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DOCKET NO. **50856**

**SHARYLAND UTILITIES, L.L.C.'S
INTEREST-RATE SAVINGS REPORTS
RESULTING FROM THE FINAL
ORDER IN DOCKET NO. 48929**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**



**SHARYLAND UTILITIES, L.L.C.'S INTEREST-RATE
SAVINGS REPORT RESULTING FROM THE FINAL
ORDER IN DOCKET NO. 48929**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Sharyland Utilities, L.L.C. hereby files this 2020 interest-rate savings report as required by the Public Utility Commission of Texas's ("Commission") final order issued in Docket No. 48929¹ ("2020 Interest-Rate Savings Report"), and respectfully shows the following.

I. Background

On November 30, 2018, Sharyland Utilities, L.P., Sharyland Distribution & Transmission Services, L.L.C. ("SDTS"), Oncor Electric Delivery Company LLC ("Oncor"), and Sempra Energy filed a report and application for Commission approval of a series of mutually dependent transactions under Public Utility Regulatory Act ("PURA") §§ 14.101, 37.154, 39.262, and 39.915 in Docket No. 48929. On May 9, 2019, the Commission issued an order in that docket approving the proposed transactions consistent with a stipulation executed among the parties, and the transactions closed on May 16, 2019. These transactions resulted in Oncor owning a significant portion of SDTS's and Sharyland's assets through a wholly-owned subsidiary, and conversion of Sharyland Utilities, L.P. into a Delaware limited liability company, which owns transmission and wholesale distribution assets solely in the South Texas region. In addition, Sempra Energy acquired an indirect 50% ownership interest in the restructured Sharyland.

Finding of Fact No. 83 of the final order in Docket No. 48929 requires Sharyland to file in a compliance docket a calculation of any interest-rate savings annually until its next base rate case.

¹ *Joint Report and Application of Oncor Electric Delivery Company LLC, Sharyland Distribution & Transmission Services, L.L.C., Sharyland Utilities, L.P., and Sempra Energy for Regulatory Approvals under PURA §§ 14.101, 37.154, 39.262, and 39.915, Docket No. 48929, Order (May 9, 2019).*

Ordering Paragraph No. 12 requires Sharyland to provide customers with wholesale transmission service rate credits of 90% of the interest savings that Sharyland realized as a result of the improved credit quality of Sharyland, if any, and of debt issuance savings. Sharyland is filing this 2020 Interest-Rate Savings Report fulfill those requirements for May 16, 2019 to April 30, 2020.

II. Interest-Rate Savings Report

Prior to the closing of the transactions and entering into the loan facilities discussed below, Sharyland's long-term debt consisted of two term loan agreements and a fixed rate note. As of June 30, 2018, the term loans both bore interest at per annum rates of 3.73% and the fixed rate note bore interest at a per annum rate of 3.58%

In connection with the closing of the transactions, Sharyland refinanced all of its long-term debt. Specifically, on May 16, 2019, Sharyland entered into a Term Loan Credit Agreement that provides for a term loan credit facility with a principal amount of \$41,500,000 and has a term that expires on May 16, 2024. This loan bears interest at per annum rates equal to LIBOR plus 1.125%, which resulted in an effective weighted average interest rate of 3.388% for the period of May 16, 2019 through November 14, 2019. The principal amount of the Term Loan Credit Agreement was reduced to \$39,000,000 as of November 15, 2019. The effective weighted average interest rate for the Term Loan Credit Agreement from November 15, 2019 through April 30, 2020 was 2.710%. Additionally, on May 16, 2019, Sharyland entered into a Backstop Loan Agreement with a principal amount of \$100,000,000, which was replaced with a Private Placement Note on August 13, 2019. The loan under the Backstop Loan Agreement bore interest at per annum rates equal to LIBOR plus 1.125%, which resulted in an effective weighted average interest rate of 3.510%. The Private Placement Note has a principal amount of \$100,000,000 and has a term that expires on August 13, 2029. This loan bears interest at a per annum rate equal to 3.25%.

The improvement in interest-rate savings on these issuances led to interest-rate savings of \$546,512.31, which led to interest-rate savings to be credited to customers for this reporting period of \$491,861.08. Attachment A contains the calculations utilized to develop this amount.

