

NextEra Energy Partners, LP  
Form 8-K  
September 05, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of earliest event reported: August 31, 2018

Commission File Number	Exact name of registrant as specified in its charter, address of principal executive office and registrant's telephone number	IRS Employer Identification Number
1-36518	NEXTERA ENERGY PARTNERS, LP 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	30-0818558

State or other jurisdiction of incorporation or organization: Delaware

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has 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.



## SECTION 1 - REGISTRANT'S BUSINESS AND OPERATIONS

### Item 1.01 Entry into a Material Definitive Agreement

(a) On August 31, 2018, an indirect subsidiary of NextEra Energy Partners, LP (NEP), NextEra Energy Partners Acquisitions, LLC (NEP Acquisitions), entered into a purchase and sale agreement with NEP US SellCo, LLC (the seller) and ESI Energy, LLC, both of which are subsidiaries of NextEra Energy Resources, LLC. Pursuant to the terms of the purchase and sale agreement, NEP Acquisitions agreed to acquire from the seller 100% of the membership interests in NEP Renewables, LLC (NEP Renewables), which owns 100% of the membership interests in each of:

Breckenridge Wind Class A Holdings, LLC, which owns 100% of the Class A membership interests of Breckenridge Wind Project, LLC, a project company that owns an approximately 98 megawatt (MW) wind generation facility located in Oklahoma;

Carousel Wind Holdings, LLC, which owns 100% of the Class A membership interests of Carousel Wind Farm, LLC, a project company that owns an approximately 150 MW wind generation facility located in Colorado;

Monarch Wind Holdings, LLC, which owns 100% of the Class A membership interests of Monarch Wind, LLC, which indirectly owns two wind generation facilities, Javelina II and Rush Springs Wind, with a combined generating capacity of approximately 450 MW, located in Texas and Oklahoma, respectively;

Mountain View Solar Holdings, LLC, which owns Mountain View Solar, LLC, a project company that owns an approximately 20 MW solar generation facility located in Nevada;

Pacific Plains Wind Class A Holdings, LLC, which owns 100% of the Class A membership interests of Pacific Plains Wind, LLC, which indirectly owns three wind generation facilities, Bluff Point, Cottonwood and Golden Hills North, with a combined generating capacity of approximately 255 MW, located in Indiana, Nebraska and California, respectively; and

Palomino Wind Holdings, LLC, which owns 100% of the Class A membership interests of Palomino Wind, LLC, which indirectly owns three wind generation facilities located in Kansas, Kingman I, Kingman II and Ninnescah, with a combined generating capacity of approximately 415 MW.

The acquisition of the foregoing entities is expected to close during the fourth quarter of 2018 for a total consideration of approximately \$1,275 million, subject to customary working capital and other adjustments, plus the assumption of approximately \$930 million in existing noncontrolling interests related to differential membership investors and \$38 million of existing debt. The transaction is subject to the receipt of regulatory approvals and satisfaction of customary closing conditions.

NEP expects to fund the purchase price for the acquisition through a combination of cash on hand and capacity under an existing credit facility. Funds drawn under the credit facility are expected to be immediately repaid with the \$750 million financing transaction described in (b) below.

The purchase and sale agreement contains customary representations, warranties and covenants by the parties. The parties are obligated, subject to certain limitations, to indemnify each other for certain customary and other specified matters, including breaches of representations and warranties, nonfulfillment or breaches of covenants and for certain liabilities and third-party claims.

The terms of the purchase and sale agreement were unanimously approved by NEP's conflicts committee, which is comprised of the independent members of the board of directors of NEP. The conflicts committee retained independent legal and financial advisors to assist in evaluating and negotiating the acquisition. In approving the acquisition, the conflicts committee based its decision, in part, on an opinion from its independent financial advisor.

The foregoing description of the purchase and sale agreement is qualified in its entirety by reference to the agreements filed as Exhibits 2.1 and 2.2 to this Current Report on Form 8-K and incorporated herein by reference.

