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## **PRESS RELEASE**

### **InfraREIT Comments on Preliminary Order in Pending Rate Case**

DALLAS, TEXAS, Oct. 10, 2016—InfraREIT, Inc. (NYSE: HIFR) (“InfraREIT” or the “Company”) today announced that the Public Utility Commission of Texas (“PUCT”) has voted to approve a preliminary order (the “Order”) in the pending rate case of Sharyland Utilities, L.P. (“Sharyland”), which leases all of the Company’s electric transmission and distribution assets.

Based on discussions at the PUCT’s open meeting on Oct. 7, 2016, the Company expects the Order, when signed by the PUCT, to:

- Require Sharyland and InfraREIT’s regulated subsidiary, Sharyland Distribution & Transmission Services, L.L.C. (“SDTS”), to file amended rate filing packages no later than January 1, 2017, reflecting certain updates required by the PUCT;
- Direct Sharyland and SDTS to amend the rate case application to request PUCT approval of a tariff establishing terms and conditions for the leases between Sharyland and SDTS;
- Instruct Sharyland and SDTS to amend the rate case application to request that the PUCT issue SDTS its own certificate of convenience and necessity; and
- Provide that the PUCT’s determinations in the rate case will supersede prior orders to the extent of any conflict, but will not rescind the PUCT’s 2008 approval of the transfer of transmission and distribution assets from Sharyland to SDTS.

“We look forward to continued dialogue with the PUCT staff and other interested parties throughout the remainder of the rate case to develop and implement an effective and efficient process for regulating Sharyland, SDTS and the leases that complies with the provisions of Texas law, is workable for our business and positions us to continue to operate as a real estate investment trust under applicable tax laws,” said David A. Campbell, Chief Executive Officer of InfraREIT.

The Company expects important rate case issues, including the incorporation of any federal income tax requirements to structure the leases as true leases, the regulatory method to update lease payments between rate cases and economic issues such as the allowed return on equity, income tax allowance and approved lease rates, to be addressed over the remaining course of the rate case.

#### **Additional Information**

Supplemental information relating to the rate case can be found at [www.InfraREITInc.com](http://www.InfraREITInc.com) under the “About InfraREIT-Sharyland Utilities-Our Tenant” section of the Company’s Web site. InfraREIT will also post updates to this section of the Company’s Web site as new information becomes available.

#### **About InfraREIT, Inc.**

InfraREIT is a real estate investment trust that owns rate-regulated electric transmission and distribution assets in the state of Texas. The Company is externally managed by Hunt Utility Services, LLC, an affiliate of Hunt Consolidated, Inc. (a diversified holding company based in Dallas, Texas and managed by the Ray L. Hunt family) and the Company’s shares are traded on the New York Stock Exchange under the symbol “HIFR”. Additional information on InfraREIT is available at [www.InfraREITInc.com](http://www.InfraREITInc.com).

