2019.

Selected Entity Name: AMERICAN ELECTRIC POWER COMPANY, INC.

Selected Entity Status Information

Current Entity Name: AMERICAN ELECTRIC POWER COMPANY, INC.

DOS ID #: 20479

Initial DOS Filing Date:

County: NEW YORK

Jurisdiction: NEW YORK

Entity Type: DOMESTIC BUSINESS CORPORATION

Current Entity Status: ACTIVE

Selected Entity Address Information

DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)

AMERICAN ELECTRIC POWER COMPANY, INC.

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Chief Executive Officer

NICHOLAS K. AKINS

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Principal Executive Office

AMERICAN ELECTRIC POWER COMPANY, INC.

1 RIVERSIDE PLAZA

COLUMBUS, OHIO, 43215

Registered Agent

C T CORPORATION SYSTEM

28 LIBERTY ST.

NEW YORK, NEW YORK, 10005

This office does not record information regarding the names and addresses of officers, shareholders or directors of nonprofessional corporations except the chief executive officer, if provided, which would be listed above. Professional corporations must include the name(s) and address(es) of the initial officers, directors, and shareholders in the initial certificate of incorporation, however this information is not recorded and only available by [viewing the certificate](#).

*Stock Information

# of Shares	Type of Stock	\$ Value per Share
600000000	Par Value	6.5

*Stock information is applicable to domestic business corporations.

Name History

Filing Date	Name Type	Entity Name
MAY 12, 1958	Actual	AMERICAN ELECTRIC POWER COMPANY, INC.
FEB 18, 1925	Actual	AMERICAN GAS AND ELECTRIC COMPANY

A **Fictitious** name must be used when the **Actual** name of a foreign entity is unavailable for use in New York State. The entity must use the fictitious name when conducting its activities or business in New York State.

NOTE: New York State does not issue organizational identification numbers.

[Search Results](#) | [New Search](#)

[Services/Programs](#) | [Privacy Policy](#) | [Accessibility Policy](#) | [Disclaimer](#) | [Return to DOS Homepage](#) | [Contact Us](#)

Southwestern Public Service Company

RECEIVED

2019 MAY 31 AM 10:18

PUBLIC UTILITY COMMISSION
FILING CLERK

PROJECT NO. 36867

ANNUAL REPORT OF AFFILIATE ACTIVITIES
(Includes Texas Jurisdictional Only Affiliate Transactions)

