

Oncor Electric Delivery Company
Response to PUC Staff Set No. 1, Question No. 17

Sum of Taxes			
ChkDate	CAD	Collector	Total
		Denton County RUD #1	1,633.84
	Eastland	Cisco ISD / J.C.	492.80
		Gorman ISD	22,828.28
		Ranger Tax Districts	43,349.50
		Rising Star ISD	82.60
	Ector	Ector CAD	1,578,332.75
	Ellis	City of Ennis	84,829.80
		Ellis County	2,147,502.92
		Ennis ISD	430,852.64
	Erath	Erath County	392,033.51
	Falls	Falls County	269,156.42
	Fannin	Fannin CAD	782,832.07
	Fisher	Fisher CAD	42,379.25
	Franklin	Franklin County	91,562.08
	Freestone	Freestone County	580,224.28
	Gaines	Gaines CAD	3,072.12
	Glasscock	Glasscock County	89,336.09
	Grayson	Grayson County	1,639,860.75
	Haskell	Haskell CAD	26,787.45
	Henderson	Brownsboro ISD	49,131.94
		City of Brownsboro	1,919.73
		Eustace ISD	44,097.06
		Henderson County	923,998.85
	Hill	City of Itasca	5,659.30
		Hill CAD	346,673.70
		Hill County Tax Office	132,787.97
		Whitney ISD	13,599.90
	Hood	Hood CAD	398,040.77
	Hopkins	City of Sulphur Springs	33,658.46
		Hopkins County Tax Office	340,441.08
		Sulphur Springs ISD	242,912.74
	Houston	Houston CAD	137,225.38
	Howard	Howard County	688,936.59
	Hunt	Hunt County	593,014.60
	Johnson	Johnson County	1,447,884.46
	Jones	Jones CAD	72,890.23
	Kaufman	Kaufman County	1,587,176.27
	Knox	Knox CAD	27.36
	Lamar	Lamar CAD	817,950.79
	Lampasas	Lampasas CAD	12,992.45
	Lee	Lee County Tax Office	7,894.69
	Leon	Buffalo ISD	38,938.30
		Centerville ISD	38,479.79
		City of Buffalo	5,767.41
		City of Centerville	1,580.93
		City of Jewett	2,903.26

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ChkDate	CAD	Collector	Total
		City of Oakwood	529.19
		Leon County	159,264.39
		Leon ISD	199,192.70
		Oakwood ISD	28,041.23
	Limestone	Limestone County	347,858.27
	Loving	Loving County	9,010.61
		Loving County WID #1	111.24
	Lynn	City of O'Donnell	2,429.63
		Lynn CAD	13,024.75
	Martin	Martin CAD	74,455.47
	McLennan	McLennan County	3,024,167.98
	Milam	Buckholts ISD	21,375.67
		Milam County	765,446.65
	Mills	Mills CAD	2,899.05
	Mitchell	City of Westbrook	917.62
		Mitchell County	527,657.80
		Westbrook ISD	34,217.10
	Montague	Montague CAD	16,922.21
		Montague County	5,201.66
	Nacogdoches	Nacogdoches CAD	717,019.18
	Navarro	Corsicana ISD	297,546.96
		Frost ISD	20,783.30
		Kerens ISD	38,779.85
		Mildred ISD	65,946.43
		Navarro County	585,050.34
	Nolan	Nolan CAD	377,560.91
	Palo Pinto	Palo Pinto Tax Office	333,378.52
	Parker	Parker CAD	1,113,966.00
	Pecos	Buena Vista ISD	11,399.62
		Pecos County	11,653.55
	Rains	Rains CAD	23,674.44
	Red River	Red River CAD	86,756.43
		Red River County	47,645.18
	Reeves	Pecos - Barstow - Toyah ISD	27,267.00
		Reeves County	5,065.64
		Reeves County WID #2	250.86
	Robertson	Bremond ISD	8,782.96
		Calvert ISD	3,871.77
		Franklin ISD	100,373.58
		Hearne ISD	10,603.69
		Robertson County	40,279.52
	Rockwall	Rockwall CAD	1,522,129.71
		Rockwall County	301,913.68
	Rusk	Rusk County	445,728.53
	Scurry	Scurry County Tax Collector	367,445.15
	Shackelford	Shackelford CAD	92,504.85

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ChkDate	CAD	Collector	Total
	Smith	Smith County Tax Office	2,592,554.35
	Somervell	Somervell CAD	346,541.72
	Stephens	Stephens County Courthouse	231,302.73
	Sterling	Sterling County	3,992.41
	Tarrant	Grapevine Area Tax Office	1,394,434.82
		Tarrant County	1,619,330.12
	Taylor	Taylor CAD	232,803.77
	Terry	Terry CAD	93.98
	Throckmorton	Throckmorton CAD	44,932.76
	Titus	Titus CAD	112,950.94
		Titus County	604.96
	Tom Green	Tom Green CAD	391.70
	Travis	Travis County	965,460.57
	Trinity	Trinity County	22.88
		Trinity/Groveton Tax Office	36.61
	Upshur	Upshur County	397.45
	Upton	Upton CAD	68,297.96
	Van Zandt	Van Zandt CAD	511,253.48
	Ward	Ward County	298,584.57
	Wichita	Burkburnett ISD	125,297.21
		City View ISD	68,389.49
		Iowa Park School & City	120,968.20
		Wichita Co. WID #2	163.01
		Wichita County	1,092,422.83
	Wilbarger	Wilbarger County	238.81
	Williamson	Round Rock Tax Office	1,172,965.12
		Williamson County	1,477,557.46
	Winkler	Winkler County Tax Office	107,376.76
		Wink-Loving ISD	53,461.51
	Wise	Wise CAD	663,713.13
		Wise County Tax Office	221,714.68
	Wood	Wood County	1,886.24
	Young	Young CAD	494,916.91
Jan-2011 Total			97,800,516.61
Grand Total			97,800,516.61

REQUEST:

Is CWIP subject to ad valorem tax? If so, please discuss whether the taxes are expensed or capitalized.

RESPONSE:

The following response was prepared by or under the direct supervision of Misty P. Burns, the sponsoring witness for this response.

Yes, a discounted portion of CWIP is subject to ad valorem taxes. Property taxes are expensed.

REQUEST:

Does the Company pay taxes on plant leased to others? If so, is the Company reimbursed for these taxes?

RESPONSE:

The following response was prepared by or under the direct supervision of Misty P. Burns, the sponsoring witness for this response.

While Oncor does have lease arrangements for portions of assets owned, the property taxes are the responsibility of Oncor. The lease payments Oncor receives are reflective of fair rental value, not cost, and the receipts are booked as revenue. There are no specific provisions for the reimbursement of property taxes.

REQUEST:

Does the Company's request for ad valorem taxes include taxes on property values deemed imprudent by the Commission? If so, please identify the amount of taxes and the associated plant balance.

RESPONSE:

The following response was prepared by or under the direct supervision of Misty P. Burns, the sponsoring witness for this response.

No, Oncor's request did not include taxes on property values deemed imprudent by the Commission.

REQUEST:

Does the Company's request for ad valorem taxes include taxes on property which is not used and useful in providing utility service? Is so, please identify the amount of taxes and the associated plant balance.

RESPONSE:

The following response was prepared by or under the direct supervision of Misty P. Burns, the sponsoring witness for this response.

No, the requested amount of ad valorem taxes excludes property taxes related to non-utility plant.

REQUEST:

Provide the following regarding Oncor's ad valorem taxes:

1. Total taxes paid for calendar year 2009 and 2010 in Texas.
2. Accounting distribution of taxes paid in Texas for calendar years 2009 and 2010 (expense, capital, and other by FERC account).
3. Total gross and net book values upon which such taxes were assessed and paid for 2009 and 2010. Distinguish by component as applicable (plant in service, materials and supplies, CWIP, etc.)
4. Property taxes charged to electric expenses for each month of the test year by FERC account.

RESPONSE:

The following response was prepared by or under the direct supervision of Misty P. Burns, the sponsoring witness for this response.