III. Credit to Customers

Ordering Paragraph No. 12 requires Sharyland to provide customers with wholesale transmission service rate credits of 90% of the interest rate savings. Sharyland proposes to refund the \$491,861.08 in interest rate savings to customers taking service under Sharyland's tariff for

wholesale transmission service over a one-month period during the August 2020 billing month. The credit was calculated by dividing \$491,861.08 by the Electric Reliability Council of Texas four coincident peak (“4CP”) demand for 2019, as approved in Docket No. 50333.² The credit will be applied to each distribution service provider’s 4CP demand in 2019, based on the final transmission charge matrix in Docket No. 50333,³ as a one-month refund. A proposed tariff sheet for the Wholesale Interest Rate Refund rider (“Rider WISR”) is included as Attachment B. Sharyland respectfully requests that the Commission Administrative Law Judge establish a deadline for Commission Staff’s recommendation on this compliance filing, such that Rider WISR may be administratively approved before August 1, 2020.

IV. Conclusion

Sharyland respectfully requests that the Commission approve Rider WISR with an effective date of August 1, 2020. Sharyland respectfully requests that the relief requested in this compliance filing be granted, as well as any other relief to which Sharyland is entitled.

Respectfully Submitted,

/s/ Jeffrey B. Stuart

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² *Commission Staff’s Petition to Set 2020 Wholesale Transmission Services Charges for the Electric Reliability Council of Texas*, Docket No. 50333, Order (May 1, 2020).

³ Docket No. 50333, Commission Staff’s Final Transmission Charge Matrix (Mar. 10, 2020).

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document was served on all parties to 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*, on this 15th day of May, 2020.

/s/ Jeffrey B. Stuart

Jeffrey B. Stuart

EXHIBIT A

Sharyland Utilities, LLC Interest-Rate Savings Report

(1) May 16, 2019 to April 30, 2020

Issuances	Days Outstanding	Principal Amount	Wtd Average Interest Rate	Interest Rate at 6/30/2018	Interest Improvement	Interest Savings May 16, 2019-April 30, 2020	% Credited To Customers	Savings Achieved During Reporting Period
Term Loan A issued May 16, 2019 due May 16, 2024	183	\$ 41,500,000	3.588% (a)	3.730% (a)	0.942%	\$ 72,088.52	90%	\$ 64,879.49
Term Loan A issued May 16, 2019 due May 16, 2024	166	\$ 39,000,000	2.710% (a)	3.730% (a)	1.020%	\$ 185,610.93	90%	\$ 167,049.84
Backstop Loan issued May 16, 2019, repaid August 13, 2019	90	\$ 100,000,000	3.510% (a)	3.730% (a)	0.220%	\$ 55,063.06	90%	\$ 49,556.75
3.25% Private Placement loan issued August 13, 2019, due August 13, 2029	255 (c)	\$ 100,000,000	3.250% (b)	3.580% (b)	0.330%	\$ 233,750.00	90%	\$ 210,375.00
								<u>\$ 491,861.08</u>

(a) Term loan rate

(b) Fixed loan rate

(c) Days outstanding for private placement note based on 30-day months, with loan outstanding for 8.5 months

**Tariff for Electric Service
SHARYLAND UTILITIES, L.L.C.**

RIDER WISR – WHOLESALE INTEREST SAVINGS REFUND

Applicability: Entire System

Sheet No. 1
Effective Date: August 1, 2020
Revision: Original

Application

Applicable to all Distribution Service Providers (“DSPs”) receiving Wholesale Transmission Service, for the Wholesale Interest Savings Refund (“WISR”) authorized by the Commission in Docket No. 48929.

Method of Calculation

The formula for the WISR is:

$$\text{WISR} = \$491,861.08 / 2019 \text{ 4CP MW}$$

Rate Schedule

Wholesale Transmission Service,
2020 WISR

WISR Credit Factor

\$6.9295 per MW, billed at DSP utility
system demand

The billing units are the total ERCOT 4CP demand for the year prior to the year the credit is disbursed and the credit period is for one month. The 2019 ERCOT 4CP demand, as approved in Docket No. 50333, is 70,980.8724 MW.

Monthly Bill Amount

The amount to be refunded is determined by multiplying the DSP’s 4CP demand coincident with the ERCOT 4CP demand used in the calculation of the WISR by the WISR Credit Factor and is rounded to the nearest cent.

Notice

Rider WISR is subject to Sharyland’s Tariff for Wholesale Transmission Service and Applicable Legal Authorities.