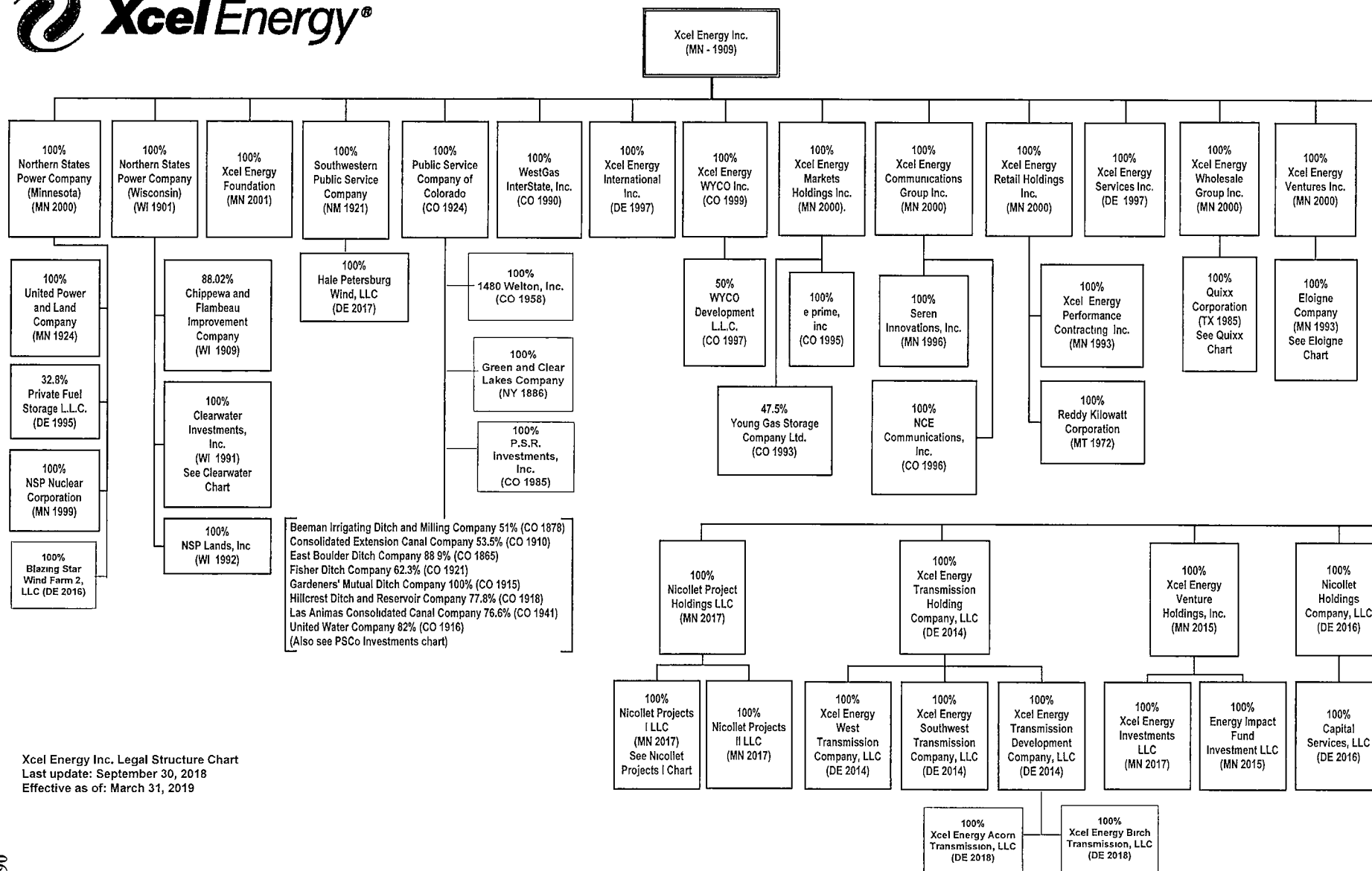
FOR

SOUTHWESTERN PUBLIC SERVICE COMPANY

PURSUANT TO PUCT TEXAS ADMINISTRATIVE CODE 16 TAC §25.84

FOR THE YEAR ENDED DECEMBER 31, 2018

Contact Person: Amber Chidester
Regulatory Administrator
Xcel Energy Services
806-378-2421



Xcel Energy Inc. Legal Structure Chart
 Last update: September 30, 2018
 Effective as of: March 31, 2019

Business Record Details »

Minnesota Business Name

Xcel Energy Inc.**Business Type**

Business Corporation (Domestic)

MN Statute

302A

File Number

37-AA

Home Jurisdiction

Minnesota

Filing Date

06/17/1909

Status

Active / In Good Standing

Renewal Due Date

12/31/2019

Registered Office Address2345 Rice Street, Suite 230
Roseville, MN 55113
USA**Number of Shares**

1,007,000,000

Registered Agent(s)

Corporation Service Co

Chief Executive OfficerBen Fowke
414 Nicollet Mall
Minneapolis, MN 55401
USA**Principal Executive Office Address**414 Nicollet Mall
Minneapolis, MN 55401
USA**Comments**

Copies in drawer

Filing History**Filing History**

Select the item(s) you would like to order:

Order Selected Copies

<input type="checkbox"/>	Filing Date	Filing	Effective Date
<input type="checkbox"/>	06/17/1909	Original Filing - Business Corporation (Domestic)	

<input type="checkbox"/>	Filing Date	Filing	Effective Date
<input type="checkbox"/>	06/17/1909	Business Corporation (Domestic) Business Name (Business Name: Washington County Light and Power Company)	
<input type="checkbox"/>	12/17/1909	Business Corporation (Domestic) Business Name (Business Name: Consumers Power Company)	
<input type="checkbox"/>	05/28/1912	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	10/04/1913	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	02/05/1916	Business Corporation (Domestic) Business Name (Business Name: Northern States Power Company)	
<input type="checkbox"/>	02/05/1916	Registered Office and/or Agent - Business Corporation (Domestic)	
<input type="checkbox"/>	01/14/1919	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	09/27/1922	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	11/26/1923	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	09/09/1924	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	12/18/1925	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	03/23/1926	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	06/02/1927	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	02/29/1928	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	04/22/1931	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	08/11/1933	Consent to Use of Name - Business Corporation (Domestic)	
<input type="checkbox"/>	04/14/1934	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	10/15/1934	Business Corporation (Domestic) Duration	
<input type="checkbox"/>	12/02/1935	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	02/03/1937	Amendment - Business Corporation (Domestic)	