- 1.) The total ad valorem taxes paid for calendar year 2009 was \$124,303,573. The total ad valorem taxes paid for calendar year 2010 was \$126,070,650.
- 2.) The property tax expense paid in 2009 and 2010 was recorded to FERC account 408.
- 3.) Oncor's ad valorem taxes are not determined based on Oncor's gross or net book values. The tax assessment is based on the (final) fair market taxable value of all property and does not distinguish between components within plant (*i.e.* materials and supplies, CWIP, etc.).
- 4.) All property taxes are recorded to FERC account 408.

REQUEST:

Describe in detail the assessment of property taxes on materials and supplies.

RESPONSE:

The following response was prepared by or under the direct supervision of Misty P. Burns, the sponsoring witness for this response.

Please see Oncor's Response to PUC Staff RFI Set No. 1, Question No. AG-1- 22, subpart (3).

REQUEST:

Please provide a copy of the Company's Texas Franchise Tax Reports that were due May 15, 2008, May 15, 2009, and May 15, 2010.

RESPONSE:

The following response was prepared by or under the direct supervision of Misty P. Burns, the sponsoring witness for this response.

The information requested is voluminous and confidential and will be made available in the Austin Voluminous Room only after execution of a certification to be bound by the protective order in this docket. An index of the voluminous and confidential information is included in Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Voluminous and Confidential Index, 1 page.

VOLUMINOUS CONFIDENTIAL INDEX

- 1.) Texas Franchise Tax Report Energy Future Holdings Corp and Subs
Report Year 2010, dated November 10, 2010, 39 pages.
- 2.) Amended Texas Franchise Tax Report Energy Future Holdings Corp and
Subs Report Year 2009, dated November 17, 2009, 43 pages.
- 3.) Texas Franchise Tax Report Energy Future Holdings Corp and Subs
Report Year 2009, dated November 16, 2009, 40 pages.
- 4.) Texas Franchise Tax Report Energy Future Holdings Corp and Subs
Report Year 2008, dated November 14, 2008, 64 pages.

REQUEST:

Does the Company's requested cost of service include procurement card purchases? If so, please provide a query of those purchases by FERC account. Include the vendor utilized, date of purchase, amount of purchase and the purpose of the purchase. Each item should detail the amount that was directly billed to Oncor and the amount that was allocated from an affiliate. Please provide the information on CD.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett, the sponsoring witness for this response.

The information requested is being provided to the propounding party on CD. Oncor will provide other parties an electronic copy upon specific request.

REQUEST:

Please provide the Company's procurement card policies.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett, the sponsoring witness for this response.

Please see Attachment 1 for the Oncor Principles, Policies and Procedures relating to Corporate Purchasing Cards. Please see Attachment 2 for the Oncor Principles, Policies and Procedures relating to Corporate Travel Cards.

ATTACHMENTS:

Attachment 1 - Oncor Principles, Policies, and Procedures; 20-19 Corporate Purchasing Card; 8 pages.

Attachment 2 - Oncor Principles, Policies, and Procedures; 90-08 Corporate Travel Card; 8 pages.



ONCOR PRINCIPLES, POLICIES AND PROCEDURES - ACCOUNTING

Title:	20-19 Corporate Purchasing Card
Responsible Officer:	Controller
Contact:	Carol Pace (214-812-2266)
Last Revision Date:	June 11, 2010

Scope \ Application

This Accounting Policy and Procedure ("AP&P") is applicable to all employees participating in the Oncor Purchasing Card programs.

Purpose

The purpose of this policy is to establish accounting policies and procedures for the Purchasing Card programs.

Policy

The Purchasing Card programs provide a convenient and efficient means for purchasing and paying for low cost, non-strategic supplies, and other business related items while conducting Company business.

To facilitate purchasing card processing, all purchasing card transactions download to the custodian daily in EZ Pay. When this occurs, the custodian will receive e-mail notifications and process the transactions in EZ Pay.

Procedure

Processing Purchasing Card Transactions

When purchasing card transactions are downloaded from JP Morgan Chase to EZ Pay, the custodians receive e-mail notifications. Custodians are encouraged to process transactions daily. The Purchasing Card module in EZ Pay lists every purchasing card number with a folder for each cycle. A cycle begins on the seventh of each month and ends on the sixth of the following month. The cycle dates are listed beside each folder. Custodians cannot submit a folder until the first day following the end of the cycle. Custodians must have valid and chargeable EZPINVOICE default accounting for their Department ID. If you do not have invoice default accounting, please contact your Financial Planning and Performance Management representative or send an email to eadmini1@txu.com with complete account information including business unit. Once transactions are submitted, they will route to the appropriate manager for approval. If any transactions are left unworked or unapproved, they will auto-submit and auto-approve with the department's default accounting. Auto-submit normally occurs on the 9th calendar day each month and auto-approve normally occurs on the 15th calendar day of each month. Prior to any auto-submission or approval, the custodian and manager will be notified by e-mail. Once transactions are approved, any account distribution corrections must be done in the following cycle.

Auto-submit and auto-approve are designed to ensure timely capture of final statement information. It is **not** a substitute for nor alleviates the Authorizing Manager's responsibilities listed in the "Authorizing Manager" section below.

Ineligible/Conditional Purchases

The purchasing card is a tool to aid an organization in the performance of its business and should only be used in accordance with the guidelines within this policy. It is important that users review the following information regarding ineligible and conditional purchases prior to using the card. Failure to abide by stated Company policy will subject an employee to disciplinary action, including possible termination.

Ineligible Purchases

The following items are **not** eligible to be purchased with the purchasing card:

- Personal use
- Cash back on transaction
- Cash advances
- Leases, excluding short term rentals from vendors that are in the PMMS Master Vendor File
- Damage claim settlements
- Hazardous materials such as solvents, thinners, and gases that should be purchased using a purchase order. Purchase orders ensure the regulatory requirement of providing a Material Safety Data Sheet (MSDS) with the shipment. This does not include materials and supplies such as office products or commonly used household products.
- Services from a 1099 reportable vendor if the vendor is not included in the PMMS Master Vendor File. (See Accounting Policy 30-03, IRS Information Returns)
- Charitable contributions

Conditional Purchases

The following items may be purchased with the purchasing card provided they meet the conditions listed below:

- **Stores Items** - The purchasing card can be used to purchase stores items **only** if it is an emergency. Stores items should be obtained by other means, including an issue from a warehouse, transfer from another warehouse location or a blanket purchase order with an established vendor.
- **Employee-Related Expenses** - The purchasing card may be used for employee-related expenses, such as travel, hotel and meal expenses, **only** if the employee does not have a Corporate Travel Card and has limited business expenses. Otherwise, the Corporate Travel Card should be used for these employee-related expenses. Documentation of these expenses must meet the standards of and be considered reimbursable under Accounting Policy 90-01, Employee Expense Reports. As with all purchasing card transactions, the user must submit receipts with proper accounting and business purpose stated.

Notes Regarding Use of the Purchasing Card:

- Use of the purchasing card by a group of employees engaged in emergency restoration activities is permissible. This use for employee expenses must be fully documented and in compliance with Accounting Policy 90-01, Employee Expense Reports. Group expense documentation will also include a list of employee names for which the charge(s) apply, the storm or outage project worked, and the appropriate accounting.
- These purchasing card procedures for emergency restoration activities apply only while the employees are on travel status. For instance, meals taken while on travel status are nontaxable. If the employee is claiming reimbursement for non-travel status, taxable items, (such as taxable overtime meals), see Taxable Reimbursements for instructions.
- The approving manager is prohibited from using the purchasing card for his/her own business expenses. The manager should use his company travel card. If the manager does not have a travel card, he can use a personal method of payment and submit the business expenses on his expense report.
- The purchasing card should be used for group employee meals provided on Oncor premises. For example, if a meal is provided for a meeting at an Oncor facility, the meal should be paid for with the purchasing card.

Units of Property - The optimum method of purchase of a property unit is a purchase order, which allows accurate property records to be maintained. If situations occur where the sound business decision is to purchase the item with the purchasing card, the user **must** provide the custodian with the Work Authorization (WA) number, description, model number and serial number of the unit of property.

Note: A property unit is the smallest unit of property (usually costing \$1,000 or more) to be identified in a property account. Examples of property units are items such as office furniture, pumps, motors, valves, transformers, meters and other equipment which require a WA. Reference the Capital Maintenance Manual for a complete listing of items designated as units of property.

