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November 25, 2008

Chairman Barry T. Smitherman
Commissioner Donna L. Nelson
Commissioner Kenneth W. Anderson, Jr.
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, TX 78701

Re: SOAH Docket No. 473-08-3681; PUC Docket No. 35717 – *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates – Cities' Exceptions to Proposal for Decision*

Dear Commissioners:

These exceptions of the Steering Committee of Cities Served by Oncor ("Cities") are filed pursuant to P.U.C. PRO. R. § 22.261(d) and are timely filed in response to the Proposal for Decision on Motion for Partial Summary Disposition filed on November 12, 2008 ("PFD"). Cities respectfully except as follows:

Cities support the recommendations contained in the PFD. Specifically, Cities support the finding that Oncor is not permitted to subsidize any discount to universities by passing any losses from the 20% discount through to other customers.

Cities file this letter to clarify its position as set forth in the PFD. At page 2 of the PFD it states that Cities agree that "Oncor is required to provide a discounted rate to state universities pursuant to PURA § 36.351."¹ As noted in Cities' pleadings, application of PURA § 39.351 to Oncor is ambiguous.² Accordingly, Cities did not take a position on this issue. The statute is clear, however, that Oncor cannot subsidize costs from other customers.

¹ PFD at 2.

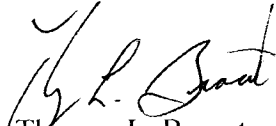
² See Steering Committee of Cities Served by Oncor's Response to the State of Texas' Motion for Partial Summary Decision (October 6, 2008) at 1, 6. Steering Committee of Cities Served by Oncor's Reply to Responses to the Motion for Partial Summary Decision (October 14, 2008) at 1.

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For the reasons set out in Cities' initial response and reply, Cities urge the Commission find that the general body of ratepayers are not responsible for the costs of state university discounts, regardless of the determination regarding the continued applicability of PURA § 36.351 to Oncor.

Sincerely,



Thomas L. Brocato

CC: Judge Wendy K. L. Harvell
All Parties of Record

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