<input type="checkbox"/>	Filing Date	Filing	Effective Date
<input type="checkbox"/>	02/03/1937	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/23/1941	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	08/29/1941	Merger - Business Corporation (Domestic)	
<input type="checkbox"/>	08/13/1946	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	12/27/1946	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	08/12/1948	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	10/04/1948	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	10/26/1950	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/05/1951	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	04/22/1954	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	08/26/1954	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	09/30/1954	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	03/01/1956	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/13/1959	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	06/23/1960	Business Corporation (Domestic) Other	
<input type="checkbox"/>	07/23/1964	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	03/10/1967	Registered Office and/or Agent - Business Corporation (Domestic)	
<input type="checkbox"/>	05/31/1967	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/15/1968	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	05/15/1968	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	01/08/1969	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/08/1970	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	08/26/1970	Business Corporation (Domestic) Change of Shares	

<input type="checkbox"/>	Filing Date	Filing	Effective Date
<input type="checkbox"/>	05/13/1971	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	09/28/1971	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	10/03/1973	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	07/17/1974	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/08/1975	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/08/1975	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	08/06/1979	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	06/23/1980	Business Corporation (Domestic) Restated Articles	
<input type="checkbox"/>	07/25/1980	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	04/15/1981	Business Corporation (Domestic) Active Status Report	
<input type="checkbox"/>	07/23/1981	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	07/21/1982	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	07/21/1983	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	07/20/1984	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	07/22/1985	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/07/1986	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	06/02/1986	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	06/13/1986	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	05/12/1987	Business Corporation (Domestic) Other	
<input type="checkbox"/>	05/28/1987	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	05/06/1988	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	06/13/1988	Business Corporation (Domestic) Other	
<input type="checkbox"/>	04/02/1992	Business Corporation (Domestic) Other	

<input type="checkbox"/>	Filing Date	Filing	Effective Date
<input type="checkbox"/>	05/22/1998	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	07/09/1998	Business Corporation (Domestic) Other	
<input type="checkbox"/>	07/09/1998	Business Corporation (Domestic) Restated Articles	
<input type="checkbox"/>	07/24/1998	Merger - Business Corporation (Domestic)	
<input type="checkbox"/>	04/29/1999	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	05/10/1999	Business Corporation (Domestic) Restated Articles	
<input type="checkbox"/>	03/30/2000	Merger - Business Corporation (Domestic)	
<input type="checkbox"/>	08/18/2000	Business Corporation (Domestic) Business Name (Business Name: Xcel Energy Inc.)	
	08/18/2000	Merger - Business Corporation (Domestic)	
	08/18/2000	Business Corporation (Domestic) Change of Shares	
<input type="checkbox"/>	08/21/2000	Business Corporation (Domestic) Restated Articles	
<input type="checkbox"/>	08/29/2000	Registered Office and/or Agent - Business Corporation (Domestic)	
<input type="checkbox"/>	09/21/2000	Consent to Use of Name - Business Corporation (Domestic)	
<input type="checkbox"/>	02/01/2001	Registered Office and/or Agent - Business Corporation (Domestic)	
<input type="checkbox"/>	07/06/2005	Global Registered Office and/or Agent - Business Corporation (Domestic)	
<input type="checkbox"/>	08/30/2007	Global Registered Office and/or Agent - Business Corporation (Domestic)	
<input type="checkbox"/>	05/23/2008	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	05/20/2011	Amendment - Business Corporation (Domestic)	
<input type="checkbox"/>	5/23/2012	Amendment - Business Corporation (Domestic) Restated Articles	

<input type="checkbox"/>	Filing Date	Filing	Effective Date
<input type="checkbox"/>	2/5/2015	Registered Office and/or Agent - Business Corporation (Domestic)	