- **On-Premise Service Contracts and Maintenance Agreements** - These should be negotiated by Supply Chain. However, payments for on-premise service contracts and maintenance agreements may be made with the purchasing card if this is the preferred method of payment stated in the contract or agreement.
- **Cash Equivalents** (i.e. gift certificates) - The purchasing card may be used for gift certificates for employee awards and prizes, provided that the Payroll department is notified of these awards. The custodian should maintain a list with each recipient's name and amount of the award.

Administration

The Purchasing Card Programs[®] arranged through JP Morgan Chase / MasterCard are administered by Accounts Payable. Telephone inquiries should be directed to 214-812-2260. All related correspondence should be sent to the Purchasing Card Administrator at apadmin@txu.com. It may also be faxed to 214-812-1420.

Roles and Responsibilities

Descriptions of the four key roles necessary for the successful use and control of the Purchasing Card are listed below:



Purchasing Card Administrator - Responsible for the operation of the Purchasing Card programs. Specific responsibilities include:

- Ensuring the administration and overall operation of the programs.
- Acting as the primary contact between the Company and JP Morgan Chase.
- Coordinating information flow between the user and JP Morgan Chase.

Authorizing Manager - Responsible for all card charges. Specific responsibilities include:

- Authorizing the issuance of the cards to the custodian and establishing a monthly credit limit and a maximum single transaction dollar limit for each purchasing card, not to exceed \$10,000.
- Assigns the proper person the responsibility of being a custodian and ensuring that the person receives the proper training to handle the responsibility of being a custodian, including reviewing this policy
- Approving monthly statements, which have been reconciled by the custodian. The manager receives the statement from the custodian for approval through EZ Pay. The manager ensures that the transactions are valid, have the proper supporting documentation electronically attached, (clear and readable), and have been accounted for correctly. If the statement is incomplete or inaccurate, the manager must deny the statement, which sends it back to the custodian for revisions. If the transactions auto-approve, the manager is still accountable and must keep documentation that he approves the transactions.
- Changing custodians by sending a request to the Purchasing Card Administrator for the change(s). Reference the **Add, Change or Cancel a Purchasing Card** section below.

Card Custodian - Responsible for controlling card access and accounting for card usage. Specific responsibilities include:

- Reviews this policy to ensure adequate understanding.
- The security of the purchasing card. The custodian must know the location of each card under his or her responsibility. When the purchasing card is not in use, the card is to be kept in a physically secured location. A Purchasing Card log should be maintained by the custodian to record card usage. The log is a control procedure for the protection of the custodian by providing written documentation of the card location at all times. The log should include:
 - The user's signature at time of issuance
 - Telephone orders
 - Users who are issued a card for full-time use
 - When a person is transferred or terminated, the card should be returned to the manager and documented in the log.
- The reconciliation of the statement. The card user is to return all receipt documentation to the custodian. The custodian will inspect all receipt documentation for all required information, including a business purpose and account distribution. Any questionable purchases and all purchases without a receipt should be brought to the attention of the approving manager. Receipt documentation will have to be faxed or attached in EZ Pay prior to submitting the report for approval. After the reconciliation is complete, each receipt should be filed with the appropriate EZ Pay Report and retained at the local office for at least one year.



Purchasing card transactions are downloaded daily from JP Morgan Chase into EZ Pay. When this occurs, custodians will receive e-mail notifications. Custodians are encouraged to process these transactions daily. Each transaction on the statement must have matching receipt documentation received from the user. If a disputed charge is included, follow instructions in the **Disputed Charges** section of this AP&P.

Each charge must be reviewed for the proper application of sales tax. For more information on sales tax, refer to the Texas Sales and Use Tax Guide. This guide can be accessed from the Connect website under Quick Links / Company Websites / Internal Websites / State & Local Tax. Some items to review are:

- Is the charge a taxable sale?
- If sales tax is charged, was the proper rate used?
- If sales tax is not charged, does an accrual need to be made?

The custodian will verify the account distribution for each transaction and make any necessary account distribution changes from the default account distribution, which is supplied by the organization. Once all the charges have been worked in a folder and supporting receipts have been attached to the report or faxed, into EZ Pay, it can be submitted to the manager. Custodians cannot submit a folder until the first day following the end of the cycle. At the beginning of each month, the Purchasing Card Administrator will send the custodians a schedule with the auto-submission and auto-approval dates for the current cycle.

- Responsible for notifying the Purchasing Card Administrator when their statement mailing address changes. Address changes should be sent to the Purchasing Card Administrator by emailing apadmin@txu.com. The cardholder is responsible for notifying any vendor who has been granted permission to charge monthly to the card when the card expiration date or billing address changes. The cardholder must also notify the vendor directly to end service. Closing a purchasing card does not prevent recurring charges from posting to the account. For example, if the cardholder grants Verizon permission to charge their purchasing card for monthly expenses, they must notify them when the card expires, the billing address changes or when services are terminated. If Verizon is not notified by the cardholder, future charges will be denied by the bank and/or unwanted charges may post to a closed account.

Card User - Responsible for making purchases when authorized. Specific responsibilities include:

- The security of the purchasing card. The employee obtains the card from the custodian and signs the log indicating that the card was received. The employee is to return the card to the custodian after each use and sign the log indicating that the card was returned. The user is to maintain the card in his or her possession at all times or in a secure place while not in use.
- The documentation of the transactions. Employees that use the purchasing card are responsible for returning the card and receipt documentation with the business purpose and account distribution to the custodian immediately after use. Receipt documentation is a written record of the transaction given by the vendor with the vendor name, date of transaction, amount of transaction and a description of items purchased. Telephone orders must also be noted on the log.



- The appropriate use of the card while in the employee's possession. Employees are responsible to ensure all transactions they initiate are for appropriate business purposes.
- Not using multiple purchase cards to make a single purchase nor having a transaction split in order to exceed the single purchase limit.

Add, Change or Cancel a Purchasing Card

A Purchasing Card Cardholder Account form is used to request new cards, change existing cards and to delete/cancel existing cards. Changes to existing cards include changing the custodian, the name on the card and the cardholder purchase limits. The form can be obtained from the Connect website under forms and templates. The completed form must be returned to the Purchasing Card Administrator.

Credit Card Limits and Authorization

The single purchase limit maximum is \$10,000. Managers must have a minimum of \$10,000 miscellaneous invoice authorization. Raising the credit limit above \$100,000 requires the written approval of a member of Oncor's Executive Team or an Elected Vice President.

Lost or Stolen Purchasing Cards

The custodian must notify JP Morgan Chase immediately if their purchasing card is lost or stolen. Customer Service may be reached at 1-800-316-6056, 24 hours a day, 7 days a week. The employee should also notify the Purchasing Card Administrator at apadmin@txu.com. The card number must be known to cancel the card. If the card number is not known and the custodian is not available, the Purchasing Card Administrator can assist in reporting the lost or stolen card. The custodian is not liable for charges made subsequent to the notification. JP Morgan Chase will send a replacement card to the custodian. Replacement cards can be mailed within 24 hours in emergency situations.

Disputed Charges

The custodian will contact JP Morgan Chase with any questions about a disputed charge. JP Morgan Chase should be contacted using a Purchasing Card Dispute Form within 60 days of the transaction. The account must always be paid in full. Once JP Morgan Chase receives the disputed notice, a credit will appear on the next statement. The custodian will be notified of the outcome of the investigation. If the outcome of the dispute is not in favor of the Company, JP Morgan Chase will reverse the credit issued.

The Purchasing Card Dispute Form is faxed to (847) 931-8861 or sent to:

J P Morgan Chase Corporate Products
Disputes Dept B-3
P. O. Box 2015
Elgin, IL 60121

Fraudulent Charges

The JP Morgan Chase Security Department monitors purchasing card transactions for possible fraudulent charges. Once the fraud is reported, the custodian will be notified by JP Morgan Chase directly and asked to complete an affidavit of fraud. After the affidavit is signed and



returned, JP Morgan Chase will start a fraud investigation to recover the funds. If JP Morgan Chase is able to recover the funds, the custodian will receive a fraud credit for the amount recovered. When the investigation is complete, a credit will appear on the custodian's account. In some cases, the investigation could take up to 180 days before any credits are issued.