(b) On August 31, 2018, NEP, NEP Renewables Holdings, LLC (NEP Renewables Holdings) and NEP Renewables entered into a membership interest purchase agreement (membership purchase agreement) with Western Renewables Partners LLC, an affiliate of a fund managed by BlackRock Global Energy & Power Infrastructure (BlackRock) for the purpose of financing the acquisition of NEP Renewables. BlackRock has committed to pay approximately \$750 million to NEP Renewables Holdings for 100% of the non-controlling Class B interest in NEP Renewables, representing an approximately 59% investment in NEP Renewables, subject to the specified conditions set forth in the membership purchase agreement. NEP Renewables Holdings will retain 100% of the Class A interest, representing an approximately 41% investment in NEP Renewables, and NEP will consolidate NEP Renewables.

Under the amended and restated limited liability company agreement for NEP Renewables (the LLC agreement) that will be entered into at funding, NEP, through its indirect ownership of NEP Renewables Holdings, will receive 85% of NEP Renewables' cash distributions for the first three years after funding, and BlackRock will receive 15%, which implies a yield of approximately 2.5% per annum for the first three years. After three years, NEP will receive 20% of NEP Renewables' cash distributions and BlackRock will receive 80%. From the third to the fourth anniversary after funding, NEP has the option (the buyout right), subject to certain limitations and extensions, to purchase 100% of BlackRock's interest in NEP Renewables at a buyout price that implies a 7.75% pre-tax return to BlackRock (inclusive of all prior distributions). If exercised, NEP has the right to pay at least 70 percent of the buyout price in

NEP non-voting common units, issued at the then-current market price of NEP common units, with the balance paid in cash, subject to limitations as described in the LLC agreement. Beginning January 1, 2025, NEP will give BlackRock, under a registration rights agreement to be entered into at funding, certain rights to require NEP, under certain circumstances, to initiate underwritten offerings for the common units that are issuable if NEP exercises the buyout right.

Pursuant to the LLC agreement, NEP's limited partnership agreement will be amended and restated to establish the rights of the NEP non-voting common units. Following any exercise of the buyout right, the NEP non-voting common units will be a new class of securities that will have, among other terms, the right to receive pro rata quarterly cash distributions and rights, subject to certain limitations, to convert the NEP non-voting common units into NEP common units on a one-for-one basis.

The foregoing description of the membership purchase agreement is qualified in its entirety by reference to the agreement filed as Exhibit 2.3 to this Current Report on Form 8-K and incorporated herein by reference.

BlackRock is also the indirect owner of approximately 64% of the outstanding Series A convertible preferred units representing limited partner interests in NEP that were issued in November 2017.

## SECTION 9 - FINANCIAL STATEMENTS AND EXHIBITS

### Item 9.01 Financial Statements and Exhibits

#### (d) Exhibits.

Exhibit Number	Description
2.1*	<u>Amended and Restated Purchase and Sale Agreement, dated as of February 22, 2016, by and between NEP US SellCo, LLC and NextEra Energy Partners Acquisitions, LLC, as amended by First Global Amendment to Amended and Restated Purchase and Sale Agreement, dated as of September 8, 2016, by and between NEP US SellCo, LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC (filed as Exhibit 2.1 to Form 10-Q for the quarter ended September 30, 2017, File No. 1-36518)</u>
2.2	<u>Amendment to Amended and Restated Purchase and Sale Agreement (2018 Projects Annex), dated as of August 31, 2018, by and among NEP US SellCo LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC</u>
2.3	<u>Membership Interest Purchase Agreement</u>

\*Incorporated herein by reference.