Texas-New Mexico Power Company

RECEIVED

Project No. 36867 2019 MAY 14 AM 10:18

PUBLIC UTILITY COMMISSION
FILING CLERK

**ANNUAL REPORT OF AFFILIATE ACTIVITIES
FOR ELECTRIC UTILITIES**

TEXAS-NEW MEXICO POWER

577 NORTH GARDEN RIDGE BLVD.
LEWISVILLE, TEXAS 75067

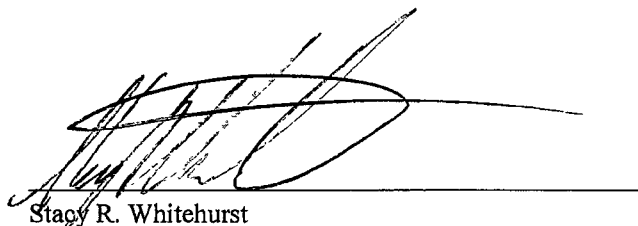
FOR YEAR ENDED DECEMBER 31, 2018

ATTESTATION

STATE OF TEXAS §

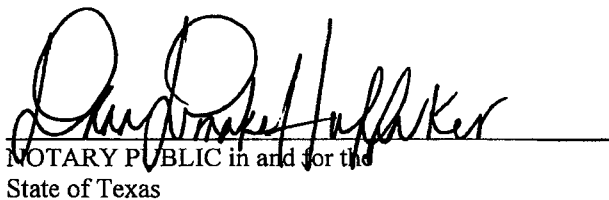
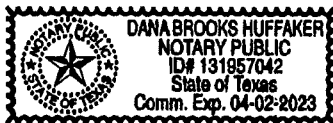
COUNTY OF DENTON §

I, Stacy R. Whitehurst, Vice President, Regulatory Affairs for Texas-New Mexico Power Company (TNMP), hereby certify that the foregoing Annual Report of Affiliate Activities has been prepared under my direction and that the information included therein is correct and accurate to the best of my knowledge and information.



Stacy R. Whitehurst
Vice President, Regulatory Affairs
TEXAS-NEW MEXICO POWER

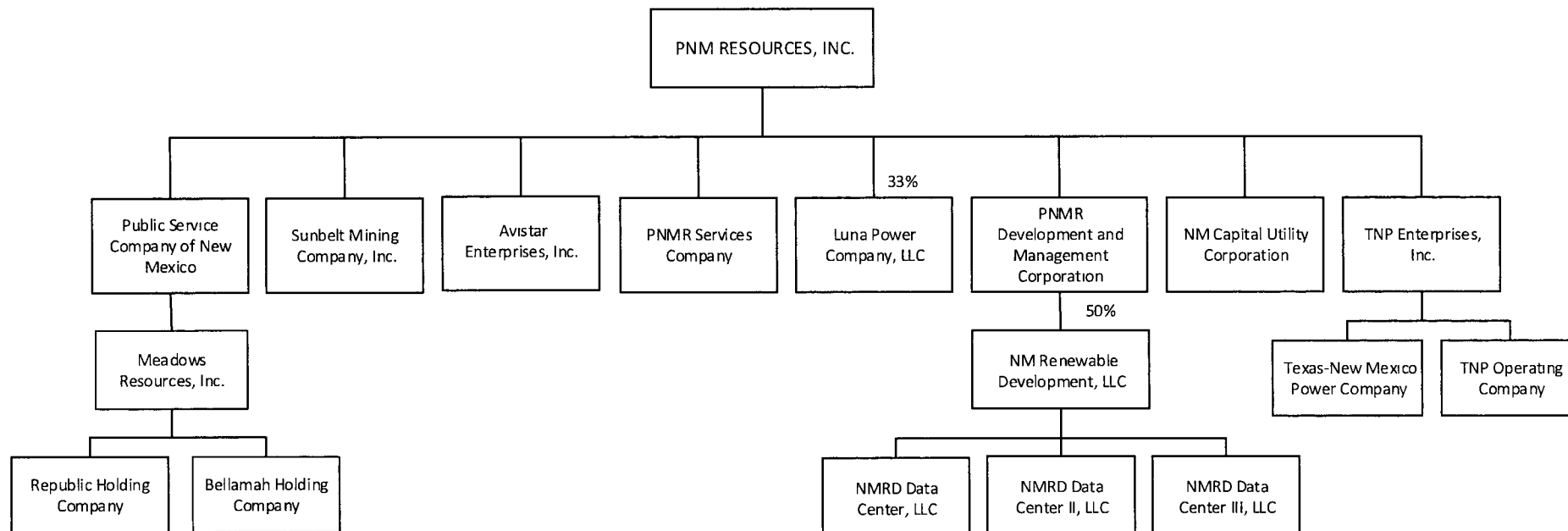
SWORN TO AND SUBSCRIBED before me on the 13th day of May, 2019.



