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TXU
Electric Delivery

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Stanley R. Southers, P.E.
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February 23, 2006

Mr. David Featherston
Director, Infrastructure Reliability Division
Public Utility Commission of Texas
1701 N. Congress
Austin, TX 78711

Subject: **Project No. 32182:** PUC Investigation of Methods to Improve Electric and
Telecom Infrastructure that will Minimize Long Term Outages and
Restoration Costs associated with Gulf Coast Hurricanes

Dear Mr. Featherston:

TXU Electric Delivery appreciates the opportunity to respond to the Staff's inquiry regarding system restoration activities during widespread outages created by last summer's catastrophic weather events. The summer of 2005 provided challenges for electric utilities to respond to the devastation brought about by two major hurricanes.

Please find attached responses to the questions issued by Staff at the conclusion of the Hurricane Infrastructure Workshops.

Please call if you have any questions or require further information.

Sincerely,

Stanley R. Southers, P.E.
Regulatory Project Manager

cc: Ken Keller

Enclosure

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REQUEST:

What are your company's proposals for hardening the network infrastructure, and modifying utility operations to minimize outages and speed up restoration for the next 1 to 5 year time frame? Please include the applicable financial data to show how the utility intends to fund these proposals.

RESPONSE:

TXU Electric Delivery appreciates the opportunity to respond to the Staff's inquiry regarding system restoration activities during widespread outages created by last summer's catastrophic weather events. The summer of 2005 provided challenges for electric utilities to respond to the devastation brought about by two major hurricanes. While TXU's in territory restoration is more often related to damage created by tornados, ice storms and straight line winds, the TXU service area did experience storm damage from Hurricane Rita. Our restoration experiences have driven TXU Electric Delivery to develop a comprehensive post recovery analysis protocol. TXU's Electric Delivery's standard storm outage restoration process includes a post event evaluation to examine successes and shortcomings in TXU Electric Delivery's restoration processes. TXU Electric Delivery conducted such an examination following the restoration activity related to Hurricane Rita storm damage that impacted the service territory from East Dallas to Nacogdoches. While the damage was widespread, it was not inconsistent with other major storms experienced in recent years in the TXU Electric Delivery service area. TXU Electric Delivery will continue to refine its best practices with regard to damage assessment processes, the establishment of self-sufficient base camps, logistics management, and both internal and external communications.

TXU Electric Delivery currently does not own infrastructure in the immediate Gulf Coast area; however, TXU Electric Delivery's network meets or exceeds all required design standards as prescribed by the National Electric Safety Code (NESC) for those areas in which it operates. In addition, as components of the infrastructure are repaired or replaced, they are done so at the current NESC standards. Hardening the System by such means as the installation of underground facilities, or the application of new design standards which are more expensive offer no certainty that lengthy outages will not occur when the State of Texas experiences weather events like the hurricanes of last summer. Design standards must also stand extensive review to ensure that unintended consequences do not compromise the design intent.

REQUEST:

What are your company's long-term plans to modify your network infrastructure to minimize outages and speed-up restoral in the areas prone to hurricane in Texas? Please provide detailed information outlining your plans for the next 5 to 10 years and 11 to 20 years and beyond. Please include financial data to show how the utility intends to fund these proposals.

RESPONSE:

From an operational perspective, TXU Electric Delivery will continue to refine its best practices with regard to damage assessment and restoration processes as major storms are encountered. TXU Electric Delivery currently does not own infrastructure in the immediate Gulf Coast area; however, TXU Electric Delivery's network will be maintained to meet or exceed all required design standards as prescribed by the National Electric Safety Code (NESC) for those areas in which it operates. In addition, as components of the infrastructure are repaired or replaced, they will be done so at the current NESC standards.

REQUEST:

Please explain what your expectations are as to the actions of this Commission, the state and local government, the affected community and any other entity to facilitate your proposals described under items 1 and 2 above.

RESPONSE:

TXU Electric Delivery would comment that any proposals considered by the Commission to modify infrastructure requirements should consider:

- a. The service area and location of each utility
- b. The adequacy of the existing NESC standards
- c. The cost to and financial impact upon such changes to customers and the respective utility.

Also, given the recent and projected level of storm activity and the associated financial impacts of such storms, it is the expectation of TXU Electric Delivery that the Commission would consider reviewing the current level at which property insurance reserves are funded, and consider revising them to appropriate levels in order to avoid unexpected, major customer impacts.