NEP agrees to furnish to the SEC upon request any instrument with respect to long-term debt that NEP has not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: September 5, 2018

NEXTERA  
ENERGY  
PARTNERS,  
LP  
(Registrant)

TERRELL  
KIRK  
CREWS, II  
Terrell Kirk  
Crews, II  
Controller  
and Chief  
Accounting  
Officer

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Statements of Changes in Net Assets Available for Benefits

3

Notes to Financial Statements

4 – 9

SUPPLEMENTAL SCHEDULE

Form 5500, Schedule H, Part IV, Line 4i—Schedule of Assets (Held at End of Year)

as of December 31, 2015

10

EXHIBIT INDEX

11

SIGNATURE

12

NOTE:

All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Employee Benefits Administrative Committee and Participants of the SchwabPlan Retirement Savings and Investment Plan:

We have audited the accompanying statements of net assets available for benefits of the SchwabPlan Retirement Savings and Investment Plan (the Plan) as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental schedule listed in the Table of Contents has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including the form and content, is presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, such schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Deloitte & Touche LLP

San Francisco, California

June 6, 2016

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## SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31,	2015	2014
Assets		
Investments – at fair value:		
Mutual and other funds	\$ 1,609,206,568	\$ 1,518,215,474
Self-directed brokerage accounts	623,616,125	627,006,050
Common stock funds of The Charles Schwab Corporation	542,201,913	536,506,552
Cash	100,766,633	85,876,735
Total investments	2,875,791,239	2,767,604,811
Receivables:		
Employer contributions	- -	65,903,638
Participant notes receivable	48,627,711	46,225,146
Due from broker for investments sold	3,184,310	3,885,092
Accrued dividends and interest	125,875	138,250
Total receivables	51,937,896	116,152,126
Total assets	2,927,729,135	2,883,756,937
Liabilities		
Due to broker for investments purchased	3,087,694	4,368,878
Net Assets Available for Benefits	\$ 2,924,641,441	\$ 2,879,388,059

See Notes to Financial Statements.

SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31,	2015	2014
Additions to Net Assets Available for Benefits		
Investment income:		
Dividends and interest	\$ 61,607,315	\$ 52,367,001
Net appreciation (depreciation) in fair value of investments:	(48,664,295)	152,038,039
Total net investment income	12,943,020	204,405,040
Contributions:		
Participants' salary deferral and rollover	171,158,490	140,127,643
Net employer contributions	76,226,750	65,337,824
Total contributions	247,385,240	205,465,467
Interest income on participant notes receivable	1,583,564	1,585,659
Total additions to Net Assets Available for Benefits	261,911,824	411,456,166
Deductions from Net Assets Available for Benefits		
Distributions to participants	(216,658,442)	(227,773,857)
Net Increase in Net Assets Available for Benefits	45,253,382	183,682,309
Net Assets Available For Benefits		
Beginning of year	2,879,388,059	2,695,705,750
End of year	\$ 2,924,641,441	\$ 2,879,388,059

See Notes to Financial Statements.

## SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

#### 1. PLAN DESCRIPTION

The following description of the SchwabPlan Retirement Savings and Investment Plan (the Plan), which describes the terms of the Plan as of December 31, 2015, provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is a 401(k) salary deferral program sponsored by The Charles Schwab Corporation (CSC) and covers all eligible employees of CSC and participating affiliates. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Business Trust Division (BTD) serves as trustee of the Plan. BTD is a division of Charles Schwab Bank, a depository institution subsidiary of CSC. A purchasing agent, designated by BTD, acts as the agent of BTD with respect to purchases and sales of CSC common stock funds held by the Plan. Schwab Retirement Plan Services, Inc., a wholly owned direct subsidiary of CSC, provides retirement plan record keeping and related services to the Plan.