NOTARY PUBLIC in and for the
State of Texas

My commission expires: 04-02-2023

PNM Resources, Inc. Organizational Chart



(Last updated July 31, 2018)

[HOME](#)

Search Information

 [Home](#)

Entity Details

Business ID#: **2070134**Status: **Active**Entity Name: **PNM RESOURCES, INC.**Standing: **Good Standing**DBA Name: **Not Applicable**

Entity Type and State of Domicile

Entity Type: **Domestic Profit Corporation**State of Incorporation: **New Mexico**Statute Law Code: **53-11-1 to 53-18-12**

Formation Dates



Reporting Information



Period of Existence and Purpose and Character of Affairs



Outstanding Items

Reports:

No Pending Reports.

Registered Agent:

No Records Found.

License:

No Records Found.

Contact Information

Mailing Address: **CORPORATE SECRETARY, CORPORATE HEADQUARTERS, Albuquerque, NM 87158**Principal Place of Business in New Mexico: **414 SILVER AVENUE SW, MAIL STOP 1275, Albuquerque, NM 87158**

Secondary Principal Place of Business in New Mexico:

Principal Office Outside of New Mexico: **Not Applicable**

Registered Office in State of Incorporation:

Principal Place of Business in **Not Applicable**
Domestic State/ Country:

Principal Office Location in NM: **Not Applicable**

Registered Agent Information

Name: **PATRICK V APODACA**

Geographical Location
Address:

Physical Address: **414 SILVER AVENUE SW,
MAIL STOP 1245,
ALBUQUERQUE, NM 87102**

Mailing Address: **NONE**

Date of Appointment: **11/07/2012**

Effective Date of Resignation:

Director Information

Title	Name	Address
Director	NORMAN P BECKER	414 SILVER AVENUE SW, MAIL STOP 1275, Albuquerque, NM 87102
Director	E RENAE CONLEY	414 SILVER AVENUE SW, MAIL STOP 1275, Albuquerque, NM 87102
Director	MAUREEN T MULLARKEY	414 SILVER AVENUE SW, MAIL STOP 1275, Albuquerque, NM 87102
Director	PATRICIA K COLLAWN	414 SILVER AVENUE SW, MAIL STOP 1225, Albuquerque, NM 87102
Director	ALAN J FOHRER	414 SILVER AVENUE SW, MAIL STOP 1275, Albuquerque, NM 87102
Director	SIDNEY M GUTIERREZ	414 SILVER AVENUE SW, MAIL STOP 1275, Albuquerque, NM 87102
Director	DONALD K SCHWANZ	414 SILVER AVENUE SW, MAIL STOP 1275, Albuquerque, NM 87102
Director	BRUCE W WILKINSON	414 SILVER AVENUE SW, MAIL STOP 1275, Albuquerque, NM 87102
Director	Vicky A Bailey	414 Silver Ave SW, Mail Stop 1275, Albuquerque, NM 87102
Director	James A Hughes	414 Silver Ave SW, Mail Stop 1275, Albuquerque, NM 87102

Officer Information


Title	Name	Address
President	PATRICIA COLLAWN	414 SILVER AVENUE SW, MAIL STOP 1225, Albuquerque, NM 87102
Executive Vice President	CHARLES ELDRED	414 SILVER AVENUE SW, MAIL STOP 1235, Albuquerque, NM 87102
Secretary	PATRICK APODACA	414 SILVER AVENUE SW, MAIL STOP 1245, Albuquerque, NM 87102
Treasurer	Joseph D Tarry	414 SILVER AVENUE SW, MAIL STOP 1015, Albuquerque, NM 87102
Senior Vice President	Ronald N Darnell	414 Silver Ave SW, Mail Stop 1215, Albuquerque, NM 87102


Title	Name	Address
Senior Vice President	Chris M Olson	414 Silver Ave SW, Mail Stop 1255, Albuquerque, NM 87102
Vice President	Elisabeth A Eden	414 Silver Ave SW, Mail Stop 0705, Albuquerque, NM 87102
Vice President	Michael P Mertz	414 Silver Ave SW, Mail Stop 1205, Albuquerque, NM 87102

Organizer Information
Not Applicable

Incorporator Information
No Records to View.

