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DOCKET NO. 33079

ANNUAL TRUE-UP COMPLIANCE	§	PUBLIC UTILITY COMMISSION
TARIFF FILING OF TXU ELECTRIC	§	
DELIVERY COMPANY CONCERNING	§	OF TEXAS
RIDER TC1 – TRANSITION CHARGE	§	

COMMISSION STAFF'S RECOMMENDATION

NOW COMES Staff of the Public Utility Commission of Texas ("Commission Staff" or "Staff"), representing the public interest, in the above titled and numbered cause, to submit this Recommendation.

I. BACKGROUND

In Docket No. 25230, TXU Electric Delivery Transition Bond Company LLC ("TXU") securitized certain regulatory assets and other qualified costs. A Financing Order was entered on August 5, 2002. On August 15, 2006, TXU filed 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 0 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 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 "[?]-up procedure:
- (a) allocate the upcoming period's Periodic Billing Requirement based on the RAAFs approved in this Financing Order;
 - (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 nondemand-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.**

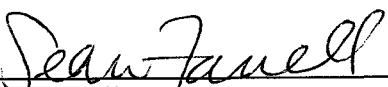
Pursuant to Finding of Fact No. 100 of the Financing Order, the true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the transition charges. Except for the non-standard true-up procedure addressed in Findings of Fact Nos. 96 through 98, the Commission will 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, as further explained in the attached memorandum from Robert Manning, Retail Market Oversight Section, Electric Industry Oversight Division. Under the terms of the Financing Order, TXU's adjustment was effective upon filing. **Staff recommends that the proposed Tariff Rate Schedule 6.1.1.7 – Rider TC1 – Transition Charge as filed on August 15, 2006, be approved. Staff further recommends that Electric Delivery be required to file a clean Record copy of Tariff Rate Schedule 6.1.1.7 – Rider TC1 – Transition Charge, to be stamped "Approved" and retained for future reference by the Commission's Central Records.**

Respectfully submitted,

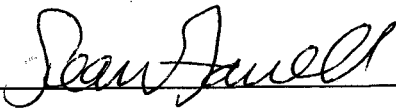
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CERTIFICATE OF SERVICE

The undersigned attorney hereby certifies that a true and correct copy of the foregoing document was served on all parties of record in this proceeding via U.S. regular mail, postage prepaid, or facsimile transmission in accordance with P.U.C. Proc. R. 22.74 on this the 5th day of September, 2006.


Sean Farrell

Public Utility Commission of Texas

Memorandum

To: Sean Farrell *SF*
Electric Attorney
Legal Division

From: Robert Manning *SF* with permission
Retail Market Oversight Section
Electric Industry Oversight Division

Date: August 23, 2006

Re: **Docket 33079** – Annual True-up Compliance Filing of TXU Electric Delivery Company Concerning Rider TC1 – Transition Charge

On August 15, 2006, TXU Electric Delivery Company (Electric Delivery) filed for the annual true-up of its Transition Charge (TC1). TC1 is a non-bypassable transmission and distribution charge to collect revenues to cover the securitized portion of stranded costs Electric Delivery was authorized to collect in the Financing Order of Docket No. 25230. Electric Delivery seeks to adjust TC1 to collect the money necessary to make payments on its bonds in full on a timely basis.

Staff has reviewed the filing of Electric Delivery, and has determined that the new charges as shown in the proposed Tariff Rate Schedule 6.1.1.7 – Rider TC1 –Transition Charge, are appropriate and sufficient to make bond payments on a timely manner and in full, as required by the Financing Order.

An annual true-up adjustment of TC1 is effective immediately upon filing, per Finding of Fact No. 100 of the Financing Order, with new rates effective the beginning of the next billing cycle. Any discrepancies or errors are to be corrected at the next TC true-up proceeding. Staff has determined that the proposed Tariff Rate Schedule 6.1.1.7 – Rider TC1 – Transition Charge is appropriate and correct. There is, therefore, no need for a future correction at this time.

Staff recommends that the proposed Tariff Rate Schedule 6.1.1.7 – Rider TC1 – Transition Charge as filed on August 15, 2006, be approved. Staff further recommends that Electric Delivery be required to file a clean Record copy of Tariff Rate Schedule 6.1.1.7 – Rider TC1 – Transition Charge, to be stamped "Approved" and retained for future reference by the Commission's Central Records Division.