The custodian must notify JP Morgan Chase immediately if they notice fraudulent activity on their accounts. JP Morgan Chase Customer Service may be reached at 1-800-316-6056, 24 hours a day, 7 days a week.

Associated Purchasing Card Programs

Petty Cash Cards

The petty cash card is issued to the petty cash fund custodian and is used to replenish the petty cash fund. The custodian's name is printed on the card. Each petty cash card custodian is assigned a personal identification number (PIN) for cash withdrawals from a bank or an ATM. Petty cash card withdrawals will download into a separate folder in EZ Pay. For detailed information on petty cash funds, reference Accounting Policy 20-06, Petty Cash.

Convenience Checks

Convenience checks should only be used to pay for transactions where the purchasing card or Company checks are not feasible. Convenience checks are a complement to the purchasing card, not a substitute.

A separate account number will be assigned for each convenience check account (no card will be issued). Each account number will have a separate folder in EZ Pay. Convenience checks are assigned a single transaction limit that is set by the manager. The organization's name and address are printed on convenience checks. A per check written transaction fee will be charged to the issuing organization.

Convenience checks can be used for the following transactions:

- Vehicle registrations
- Postal meters
- Payment of death benefits *
- Memorial gifts for employees/employee family members excluding those given to religious/political organizations in lieu of flowers.
- Small damage claim payments to payees who do not have checking accounts. These should be coordinated with the Oncor Claims Department.
- Travel advances for employees who do not have a travel card. These advances should be charged to Account 135.0700, with the appropriate project number.
- Allowable purchasing card transactions where the vendor does not accept the purchasing card.

* The Payroll department must be contacted prior to issuing convenience checks for these items.

Note: Convenience Checks **are prohibited** from having a payee of "Cash." Cash should be obtained through the Petty Cash Fund.

Successful use and control of convenience checks is dependent on complying with the guidelines established for the Purchasing Card programs. Convenience checks lack the point-of-sale control of electronic verification associated with purchasing cards. For this reason, the

following *additional duties and responsibilities* are added for convenience checks, in addition to those for purchasing cards:

Purchasing Card Administrator

The Purchasing Card Administrator monitors convenience check usage and notifies management of improper usage.

Authorizing Managers

Authorizing managers insure that convenience checks are being used for the appropriate transactions.

Custodians

Custodians maintain added security for convenience checks as follows:

- Maintaining the checkbook in a physically secure location at all times
- Ensuring that checks are accounted for sequentially
- Maintaining a log to track the issuance of checkbooks, similar to the purchasing card log

Custodians request convenience checks from the Purchasing Card Administrator, notifying them of any changes to the checks.

User

Users have the following added responsibilities:

- Maintaining the security of the check(s) once received from the custodian
- Signing the check when the transaction is completed
- Providing supporting documentation to the custodian substantiating the transaction
- Returning any unused check(s) to the custodian
- Contacting the custodian and the Purchasing Card Administrator immediately, if check(s) are lost or stolen.

Revision History

June 11, 2010 Adoption of Oncor policy



ONCOR PRINCIPLES, POLICIES AND PROCEDURES - ACCOUNTING

Title:	90-08 Corporate Travel Card
Responsible Officer:	Controller
Contact:	Carol Pace (214-812-2266)
Last Revision Date:	June 11, 2010

Scope \ Application

This Accounting Policy and Procedure (AP&P) is applicable to all expenses related to the Corporate Travel Card Program.

Purpose

The purpose of this policy is to establish accounting policies and procedures for the Corporate Travel Card Program.

Policy

The Corporate Travel Card Program provides eligible employees with a convenient and efficient means of paying for their own business related and business travel expenses incurred while conducting Company business. Employees should not use their travel card to pay for personal expenses or expenses of other employees, except for group meals. If for any reason expenses are combined and paid on one card, employees should reimburse the cardholder and then file their own separate expense report. The cardholder would then use the "split" function in EZ Pay to code his/her expense as reimbursable and the remaining expenses of other employees as non-reimbursable. Employees should not use the travel card for relocation expenses (reference the Human Resources Relocation Policy).

The travel card provides the Company with improved cash management, greater policy control, useful procurement data, and reduced administrative costs. For these reasons, employees should use the travel card whenever possible.

Refer to Accounting Policy 90-01, Employee Expense Reports, for details as to the types of expenses that will be reimbursed, the requirements for substantiation and documentation, and other pertinent information.

Procedure

Eligibility

The employee's manager determines the need for an employee to have a travel card. The Company suggests that travel cards be issued to responsible employees who are anticipated to incur \$500 or more in reimbursable business-related expenses during a 12-month period and/or to employees who are involved in business travel or other business situations requiring cash advances.

Administration

The Corporate Travel Card Program arranged through JP Morgan Chase / MasterCard is administered by Accounts Payable. Telephone inquiries should be directed to (214) 812-2260.



All related correspondence should be sent to the Travel Card Administrator at apadmin@txu.com. It may also be faxed to (214) 812-1420.

Annual Fees & Travel Rewards Program

There is no annual fee for the Corporate Travel Card. JP Morgan Chase / MasterCard offers cardholders an *optional* Travel Rewards Program. The annual non-reimbursable cost of the program is \$75. This program allows an employee to earn points that can be redeemed for personal use to purchase or receive discounts on airline tickets, hotels, and car rentals.

Travel Card Liability and Credit Limits

The travel card is issued in the employee's name; therefore, the employee is responsible for all charges. The employee is also responsible for the submission of all travel card transactions on an expense report once they download into EZ Pay.

The Company has set maximum monthly credit limits for cardholders. However, managers may request an increase or decrease to these limits on the employee's travel card application. A manager with the appropriate level of authorization must approve any *increase* to the maximum limits set by the Company.

Standard Maximum Limit Amounts

The standard maximum limit amount for the Corporate Travel Card is as follows:

Travel Group (includes airline, hotel, rental car and parking)

Standard single purchase - \$10,000

Monthly credit limit - \$10,000 (for officers \$20,000)

Retail Group (includes some training/seminar merchants and phone bills)

Standard single purchase - \$3,500

Monthly credit limit - \$3,500

Cash Group (cash withdrawals)

Standard single purchase - \$700

Monthly credit limit - \$700

Note: If the employee should not have any authorization for cash advances, \$1 should be put in the credit limit field for Cash Group.

In order to request these limits, a manager must have at least \$10,000 miscellaneous invoice authorization. Limits greater than the Oncor standard single and monthly limits require written approval from an elected Vice President or a member of the Senior Leadership Team.

Processing Travel Card Transactions and Payment to JP Morgan Chase

Alert: Expenses paid with the Corporate Travel Card should **not** be processed on an expense report **prior to** the travel card transactions being downloaded into EZ Pay. They must be reported as outlined below to ensure that proper payment is made to the bank.

The Corporate Travel Card Program makes expense reporting simple in EZ Pay. Travel card transactions are downloaded into EZ Pay as they are submitted to the bank by the merchant. When this occurs, the cardholder receives an e-mail notification that they have Unassigned Items in EZ Pay. To access Unassigned Items, the cardholder logs on to EZ Pay. EZ Pay is

accessed on the Intranet under Quick Connect. The cardholder then selects Expense Reports from the top menu. Next, the cardholder will select Unassigned Items. Unworked travel card transactions are shown in red with the MasterCard logo. The cardholder must provide detailed information in the Description field and select Yes–Business Expense or No–Not Business Expense in the Reimb? field. At this time, the cardholder processes the downloaded travel card transactions and submits them on an expense report. Appropriate documentation for expense reports must be faxed or attached in EZ Pay before submitting for approval. Approvers are responsible for ensuring the receipts are clear, readable and substantiate the expenses submitted.

Expense reports must be submitted at least monthly (Refer to Accounting Policy 90-01, Employee Expense Reports link on EZ Pay home page). In order to avoid finance charges and late fees from JP Morgan Chase on travel card transactions, expense reports should be processed, submitted and approved by the 24th of each month. Finance charges and late fees due to late payments and/or non payment that are the fault of the employee are not reimbursable business expenses. They should be marked as No–Not Business Expense and submitted on an expense report. The employee must pay the bank directly for these charges.