Trustee Information
Not Applicable

Filing History

License History

Wind Energy Transmission Texas, LLC

2019 MAY 31 PM 1:26

PUBLIC UTILITY COMMISSION OF TEXAS

PUBLIC UTILITY COMMISSION
FILING CLERK

PROJECT NO. 36867

**ANNUAL REPORT OF AFFILIATE ACTIVITIES
For
WIND ENERGY TRANSMISSION TEXAS, LLC
For
THE YEAR ENDED DECEMBER 31, 2018**

Pursuant to Substantive Rule 25.84

June 1, 2019

Contact Person:

Matthew Van Arkel
Regulatory Manager
Wind Energy Transmission Texas, LLC
210 Barton Springs Road, Suite 400
Austin, TX 78704
Telephone: 512-279-7377
matt.vanarkel@windenergyoftexas.com

258

Annual Report of Affiliate Activities for
For the Year Ended December 31, 2018

Wind Energy Transmission Texas, LLC
June 1, 2019

I. ORGANIZATION CHART

A. See attached chart.

II. ORGANIZATION OWNERSHIP AND SCOPE OF BUSINESS

A. Wind Energy Transmission Texas, LLC (“WETT”) is a single-member Limited Liability Corporation governed by WETT Holdings LLC. The members of the Board of Managers of WETT Holdings LLC as of the end of the reporting period are listed below:

Board Members representing Public Sector Pension Investment Board (“PSP Investments”):

- 1) Simon Duranceau, Chief Financial Officer, ROADIS
- 2) Paul Dufresne, P.E., Consultant to PSP Investments
- 3) Gabriel Damiani, Director Infrastructure Investments, PSP Investments

Board Members representing Brookfield Asset Management, Inc. (“Brookfield”):

- 4) Matthew Gross, Director of Finance, Brookfield Utilities Group
- 5) Fred Day, Vice President, Legal, Brookfield Asset Management
- 6) Paul Steckley, Director of Transmission Development, Brookfield Utilities Group

B. No changes in successive ownership between WETT and its owner affiliates occurred during the reporting period. However, affiliates in WETT’s parent chain of ownership acquired new competitive affiliates during 2018.

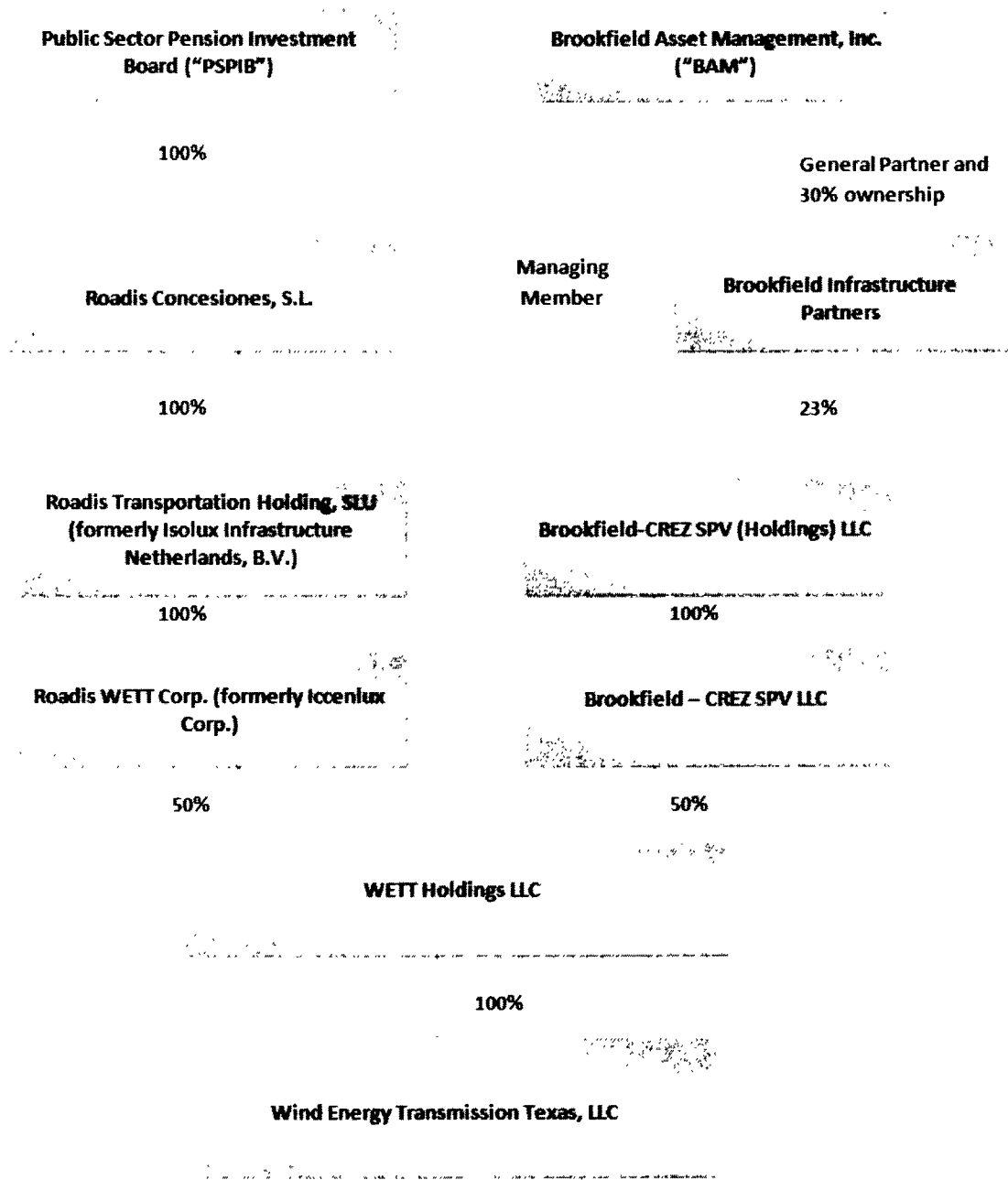
C. A description of the nature of the business activity of each affiliate with which WETT does business follows below:

