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DOCKET NO. 30086

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**COMPLIANCE FILING OF TXU §
ELECTRIC DELIVERY COMPANY IN §
ACCORDANCE WITH DOCKET NO. §
25230 (JOINT APPLICATION FOR §
APPROVAL OF STIPULATION §
REGARDING TSU ELECTRIC §
DELIVERY COMPANY'S TRANSITION §
TO COMPETITION ISSUES) §**

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

COMMISSION STAFF'S RESPONSE TO ORDER NUMBER 1

COMES NOW the Staff ("Staff") of the Public Utility Commission ("Commission"), on behalf of the public interest, and submits its recommendation on procedural matters as required by Order No. 1.

I. BACKGROUND

In Docket Number 25230, TXU Electric Delivery Transition Bond Company LLC ("TXU")¹ securitized its regulatory assets and other qualified costs. A Financing Order was entered on August 5, 2002. TXU is filing for a standard annual true-up of its transition charges ("TC") in accordance with the August 5, 2002, Financing Order. Findings of Fact Nos. 91-93 of that Order set out the procedure to be followed for a standard true up:

- 91. Pursuant to PURA § 39.307, the servicer of the transition bonds will make annual adjustments to the transition charges to:
 - (a) correct any undercollections or overcollections, including without limitation any caused by REP defaults, during the preceding 12 months; and
 - (b) ensure the billing of transition charges necessary to generate the collection of amounts sufficient to timely provide all scheduled payments of principal and interest (or deposits to sinking funds in respect of principal and interest) and any other amounts due in connection with the transition bonds (including ongoing fees and expenses and amounts required to

¹Formerly known as Oncor Electric Delivery Transition Bond Company LLC.

be deposited in or allocated to any collection account or subaccount) during the period for which such adjusted transition charges are to be in effect.

Such amounts are referred to as the “Periodic Payment Requirement” and the amounts necessary to be billed to collect such Periodic Payment Requirement are referred to as the “Periodic Billing Requirement”. With respect to any series of transition bonds, *the servicer will make true-up adjustment filings with the Commission at least annually, within 45 days of the anniversary of the date of the original issuance of the transition bonds of that series.*²

92. True-up filings will be based upon the cumulative differences, regardless of the reason, between the Periodic Payment Requirement (including scheduled principal and interest payments on the transition bonds), and the amount of transition-charge remittances to the indenture trustee. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet the Periodic Payment Requirement over the expected life of the transition bonds. In order to assure adequate transition-charge revenues to fund the Periodic Payment Requirement and to avoid large overcollections and undercollections over time, the servicer will reconcile the transition charges using Applicant’s most recent forecast of electricity deliveries (i.e., forecasted billing units) and estimates of transaction-related expenses. The calculation of the transition charges will also reflect both a projection of uncollectible transition charges and a projection of payment lags between the billing and collection of transition charges based upon the most recent experience of Applicant and the REPs regarding the payment of transition charges.
93. The servicer will make reconciliation adjustments in the following manner, known as the standard true-up procedure:
 - (a) allocate the upcoming period’s Periodic Billing Requirement based on the RAAFs approved in this Financing Order;

² Emphasis added. In its compliance filing, TXU indicates that the original issuance of the transition bonds for the first series was issued on August 21, 2003. Thus, annual true-up filings are required each year within the 90 day window starting 45 days before August 21st and ending 45 days after August 21st (July 7th to October 5th).

- (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class;
- (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted Periodic Billing Requirement for each transition charge customer class; and
- (d) divide the amount assigned to each customer class in step (c) above by the appropriate forecasted billing units to determine the transition charge rate by class for the upcoming period. For the General Service Secondary and General Service Primary classes, the two-step procedure described in Finding of Fact No. 89 will be used to calculate a transition charge factor in dollars per kilowatt-hour for non-demand-metered customers and a transition charge factor in dollars per kilowatt for demand-metered customers.

II. RECOMMENDATION

Ordering Paragraph 11 of TXU's Financing Order requires TXU to file its true up adjustment in a compliance docket and to give notice of the filing to all parties in Docket No. 21527. In its certificate of service, TXU advises that a true and correct copy of its compliance filing, with all attachments, was hand delivered, electronically mailed, or sent by overnight delivery or United States first class mail to all parties to Docket No. 21527. Staff recommends that such notice is sufficient and meets the requirements of TXU's Financing Order.

Pursuant to Finding of Fact No. 100 of the Financing Order:

The true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the transition charges. Except for the non-standard true-up procedure addressed in Findings of Fact Nos. 96 through 98, the Commission will have 15 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. Except for the non-standard true-up procedure described above, any true-up adjustment filed with the Commission will be effective immediately upon filing. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment or otherwise, will be made in future true-up adjustment filings.

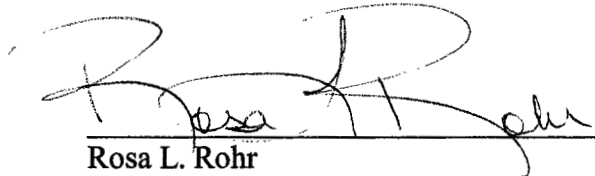
Staff has determined that TXU's calculation of the true up adjustment to its transition charges are mathematically accurate. Under the terms of the Financing Order, TXU's adjustment was effective upon filing.

DATED: SEPTEMBER 10, 2004

Respectfully submitted,

Thomas S. Hunter
Division Director
Legal and Enforcement Division

Keith Rogas
Director – Legal and Enforcement Division,
Electric Section

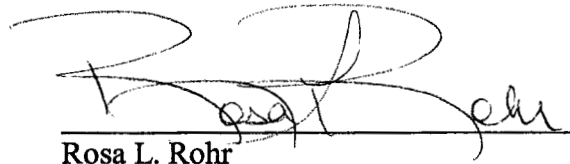


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CERTIFICATE OF SERVICE

I, Rosa L. Rohr, Staff Attorney, certify that a copy of this document was served on all parties of record in this proceeding on September 10, 2004 by facsimile.



Rosa L. Rohr