Travel card transactions fall into one of three categories:

- Reimbursable business-related travel card transactions must be processed and coded as Yes– Business Expense in the “Reimb?” field in EZ Pay. Once submitted and approved on an expense report, **the Company will pay the bank for these reimbursable business related travel card transactions.**
- Non-reimbursable, non-business related travel card transactions must be processed and coded as No–Not Business Expense in the “Reimb?” field in EZ Pay. They must then be submitted on an expense report in order to clear them from EZ Pay. **The employee must pay the bank by the statement due date for these non-reimbursable, non-business related transactions. Employees should use their monthly statement to make payment for these charges.**

Reminder: **The travel card should be used only for reimbursable business-related transactions.** On an exception basis, when personal and business expenses are intermingled and another viable option is not available, personal expenses can be charged on the travel card. For example, if a spouse accompanies an employee on a business trip, expenses such as hotel and airfare may be charged on the card. In this case, when the total transaction downloads into EZ Pay, the transaction must be “split”. The employee’s business expense should be marked as Yes–Business Expense and the spouse’s portion should be marked No–Not Business Expense. When changed using the split key, the amounts will be separated. All expenses should be included on an expense report. Expenses marked No–Not Business Expense will not be paid by the Company. The employee should mail a check to the bank for the spouse’s expenses.

Remember: In order for the bank to be paid for travel card transactions, business-related travel card expenses must be marked Yes–Business Expense. Marking them No–Not Business Expense will cause the bank not to be paid. Marking them incorrectly will cause the employee to receive finance fees and/or late charges. These charges are not reimbursable, business related charges.

- Credit transactions on the travel card also download into EZ Pay. EZ Pay does not allow employees to submit negative expense reports. Therefore, the cardholder must have other travel card expenses (equal to or greater than the credit) to offset the credit before submitting the expense report. The credit should be coded like the original charge was coded – either Y or N. Marking the credit Yes–Business Expense will deduct the credit amount from the total amount paid to the bank. Marking the credit No–Not Business expense will not deduct from the total amount to be paid to the bank.

Example: In May, the cardholder submits an expense report that includes a \$300 transaction for an airline reservation to be used in July, marked as Yes–Business Expense. In June, the cardholder cancels the reservation and receives a credit of \$300 on the travel card. This credit cannot be submitted on an expense report until the cardholder has over \$300 of additional travel card expenses. In this case, the credit should be marked Yes–Business Expense. If the total travel card amount is \$400, the net payment to the bank is \$100. The credit amount of \$300 will be deducted from the amount to be paid to the bank (when marked Yes–Business Expense).

Out-of-pocket reimbursable, business-related expenses can be submitted on the same expense report as travel card transactions. The out-of-pocket expenses will be paid directly to the cardholder and the reimbursable travel card transactions will be paid directly to the bank by the Company.

Refer to Accounting Policy 90-01, Employee Expense Reports for detailed policies and procedures relating to expense reports.

Cash Advances

While employees should use their travel card to pay for business related travel expenses directly, in those few instances where a travel card cannot be used the cardholder may obtain a cash advance using their travel card.

Cardholders may obtain cash advances for business-related purposes using the travel card at most automated teller machines (ATM's) or by presenting the card at most banks. This eliminates the need for Company issued travel advances.

MasterCard assigns personal identification numbers for each cardholder. Cash advance transactions, along with the associated cash advance fee of 2% of the cash advance (\$3 minimum), download into EZ Pay as separate line items. The cash advance fee is a reimbursable business expense if the cash is used for business expenses. Finance charges and late fees due to slow or non payment at the fault of the employee are not reimbursable business expenses.

When processing a travel card cash advance in EZ Pay, the expense type will automatically be assigned as "Cash Advance (T Card)-000." This expense type must be changed to one applicable to the cash advance, for example "Tips-309". Next, show the expense as Yes–Business Expense and then choose the "Split" function. This function is used to account for the remaining use of the cash advance by expense types. **The Company will pay JP Morgan Chase** for the expenses marked Yes–Business Expense. For any unused balance, expense type "Miscellaneous-309" should be used and the transaction shown as No–Not Business Expense. Employees must pay JP Morgan Chase for any non-reimbursable (No–Not Business Expense), unused cash advance when they receive their monthly statement.

Delinquent Accounts

The travel card is not a revolving credit card; the total balance owed is due and payable to JP Morgan Chase each month. The Travel Card Administrator will notify managers when they have an employee with a past due balance. This will allow the manager time to work with the cardholder to ensure that the balance owed is paid prior to the Company being invoiced by the bank. If not paid by the employee, the balance owed will be paid by the Company and charged to the cardholder's organization. In addition, the employee will be subject to disciplinary action which could include termination.

Disputed Charges

Cardholders are responsible for settling all billing disputes on their accounts by calling JP Morgan Chase MasterCard at 1-888-297-0768. When calling, the cardholder should be prepared to supply the following information:

- Name and account number
- Reference number of the disputed charge
- Establishment where charge was incurred
- Circumstances surrounding the disputed charge
- In the case of airfare, documentation of the cancellation (provided by travel agency)

Insurance Coverage

MasterCard provides travel accident insurance in the amount of \$400,000 for each cardholder provided the common carrier travel expense is charged on the travel card and the reservation is made through the Company's designated travel agency. Common carriers include planes, trains, buses, taxis, ships, and cabs. This coverage applies only to accidents while aboard the common carrier. In addition, the following coverage applies:

- Baggage - coverage up to \$1,250, matching the airline settlement on checked luggage.
- Car rental loss and collision damage waiver - covers up to the full value of the rental car for collision damage repairs and theft when rented by the day or week. Monthly rentals (31 days or more) are not covered.
- Medical Protection – coverage up to \$2,500 in secondary health insurance coverage for emergency treatment, referrals to local medical providers and pharmacies, and help in getting prescriptions filled.

Responsibilities and Duties

Descriptions of the three key roles necessary for the successful use and control of the Corporate Travel Card are listed below:

Travel Card Administrator - Responsible for the administration of the Corporate Travel Card program. Specific responsibilities include:

- Ensures the overall operation of the program.
- Acts as the primary contact between the Company and J P Morgan Chase.
- Reviews and processes the application and forwards it to JP Morgan Chase.
- Sends an e-mail to the applicant that includes a link to Accounting Policy 90-08, Corporate Travel Card, as well as an Acknowledgement of Receipt form and a Commercial Card Cardmember Agreement. The administrator will send the applicant a Travel Rewards application, upon request.

Authorizing Manager - Specific responsibilities include:

- Determines the need for an employee to have a travel card and coordinates with the employee to obtain a Travel Card Application form from the Intranet - Forms and Templates - Accounting Forms and Applications
- Reviews the completed application, sets the cardholder limits, approves the application and faxes or forwards it to the Travel Card Administrator (see Administration section above)
- Reviews the expense report policy as well as this policy with the applicant to ensure adequate understanding of both.
- Reviews and approves expense reports in a timely manner. The manager ensures that the transactions are valid, have the proper supporting documentation electronically attached (clear and readable), and have been accounted for correctly. If the report is incomplete or inaccurate, the manager must deny it, which sends it back to the cardholder for revisions.

Cardholder - Responsible for all card charges. Specific responsibilities include:

- Completes and signs the application and returns it to the manager for approval.
- Receives the new travel card directly from JP Morgan Chase. Prior to using the card, the cardholder must review Accounting Policy 90-08, Corporate Travel Card the Acknowledgement of Receipt and the Commercial Card Cardholder Agreement very carefully and acknowledge by an electronic signature that they fully understand and agree to the terms and conditions of each. In case the electronic signature is not possible, the cardholder should contact Travel Card Administrator to receive the hardcopy of the acknowledgement. If the cardholder doesn't sign the Acknowledgement within 3 weeks, the Travel Card Administrator will temporarily suspend the card. Once the documents are signed, the account will be re-instated. Cardholders who choose to enroll in the JP Morgan Chase Travel Rewards Program should complete the Travel Rewards application and send it directly to JP Morgan Chase.
- Notifies the Travel Card Administrator when their statement mailing address changes. Address changes should be sent to the Travel Card Administrator by emailing apadmin@txu.com.
- Notifies any vendor who has been granted permission to charge monthly to the card when the card expiration date or billing address changes. The cardholder must also notify the vendor directly to end service. Closing a travel card does not prevent recurring charges from posting to the account. For example, if the cardholder grants Verizon permission to charge their travel card for monthly expenses, they must notify them when the card expires, the billing address changes or when services are terminated. If Verizon is not notified by the cardholder, future charges will be denied by the bank and/or unwanted charges may post to a closed account.
- Submits all travel card transactions on an expense report once they download into EZ Pay. Expense reports shall be submitted at least monthly.
- Faxes or attaches receipts to the appropriate EZ Pay Report and retains original receipts at the local office for at least one year.