1. Brookfield Power US Asset Management, LLC and Brookfield Infrastructure Utilities Management are indirect subsidiaries of Brookfield. Brookfield is a global alternative asset manager with a long history of

owning and operating assets with a focus on property, renewable power, and infrastructure. The company has approximately \$350 billion of assets under management and is co-listed on the New York and Toronto stock exchanges under the symbol BAM and BAM.A, respectively, and on the NYSE Euronext under the symbol BAMA. Brookfield has over 100 years of operating experience in the electric transmission business and currently has over \$2 billion of transmission assets in North America, including a wholly-owned, regulated utility in Canada. Brookfield's transmission portfolio today includes approximately 6,900 miles of transmission lines in Northern Ontario, New York/Connecticut, Colombia and Chile. Additionally, Brookfield is one of the largest independent owner-operators of high quality, low cost, renewable, hydroelectric power facilities, and wind power.

2. ROADIS WETT Corp. (f/k/a Iccenlux Corp.) is a member in WETT Holdings LLC, which is the parent company of WETT. ROADIS WETT Corp. is also an indirect subsidiary of PSP Investments. PSP Investments is one of Canada's largest pension investment managers, with \$153 billion of assets under management in 2018. PSP invests funds for the pension plans of the Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force. Their skilled and dedicated team of over 800 professionals manages a diversified global portfolio including stocks, bonds and other fixed-income securities, and investments in Private Equity, Real Estate, Infrastructure and Natural Resources. PSP's main business office is in Montreal and their head office is in Ottawa.
3. Rattlesnake Wind II LLC ("Rattlesnake Wind") is a wind generator. It became affiliated with WETT in late 2017 when one of WETT's ultimate parent companies, Brookfield, acquired an indirect, non-controlling, minority interest in one of Rattlesnake Wind's parent companies.
4. South Plains Wind Energy LLC ("South Plains Wind") is a wind generator. It became affiliated with WETT in 2018 when one of WETT's ultimate parent companies, Brookfield, acquired an indirect, non-controlling, minority interest in one of South Plains Wind's parent companies.
5. Panhandle Wind Holdings 2 LLC ("Panhandle Wind 2") became affiliated with WETT in 2018 when PSP Investments acquired a direct, minority interest in Pan2 B2 LLC, which in turn invests in Texas renewable energy assets.
6. Pattern Energy Group Inc. ("PEGI") became affiliated with WETT in 2018 when PSP Investments acquired a direct, minority interest in PEGI, which is a developer of wind and solar assets in North America. PEGI's Texas assets include Gulf Wind, Logan's Gap Wind, Panhandle Wind 1, Panhandle Wind 2, and Broadview Wind.