**401(k) Salary Deferral Program**—Eligible employees may participate in the 401(k) salary deferral program upon their hire date. Participants may elect to have up to 50 percent of their eligible compensation (generally defined as wages as reported on Form W-2) contributed directly to the Plan, not to exceed the limit on 401(k) deferrals under the Internal Revenue Code (IRC) (\$18,000 for 2015 and \$17,500 for 2014). Such contributions are not currently taxable to participants and may be matched by CSC's contribution (Basic Match) equal to 100 percent of salary deferred, up to a maximum of five percent of eligible compensation. The Plan also permits eligible participants who will reach the age 50 or older before the end of the Plan year to make catch-up contributions up to 50 percent of their eligible compensation subject to the limit on catch-up contributions under section 414(v) of the IRC (\$6,000 for 2015 and \$5,500 for 2014). Catch-up contributions are not eligible for the Basic Match. The Basic Match contribution was provided by CSC in 2015 and 2014. At the discretion of CSC, an additional contribution (Profit Contribution) based

on CSC's performance may also be made. No Profit Contribution was made by CSC in 2015 or 2014.

Employees eligible to participate in the 401(k) salary deferral program are eligible to elect and make Roth 401(k) contributions, which are made on an after-tax basis. Combined pre-tax contributions and Roth 401(k) contributions may not exceed the limit on 401(k) deferrals under the IRC. CSC may match Roth 401(k) contributions in the same manner as the pre-tax 401(k) Basic Match. Any of CSC's Roth 401(k) match contributions are made on a pre-tax basis and will be taxable to the participant upon distribution from the Plan.

CSC's Basic Match is made each pay period and vests immediately. The Basic Match allocation is based on the participant's salary deferral contribution and eligible compensation. CSC's Profit Contribution, if any, are made in full or by installments in the subsequent year, at the Board's discretion. A participant must be an eligible employee on the last workday of the year to receive a Profit Contribution for that Plan year. However, if a participant terminates employment during the year due to death, retirement or disability as defined in the Plan, the participant is eligible to receive the Profit Contribution for that Plan year, if made. The Profit Contribution allocation is based on eligible compensation while an employee during the Plan year, if made.

Participant Accounts—Individual accounts are maintained for each Plan participant. Each participant account is credited with the participant's contribution, the Basic Match, the Profit Contribution, if any, and Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investment Options—Participants have the option of investing in the index mutual funds according to an investment strategy developed through Schwab Retirement Planner® or on their own. Schwab Retirement Planner integrates independent, third-party advice from Morningstar Associates, LLC, and personal factors, such as participants'

SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

current 401(k) plan account balance, savings rate, and expected retirement age to create a personalized investment strategy.

As of December 31, 2015, participants had 17 core investment options, which included mutual and other funds that cover stocks and bonds, common stock funds of CSC, and a cash account.

CSC also provides a self-directed brokerage account investment alternative called Schwab Personal Choice Retirement Account® (PCRA), which offers participants additional investment choices beyond the core investment options. Participants are responsible for paying trading fees and commissions in their PCRA. PCRA investments are regulated by ERISA, and CSC policies. Participants may choose to invest all or part of their Plan balance in a PCRA.

Participants may invest their 401(k) contributions or rebalance their accounts in any or all of these options in increments of one percent.

**Participant Notes Receivable**—Participants may borrow a minimum of \$1,000 up to a maximum of 50 percent of their 401(k) account balances or \$50,000, whichever is less. Loan terms may not exceed 5 years (or 15 years for the purchase of a primary residence). A loan is secured by the balance in the participant's account and bears interest at a rate equal to the prime rate, at the time the loan application is made, plus one percent. Principal and interest are paid ratably through payroll deductions. Loan payoffs can be made with no prepayment penalties.

**Vesting**—Participants are immediately vested in their 401(k) contributions, rollovers, Basic Match, and investment earnings on these amounts. Participants with at least four years of service are fully vested in the value of any discretionary Profit Contribution. A year of service is defined as a calendar year during which the participant has

completed at least 1,000 hours of service.