Note: A personal identification number (PIN) will be sent to the cardholder's billing address after receipt of the travel card. A new card should be received within 7 to 14 business days



Lost or Stolen Travel Cards

The cardholder must notify JP Morgan Chase immediately if their travel card is lost or stolen. JP Morgan Chase Customer Service may be reached at 1-800-316-6056, 24 hours a day, 7 days a week. The employee should also notify the Travel Card Administrator at apadmin@txu.com. The employee is not liable for charges made subsequent to the notification. JP Morgan Chase will send a replacement card to the cardholder. Replacement cards can be mailed within 24 hours in emergency situations.

Fraudulent Charges

JP Morgan Chase Security Department monitors travel card transactions for possible fraudulent charges. Once the fraud is reported, the cardholder will be notified by JP Morgan Chase directly and asked to complete an affidavit of fraud. After the affidavit is signed and returned, JP Morgan Chase will start a fraud investigation to recover the funds. If the bank is able to recover the funds, the cardholder will receive a fraud credit for the amount recovered. When the investigation is complete, a credit will appear on the cardholder's statement. In some cases, the investigation could take up to 180 days before any credits are issued.

Due to Oncor contractual obligations, fraud charges should be included on an expense report and coded as Yes– Business Expense in the “Reimb?” field in EZ Pay. If charges are not paid and/or fraud credit is not issued before the statement due date, the cardholder will receive purchase finance fees and/or late charges for non payment. The bank investigator will inform the cardholder of the estimated investigation timeframe. If the bank is unable to recover the funds, no credit will be issued.

The cardholder must notify JP Morgan Chase immediately if they notice fraudulent activity on their accounts. JP Morgan Chase Customer Service may be reached at 1-800-316-6056, 24 hours a day, 7 days a week.

Transfer of Cardholders

The transfer of a cardholder within a business segment (Oncor, Luminant, TXU Energy, and Corporate) does not require that a new card be issued. The cardholder should notify the Travel Card Administrator of a change in his/her mailing address if applicable. The transfer of a cardholder between business segments requires the existing card to be cancelled and a new card requested.

Cancellation of a Travel Card

If a cardholder or their manager wants to cancel a travel card, a note should be sent to the Travel Card Administrator stating that the card is no longer needed and that the card has been destroyed. The cardholder is responsible for notifying any vendor who has been granted permission to charge monthly to the card to end the automatic billing. Closing a travel card does not prevent recurring charges from posting to the account.

If a cardholder is terminated; it is the manager's responsibility to obtain and destroy the employee's travel card. The manager should also remind the employee that any unpaid personal charges are the employee's responsibility. If not already expensed by the terminated employee and the employee is still on the payroll, a surrogate can be set up so the unpaid business charges can be submitted through EZPay. If the terminated employee is no longer on the payroll, a DA can be submitted for the unpaid business charges. For unpaid personal charges, a note can be sent to HR to have these deducted from the employee's last paycheck. This amount should be included in the DA or the EZPay entry for payment to be made to the



bank. The manager should also notify the Travel Card Administrator at apadmin@txu.com of the termination, along with whether or not the card was obtained from the employee.

Revision History

June 11, 2010 Adoption of Oncor policy

REQUEST:

Reference Schedule 11-D-2.9, Rents and Leases. Identify any rentals or leases that are non-recurring or that will cease to be in effect during 2011.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett, the sponsoring witness for this response.

The following information is provided in accordance with the agreement of the requesting party in lieu of the requested information. The information, as agreed to be provided, consists of leases of \$15,000 or more.

Please refer to Attachment 1 for a listing of leases expiring during 2011.

ATTACHMENT:

ATTACHMENT 1 - Oncor Electric Delivery Company LLC, Rents/Leases Which Will Cease During 2011 - \$15,000 or Greater, 1 Page.

Oncor Electric Delivery Company LLC

Rents/leases ceased to be in effect during 2011 - \$15,000 and greater - that will not be replaced/renewed:

Reference Schedule II-D-2.9 (Part 4)		Lease	Comments	Rate Period Expense
		Minority Alliance Capital	Equipment purchased from lessor December 2010	321,827.97
		IBM Corporate	Equipment purchased from lessor December 2010	218,314.28
#19		Alice S Farris	Terminated - consolidated employees to Paris Service Center	23,166.14
#14		Dr Rudolf and Patti Churner	New service center constructed in McKinney. \$3.2M in construction work in progress.	37,468.00

REQUEST:

Reference AG-1-27 above. For any rentals or leases that will not be in effect during 2011, please provide identify any replacement agreements.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett, the sponsoring witness for this response.

The following information is provided in accordance with the agreement of the requesting party in lieu of the requested information. The information, as agreed to be provided, consists of leases of \$15,000 or more.

Please refer to Attachment 1 for a listing of leases expiring during 2011 and being replaced or renewed.

ATTACHMENT:

ATTACHMENT 1 - Oncor Electric Delivery Company LLC, Expiring Leases During 2011 With Replacement, 1 Page.

Oncor Electric Delivery Company LLC

The following leases expired during/after the rate case test year but have been replaced with a new lessor:

Lessor/Rental	Description	Rate Period Expense	Comment
Capgemini Energy	CGE Convenience Bills	64,345.04	Replaced with CESCO lease - in effect during rate period
Puente Brothers Investments	Office Equipment	55,951.13	Replaced with SOUTHWEST OFFICE SYSTEMS lease - in effect during rate period

REQUEST:

Please provide the historical level of outside services expenses in the FERC 900 accounts for the years ending 2009 and 2010.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett and Stephen N. Ragland, the sponsoring witnesses for this response.

The total amount of Outside Services expense recorded to FERC accounts 901 through 935, adjusted to remove costs related to the Advance Meter Systems, is \$92,095,849 and \$84,942.622 for the years ended December 31, 2009 and 2010, respectively.

REQUEST:

Is there any duplication of effort for any of the outside services? Is the same function performed by two or more vendors? If so, please detail.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett, Stephen N. Ragland, and Todd J. Jirovec, the sponsoring witnesses for this response.

No. Mr. Pruett has made a known and measurable adjustment to remove all one-time transition costs associated with the termination of CGE business support services. As discussed in Company witness Todd J. Jirovec's direct testimony, an analysis was conducted to identify duplication or overlap involving professional and general and administrative services between EFH Corporate Services, Outsourced Tower providers, and Oncor. As stated on Page 24, Lines 9-11 of Mr. Jirovec's direct testimony, no duplication was found. Please see Exhibit TJJ-4 of Mr. Jirovec's direct testimony for a complete overlap analysis.

There are numerous vendors that perform the same functions for Oncor, such as tree trimming contractors, janitorial companies, information technology, human resources, etc. However, these vendors perform their services at different company facilities, perform different tasks, have different responsibilities, or work in different locations in Oncor's service area and are not duplicative efforts.

REQUEST:

Are there any items included in outside services for which the Company has been reimbursed? If yes, please provide documentation.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett and Stephen N. Ragland, the sponsoring witnesses for this response.

No. There are no costs for outside services for which Oncor has been reimbursed.

REQUEST:

Do any of the outside services represent legislative advocacy expenses? If so, please detail.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett and Stephen N. Ragland, the sponsoring witnesses for this response.

Yes. Oncor's costs related to legislative advocacy are charged to FERC account 426, Non-Operating Expenses, and therefore, are not included in Oncor's requested cost of service. Please refer to RFP Schedule II-E-4.2, Below The Line Expenses, for the total amounts of legislative advocacy recorded during the test year.