Wind Energy Transmission Texas, LLC Organization Chart¹



¹ Please note that this is an overall, simplified depiction of WETT's relevant external organizational structure.

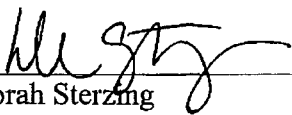
CERTIFICATION PURSUANT TO P.U.C. SUBSTANTIVE RULE 25.71(d)

Annual Report of Affiliate Activities for the Year Ended December 31, 2018

STATE OF TEXAS

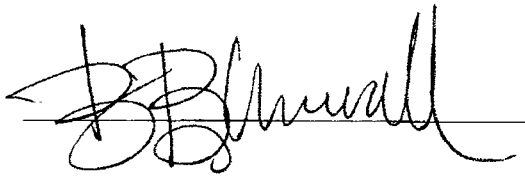
COUNTY OF TRAVIS

I, Deborah Sterzing, of Wind Energy Transmission Texas, LLC, certify that to the best of my knowledge, information, and belief, the accompanying Annual Report of Affiliate Activities for the Year Ended December 31, 2018 has been prepared under my direction from the original books, papers, and records of Wind Energy Transmission Texas, LLC; that I have carefully examined the same, and declare the same to be a correct statement of the business and affairs of Wind Energy Transmission Texas, LLC for the period covered by the report.

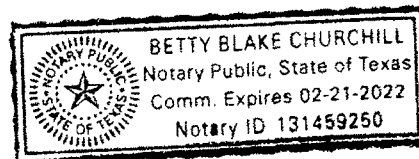


Deborah Sterzing
Vice President of Finance

Sworn and subscribed to before me this 28 day of May, 2019.



Notary Public
State of Texas



The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.
The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 13F**FORM 13F COVER PAGE****OMB APPROVAL**

OMB Number: 3235-0006
Expires: Oct 31, 2018
Estimated average burden
hours per response: 23.8

Report for the Calendar Year or Quarter Ended: 06-30-2019

Check here if Amendment ☐ Amendment Number:
This Amendment (Check only one.): ☐ is a restatement.
☐ adds new holdings entries.

Institutional Investment Manager Filing this Report:

Name: BROOKFIELD ASSET MANAGEMENT
INC.
Address: BROOKFIELD PLACE, 181 BAY ST, STE
300
PO BOX 762
TORONTO, A6 M5J2T3
Form 13F File
Number: 028-14349

The institutional investment manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: Kathy Sarpash
Title: Vice President, Legal & Regulatory
Phone: 416-369-4621

Signature, Place, and Date of Signing:

/s/ Kathy Sarpash Toronto, A6 08-14-2019
[Signature] [City, State] [Date]

Report Type (Check only one.):

☒ 13F HOLDINGS REPORT. (Check here if all holdings of this reporting manager are reported in this report.)
☐ 13F NOTICE. (Check here if no holdings reported are in this report, and all holdings are reported by other reporting

☐ manager(s).)

☐ 13F COMBINATION REPORT. (Check here if a portion of the holdings for this reporting manager are reported in this report and a portion are reported by other reporting manager(s).)

Form 13F Summary Page

Report Summary:

Number of Other Included Managers:	5
Form 13F Information Table Entry Total:	229
Form 13F Information Table Value Total:	23,288,696
	(thousands)

List of Other Included Managers:

Provide a numbered list of the name(s) and Form 13F file number(s) of all institutional investment managers with respect to which this report is filed, other than the manager filing this report.

[If there are no entries in this list, state "NONE" and omit the column headings and list entries.]

No.	Form 13F File Number	Name
1	028-13826	Brookfield Public Securities Group LLC
2	028-16270	Brookfield Asset Management Private Institutional Capital Adviser US, LLC
3	028-16296	Brookfield Asset Management Private Institutional Capital Adviser (Credit) LLC
4	028-14362	Brookfield Asset Management Private Institutional Capital Adviser (Canada), L.P.
5	028-17298	Brookfield Asset Management Private Institutional Capital Adviser (Private Equity), L.P.