**Distributions**—A participant is entitled to receive a distribution of the vested portion of his or her account upon termination of employment for any reason, including on account of death, disability, or retirement. Distributions may be made only in the form of a single lump sum, unless the participant is receiving a minimum required distribution as defined in the Plan. Distributions are also available in the event of certain defined events constituting financial hardship and upon meeting specific criteria. Once distributed to the participant, the hardship distribution cannot be deposited back into the participant's account. The Plan also allows a terminating participant to receive a distribution in-kind to a Charles Schwab & Co. (CS&Co.), Inc. brokerage account, for certain mutual fund shares instead of cash, and permits a terminating participant to elect to receive, in cash or in-kind, the value of his or her account in the Plan that had been invested in CSC's common stock through investment in CSC's unitized stock funds.

**Forfeitures**—Participants forfeit any nonvested portion of any discretionary Profit Contribution upon termination of employment for any reason other than death, disability, or retirement. Retirement is defined as the earlier of age 55 with ten years of service or age 65 (age 50 with seven years of service for participants who were participating in the Plan as of December 31, 2008). The forfeited amount may be restored if the participant is rehired, depending upon the circumstances. Participants must also forfeit any portion of a Basic Match associated with a salary deferral contribution that is in excess of the IRC 401(k) deferral limit. Forfeitures of any discretionary Profit Contributions or Basic Match arising during the plan year are generally used to reduce the amount of the employer contribution for that year. During 2015 and 2014, forfeiture amounts used to reduce the employer contribution were not material.

**Administrative Expenses**—The Plan document provides for payment of professional fees and other administrative expenses by the Plan, but permits such expenses to be paid by CSC.

## SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

#### YEARS ENDED DECEMBER 31, 2015 AND 2014

Termination of the Plan—CSC has the right under the Plan document to discontinue its contributions at any time or to terminate the Plan, subject to the provisions of ERISA. CSC has not expressed any intent to terminate the Plan. In the event that the Plan is terminated, affected participants' account balances will become fully vested and distributed immediately.

#### 2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), which require management to make certain estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results may differ from those estimates.

Risks and Uncertainties—The investments of the Plan are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the financial statements.

Investments—The Plan's investments are generally stated at fair value. The Plan classifies its investments into three levels: Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's policy is to recognize transfers of financial instruments between levels as of the beginning of the period in which the transfer occurs.

When available, the Plan uses quoted prices in active markets to measure the fair value of assets. When quoted prices do not exist, the Plan uses quoted prices for similar securities and valuations provided by alternative pricing sources supported by observable inputs, such as interest rates, prepayment speeds, credit risk, and illiquidity and/or non-transferability discounts. Investments classified as Level 2 include positions that are not traded in active markets and/or are subject to transfer restrictions. The Plan did not adjust any valuations to reflect entity-specific illiquidity or non-transferability at December 31, 2015 or 2014.

CSC's common stock is valued at the closing price reported on the New York Stock Exchange on the last business day of the Plan year. Shares of mutual and other funds, and the money market fund are valued at the quoted net asset value of shares held by the Plan or using quoted prices of the underlying investments of these funds at year end. The carrying value of funds held in the Schwab Bank Savings cash account approximates fair value. Investments held in a PCRA are valued using quoted market prices at year end, when available. When quoted prices do not exist, investments are valued using quoted prices for similar securities and valuations provided by alternative pricing sources supported by observable inputs.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Distributions and benefits are recorded when paid or at the time of in-kind distribution.

Management fees and operating expenses charged to the Plan for investments in mutual and other funds and are deducted from income earned by such investments on a daily basis and are not separately disclosed on the statements of changes in net assets available for benefits.

SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

**Participant Notes Receivable**—Participant notes receivable are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document and are reported as taxable income to the participant regardless of whether the loan amount was provided from pre-tax or after-tax accounts. Participant loans are considered delinquent upon becoming 90 days past due as to interest or principal.

**Payment of Benefits**—Benefit payments to participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid, were \$335,863 and \$187,589 at December 31, 2015 and 2014, respectively.