REQUEST:

Do any of the outside services relate to rate case expenses for this proceeding? If yes, please provide details.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett and Stephen N. Ragland, the sponsoring witnesses for this response.

No. All costs related to this proceeding have been recorded to a deferred debit account and are not reflected in the Company's FERC 900 series of accounts or any other operating expense accounts.

REQUEST:

Does the Company's requested cost of service include expenses associated with Directors and Officers ("D&O") liability insurance coverage? If yes, please provide the following:

- a) list of directors and officers covered;
- b) details of the coverage;
- c) amount of premiums, including source documentation; and
- d) amount of premiums included in the test year by FERC account, and further separated as directly incurred or allocated by affiliates.

RESPONSE:

The following response was prepared by or under the direct supervision of R. Keith Pruett, the sponsoring witness for this response.

The Company's requested cost of service includes expenses associated with Directors and Officers (D&O) liability insurance.

- a) Please refer to Attachment 1 for a list of directors and officers covered.
- b) Please refer to Attachments 2 and 3 for details of the coverage.
- c) All premiums were paid by EFH Corp and are allocated to the affiliates for the policy year ending October 10, 2009. For the policy year ending October 10, 2010, Oncor directly incurred the premium for two D&O policies; the remainder of the policies were paid for by EFH Corp and allocated. Please refer to Attachments 4 and 5 for a listing of the premiums paid, the amounts directly paid by Oncor, the amounts allocated to Oncor, and the source documentation.
- d) D&O premiums paid by EFH Corp and allocated to Oncor in the test year were in the amount of \$518,115.08. The amount directly incurred by Oncor during the test year was \$49,133.34, for a grand total of \$567,248.42. All costs were recorded in FERC Account 925.

ATTACHMENTS:

ATTACHMENT 1 - Management Structure for the test year ended June 30, 2010, 1 page.

ATTACHMENT 2 - Directors & Officers Liability - details of coverage for the period ending October 10, 2009, 3 pages.

ATTACHMENT 3 - Directors & Officers Liability - details of coverage for the period ending October 10, 2010, 3 pages.

ATTACHMENT 4 - Directors & Officers Liability - EFH Corp Premiums, Oncor Allocations, and source documentation for the period ending October 10, 2009, 11 pages.

ATTACHMENT 5 - Directors & Officers Liability - EFH Corp Premiums, Oncor Premiums and Allocations, and source documentation for the period ending October 10, 2010, 25 pages.

**Oncor Electric Delivery Company LLC
Management Structure
For the Test Year Ended June 30, 2010**

<u>Name</u>	<u>Role</u>	<u>Title</u>
Brownell, Nora Mead	Director	Director
Byers, Richard C.	Director	Director
Dunning, Thomas M.	Director	Director
Estrada, Robert A.	Director	Director
Ford, Monte E.	Director	Director
Hill Jr., William T.	Director	Director
Liaw, Jeffery	Director	Director
Lipschultz, Marc S.	Director	Director
Shapard, Robert S.	Director	Director
Wortham III, Richard W.	Director	Director
Zucchet, Steven J.	Director	Director
Shapard, Robert S.	Officer	Chairman of the Board and Chief Executive
Jenkins III, Charles W.	Officer	Senior Vice President and Chief Operating Officer
Davis, David M.	Officer	Senior Vice President and Chief Financial Officer
Clevenger, Don J.	Officer	Senior Vice President
Elmer, Debra L.	Officer	Senior Vice President
Greer, James A.	Officer	Senior Vice President
Jackson, Brenda L.	Officer	Senior Vice President and Chief Customer Officer
Pulis, Brenda J.	Officer	Senior Vice President
Austin, Joel S.	Officer	Vice President and Chief Information Officer
Carpenter, W. Mark	Officer	Vice President and Chief Technology Officer
Dennis, Deborah L.	Officer	Vice President
Guyton, Michael E.	Officer	Vice President
Hull, Leslie Keith	Officer	Vice President
Quinn, Timothy Michael	Officer	Vice President
Speed, Wesley R.	Officer	Vice President
Boyle, Deborah A.	Officer (Appointed)	Vice President - Environment, Health, Safety and Training
Jordan, Walter E.	Officer (Appointed)	Vice President - Governmental Affairs
McKaig, Paul T.	Officer (Appointed)	Vice President - Regulatory Affairs
Ragland, Stephen N.	Officer (Appointed)	Vice President - Regulatory
Stewart, John C.	Officer (Appointed)	Vice President and Associate General Counsel - Litigation
Casey, John M.	Officer (Appointed VP)	Treasurer
Kubin, Diane J.	Officer	Assistant Secretary
Hays, Richard C.	Officer	Controller
Trimble, R. D.	Officer	President - Retired 04/01/2010

DOCKET 38929 ATTACHMENT I
TO PUC STAFF RFI SET NO.1
QUESTION NO. AGI-34

DIRECTORS & OFFICERS LIABILITY

INSURERS	Associated Electric and Gas Insurance Services (AEGIS) and Others (see attached) [for current rating see Market Security Schedule, Section VII]
POLICY NO.	DO197A1A08 (AEGIS, Lead) - See attached for full listing
INSURED PERIOD	October 10, 2008 to October 10, 2009
INSURED	Energy Future Holdings Corp. and subsidiary companies
FORM	Claims-made
RETRO DATE	10/10/07
COVERAGE	Legal liability arising out of any claims first made during the policy period against a former or current Director or Officer including any person deemed to be an officer and including those titles, positions or capacities in a non-U.S. Company or subsidiary which are equivalent to the position of Director or Officer in a U.S. Corporation and also including persons expressly designated as Directors or Officers by the Insured and notified to Insurers during the policy period. Coverage is for Wrongful Acts committed or attempted in the course of their duties as Directors or Officers. Coverage is for the insured corporation for amounts it pays in indemnity to Directors and Officers and for the individual Directors and Officers to the extent they are not indemnified. Coverage is also extended to the insured corporation for its own liability in connection with securities claims or when it is named as a defendant along with a Director or Officer in connection with a non-securities claim.
LIMITS OF LIABILITY	\$200,000,000 for each wrongful act and annual aggregate
DEDUCTIBLES	Nil – Individuals Primarily \$7,500,000 per occurrence for Corporate Reimbursement

DIRECTORS & OFFICERS LIABILITY [continued]

PRINCIPAL EXCLUSIONS

This policy does not cover liability for:

- Fines or Penalties
- Bodily injury or property damage
- Claims for violation of Section 16(b) of the SEC Act of 1934 (insider trading)
- Claims arising out of Directors or Officers gaining personal profit for which they were not entitled
- Any Wrongful Act that took place in whole or in part prior to the retroactive date
- For injury based upon, arising out of or attributable to
 - a. False arrest, wrongful detention, wrongful imprisonment or malicious prosecution
 - b. Wrongful entry
 - c. Publication or utterance, wrongful eviction or other invasion of the right of private occupancy
 - d. Discrimination or sexual harassment
- Service on a minority or non-owned for-profit company engaged in financial services or insurance
- Service on minority-owned companies by other than Energy Future Holdings Corp. employees
- Claims resulting from the dishonesty, fraudulent, criminal or malicious act of a Director or Officer

PREMIUM FOR POLICY TERM

\$1,237,325

Includes taxes of \$12,275, broker's fee of \$300,000 and continuity credit of \$600,000

BROKER

McGriff, Seibels & Williams – Dallas, TX

RISK & INSURANCE PERSONS RESPONSIBLE FOR HANDLING

Robert Moussaid
Cherry Freudiger

Energy Future Holdings Corp. D&O Program Summary (Final)
October 10, 2008 – October 10, 2009
\$200,000,000 Total Limit of Liability