**Administrative Expenses**—Certain administrative functions are performed by officers or employees of CSC or its subsidiaries. No such officer or employee receives compensation from the Plan. The day-to-day operation of the Plan involves expenses for basic administrative services, such as plan record keeping, accounting, and legal and trustee services, which are necessary for administering the Plan as a whole. Additional services, such as telephone voice response systems, access to a customer service representative, educational seminars, retirement planning software, investment advice, electronic access to plan information, daily valuation and online transactions, can result in additional administrative expenses. The investment managers' fees applicable to each investment fund are netted against the related investment income before investment income is allocated to participants' accounts. Fees for managed account services provided by an independent third-party are charged directly to participant accounts only for individuals that use this service. Revenue sharing received from investments in mutual funds and other revenue to CS&Co. from record keeping and related services are used to offset administrative fees. The remaining administrative fees associated with the Plan are paid by CSC.

New Accounting Standards

### Adoption of New Accounting Standards

In July 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2015-12, “Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965).” As it relates to the Plan, ASU 2015-12 eliminates the requirement to disclose individual investments that represent five percent or more of net assets available for benefits. Additionally, the net appreciation or depreciation in investments, including fair value disclosures, for the period still will be required to be presented in the aggregate, but will no longer be required to be disaggregated and disclosed by general type. The Plan has elected to adopt ASU 2015-12 as of December 31, 2015 as permitted. Accordingly, the Plan’s statements of assets available for benefits and notes to the financial statements reflect the amended disclosure requirements on a retrospective basis.

### 3. FAIR VALUE MEASUREMENTS

For a description of the fair value hierarchy and the Plan’s fair value methodologies, see note “2. Summary of Significant Accounting Policies.”

There were no transfers in or out of Levels 1, 2, or 3, for the years ended December 31, 2015 or 2014.

## SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

The following tables present the fair value hierarchy for the Plan's investments measured at fair value:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at Fair Value
December 31, 2015				
Investments:				
Mutual and other funds	\$ 1,609,206,568	\$ -	\$ -	\$ 1,609,206,568
Self-directed brokerage accounts	615,255,874	8,360,251	-	623,616,125
Common stock funds	542,201,913	-	-	542,201,913
Schwab Bank Savings cash account	100,766,633	-	-	100,766,633
Total investments at fair value	\$ 2,867,430,988	\$ 8,360,251	\$ -	\$ 2,875,791,239

December 31, 2014

Investments:

Mutual and other funds	\$ 1,518,215,474	\$ -	\$ -	\$ 1,518,215,474
Self-directed brokerage accounts	618,887,309	8,118,741	-	627,006,050
Common stock funds	536,506,552	-	-	536,506,552
Schwab Bank Savings cash account	85,876,735	-	-	85,876,735
Total investments at fair value	\$ 2,759,486,070	\$ 8,118,741	\$ -	\$ 2,767,604,811

## 4.TAX STATUS

The Internal Revenue Service (IRS) determined, and informed CSC in a letter dated May 25, 2007, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan and related trust are currently being operated in compliance with those sections. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan applied for a new IRS determination letter on October 31, 2011 and received it on December 8, 2015.

GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan's management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2012.

#### 5. ADMINISTRATION OF PLAN ASSETS

The Plan's assets, including CSC common stock, are held in trust by BTD. The dividend income earned on the CSC common stock held by the Plan was \$4,071,082 and \$4,486,133 for 2015 and 2014, respectively.

CSC contributions are held by BTD, which invests cash received, interest, and dividend income and makes distributions to participants in shares or cash value, as directed by the participants.

Subsidiaries of CSC also provide investment management services related to several plan investments.

SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

See note “2. Summary of Significant Accounting Policies” for detail relating to administrative expenses of the Plan, including services for which such expenses are incurred.

6.RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

A reconciliation of net assets available for benefits per the financial statements to the Form 5500 is as follows:

	December 31,	
	2015	2014
Net assets available for benefits per the financial statements	\$ 2,924,641,441	\$ 2,879,388,059
Amounts allocated to withdrawing participants	(335,863)	(187,589)
Net assets available for benefits per the Form 5500	\$ 2,924,305,578	\$ 2,879,200,470

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2015:

Benefits paid to participants per the financial statements \$ 216,658,442

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Add: Amounts allocated to withdrawing participants at December 31, 2015	335,863
Less: Amounts allocated to withdrawing participants at December 31, 2014	187,589
Benefits paid to participants per Form 5500	\$ 216,806,716

Amounts allocated to withdrawing participants are recorded in the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, 2015, but not yet paid as of that date.

#### 7.SUBSEQUENT EVENTS

CSC has evaluated the impact of events that have occurred subsequent to December 31, 2015, through the date the Plan's financial statements were filed with the SEC. Based on this evaluation, other than as recorded or disclosed within these financial statements and related notes, CSC has determined none of these events were required to be recognized or disclosed.

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## SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

(EIN: 94-3025021; PN 002)

FORM 5500, SCHEDULE H, PART IV, LINE 4i—

## SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2015

(a) (b)	(c) Shares or Par Value	(d) Cost (1)	(e) Current Value
COMMON STOCK FUNDS OF THE CHARLES SCHWAB CORPORATION:			
* Schwab 401(k) Equity Unit Fund	9,826,278		\$ 325,513,883
* Schwab ESOP Equity Unit Fund	6,563,667		216,688,030
Total common stock funds of The Charles Schwab Corporation	16,389,945		542,201,913
MUTUAL AND OTHER FUNDS:			
Vanguard Total Bond Market Index Fund	47,383,181		504,157,043
** Schwab S&P 500 Index Fund	4,603,297		145,280,067
Vanguard Growth Index Fund	2,516,045		137,803,761
Vanguard Small-Cap Value Index Fund	4,213,144		99,977,917
Vanguard Value Index Fund	3,568,228		113,541,017
** Schwab Fundamental US Large Company Index Fund	7,151,757		100,339,147
Vanguard Small-Cap Growth Index Fund	1,506,163		51,540,882
Vanguard Emerging Markets Stock Index Fund	3,447,194		71,632,698
** Schwab Fundamental US Small Company Index Fund	5,651,810		65,956,623
Vanguard REIT Index Fund	4,025,481		70,405,665
** Schwab International Index Fund®	5,353,815		93,584,688
** Schwab Fundamental International Small Company Index Fund	3,592,809		39,377,188
** Schwab Small-Cap Index Fund®	2,616,850		63,066,092
** Schwab Fundamental International Large Company Index Fund	5,659,074		47,052,234
** Schwab Fundamental Emerging Markets Large Company Index Fund	927,626		5,491,546
Total mutual and other funds	102,216,474		1,609,206,568
SELF-DIRECTED BROKERAGE ACCOUNTS			623,616,125

CASH:	
** Schwab Bank Savings Cash Account	100,766,633
* PARTICIPANT NOTES RECEIVABLE:	
5,643 loans with interest rates ranging from 4.25% to 10.50%, maturing through 2027	48,627,711
TOTAL	\$ 2,924,418,950

(1) Cost information not required as investments are participant directed.

\* A party in interest as defined by ERISA.

\*\* Managed by a party in interest as defined by ERISA.

SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

Exhibit Index

The following exhibit is filed as part of this Annual Report on Form 11-K.

Exhibit  
Number Exhibit

23.1 Consent of Independent Registered Public Accounting Firm

11

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SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SCHWABPLAN RETIREMENT SAVINGS AND INVESTMENT PLAN

Date: June 6, 2016 /s/ Dave Callahan  
Dave Callahan  
Senior Vice President —  
Human Resources Compensation and Benefits  
on behalf of Charles Schwab & Co. Inc.,  
the Plan Administrator