RSUI Indemnity Company (Alleghany/RSUI) \$20,000,000 x \$180,000,000 Limit		\$200,000,000
AXIS Reinsurance Company (AXIS U.S.) \$10,000,000 x \$170,000,000 Limit		\$180,000,000
Liberty Mutual Insurance Company (Liberty) \$10,000,000 x \$160,000,000 Limit		\$170,000,000
Twin City Fire Insurance Company (Hartford) \$15,000,000 x \$145,000,000 Limit		\$155,000,000
RLI Insurance Company (RLI) \$10,000,000 x \$135,000,000 Limit		\$145,000,000
Illinois National Insurance Company (AIG) \$25,000,000 x \$110,000,000 Limit		\$135,000,000
U.S. Specialty Insurance Company (HCC) \$25,000,000 x \$85,000,000 Limit		\$110,000,000
XL Specialty Insurance Co. (XL) \$25,000,000 x \$60,000,000 Limit		\$85,000,000
Energy Insurance Mutual Limited (EIM) \$25,000,000 x \$35,000,000 Limit		\$60,000,000
Associated Electric & Gas Insurance Services Limited (AEGIS) \$35,000,000 Primary Limit		\$35,000,000
No Retention		\$7,500,000 Retention
Directors & Officers Liability (Side A)	Corporate Reimbursement (Side B)	

DIRECTORS & OFFICERS LIABILITY

INSURERS	Associated Electric and Gas Insurance Services (AEGIS) and Others (see attached) [for current rating see Market Security Schedule, Section VII]
POLICY NO.	DO197A1A09 (AEGIS, Lead) - See attached for full listing
INSURED PERIOD	October 10, 2009 to October 10, 2010
INSURED	Energy Future Holdings Corp. and subsidiary companies
FORM	Claims-made
RETRO DATE	10/10/07
COVERAGE	Legal liability arising out of any claims first made during the policy period against a former or current Director or Officer including any person deemed to be an officer and including those titles, positions or capacities in a non-U.S. Company or subsidiary which are equivalent to the position of Director or Officer in a U.S. Corporation and also including persons expressly designated as Directors or Officers by the Insured and notified to Insurers during the policy period. Coverage is for Wrongful Acts committed or attempted in the course of their duties as Directors or Officers. Coverage is for the insured corporation for amounts it pays in indemnity to Directors and Officers and for the individual Directors and Officers to the extent they are not indemnified. Coverage is also extended to the insured corporation for its own liability in connection with securities claims or when it is named as a defendant along with a Director or Officer in connection with a non-securities claim.
LIMITS OF LIABILITY	\$200,000,000 for each wrongful act and annual aggregate plus \$100,000,000 Excess Side A/DIC
DEDUCTIBLES	Nil – Individuals Primarily \$7,500,000 per occurrence for Corporate Reimbursement

DIRECTORS & OFFICERS LIABILITY [continued]

PRINCIPAL EXCLUSIONS

This policy does not cover liability for:

- Fines or Penalties
- Bodily injury or property damage
- Claims for violation of Section 16(b) of the Securities Act of 1934 (insider trading)
- Claims arising out of Directors or Officers gaining personal profit for which they were not entitled
- Any "Wrongful Act" that took place in whole or in part prior to the retroactive date
- For injury based upon, arising out of or attributable to
 - a. False arrest, wrongful detention, wrongful imprisonment or malicious prosecution
 - b. Wrongful entry
 - c. Publication or utterance, wrongful eviction or other invasion of the right of private occupancy
 - d. Discrimination or sexual harassment
- Service on a minority or non-owned for-profit company engaged in financial services or insurance
- Service on minority-owned companies by other than Energy Future Holdings Corp. employees
- Claims resulting from the dishonest, fraudulent, criminal or malicious act of a Director or Officer
- Excess Side A/DIC pending and prior litigation as of 10/10/09

PREMIUM FOR POLICY TERM

\$1,848,826

Includes taxes of \$20,290, broker's fee of \$200,000 and continuity credit of \$316,762

BROKER

McGriff, Seibels & Williams – Atlanta, GA

RISK & INSURANCE PERSONS RESPONSIBLE FOR HANDLING

Robert Moussaid
Cherry Freudiger

Energy Future Holdings Corp. D&O Liability Program Summary (Final)
October 10, 2009 – October 10, 2010
\$300,000,000 Total Limit of Liability

		\$300,000,000
Westchester Fire Insurance Company \$10,000,000 excess \$290,000,000 A-Side/DIC Limit		\$290,000,000
XL Specialty Insurance Company (XL) \$15,000,000 excess \$275,000,000 A-Side/DIC Limit		\$275,000,000
Carolina Casualty Insurance Company (Monitor) \$10,000,000 excess \$265,000,000 A-Side/DIC Limit		\$265,000,000
Starr Indemnity and Liability Company (C.V. Starr) \$15,000,000 excess \$250,000,000 A-Side/DIC Limit		\$250,000,000
National Specialty Insurance Company (Ironshore) \$10,000,000 excess \$240,000,000 A-Side/DIC Limit		\$240,000,000
Allied World National Assurance Company (AWAC) \$15,000,000 excess \$225,000,000 A-Side/DIC Limit		\$225,000,000
ACE American Insurance Company \$25,000,000 excess \$200,000,000 Primary A-Side/DIC Limit		\$200,000,000
RSUI Indemnity Company \$20,000,000 excess \$180,000,000 Limit		\$180,000,000
Axis Insurance Company \$10,000,000 excess \$170,000,000 Limit		\$170,000,000
Liberty Mutual Insurance Company \$10,000,000 excess \$160,000,000 Limit		\$160,000,000
Twin City Fire Insurance Company (Hartford) \$15,000,000 excess \$145,000,000 Limit		\$145,000,000
RLI Insurance Company \$10,000,000 excess \$135,000,000 Limit		\$135,000,000
Illinois National Insurance Company (Chartis) \$25,000,000 excess \$110,000,000 Limit		\$110,000,000
Beazley Insurance Company, Inc. \$10,000,000 excess \$100,000,000 Limit		\$100,000,000
U.S. Specialty Insurance Company (HCC) \$25,000,000 excess \$75,000,000 Limit		\$75,000,000
XL Specialty Insurance Company (XL) \$15,000,000 excess \$60,000,000 Limit		\$60,000,000
Energy Insurance Mutual (EIM) \$25,000,000 excess \$35,000,000 Limit		\$35,000,000
U.S. Specialty Insurance Company (HCC) \$10,000,000 excess \$25,000,000 Limit		\$25,000,000
Associated Electric & Gas Insurance Services (AEGIS) \$25,000,000 Primary Limit		
No Retention		\$7,500,000 Retention
Directors & Officers Liability (Side A)		Corporate Reimbursement (Side B)

Energy Future Holdings Corp. D&O Program Summary
October 10, 2008 - October 10, 2009
\$200,000,000 Total Limit of Liability
\$1,237,325 Total Premium (including taxes, fees and continuity credit)

<u>Carrier</u>	<u>Limit</u>	<u>Premium</u>	<u>Policy</u>	<u>Oncor Allocated Amount</u>
AEGIS (A XIII)	\$35MM	\$600,000 (+ \$0.00 SLT and fees) (-\$600,000 Continuity Credit)	DO197A1A08	\$ -
EIM (A X)	\$25MM x \$35MM	\$250,000 (+\$12,275 SLT and fees)	290957-08DO	\$ 97,566.30
XL (A XV)	\$25MM x \$60MM	\$175,000	ELU107579-08	\$ 65,100.00
HCC (A+ XIII)	\$25MM x \$85MM	\$131,250	14-MGU-08-A17622	\$ 48,825.00
AIG (A XV)	\$25MM x \$110MM	\$110,000	01-310-26-76	\$ 40,920.00
RLI (A+ X)	\$10MM x \$135MM	\$40,000	EPG0006748	\$ 14,880.00
Hartford (A+ XV)	\$15MM x \$145MM	\$58,800	00 PE 0246099 08	\$ 21,873.60
Liberty (A XV)	\$10MM x \$160MM	\$40,000	204232-018	\$ 14,880.00
AXIS (A XV)	\$10MM x \$170MM	\$40,000	MCN 735126/01/2008	\$ 14,880.00
RSUI (A XII)	\$20MM x \$180MM	\$80,000	NHS630823	\$ 29,760.00
Continuity Fee		\$300,000	FEE/TYPE 1 / INCL BSA	\$ 111,600.00
Total Oncor Allocation				<u>\$ 460,284.90</u>

DOCKET 38929 ATTACHMENT 4
TO PUC STAFF RFI SET NO. 1
QUESTION NO. A61-34



McGRIFF, SEIBELS & WILLIAMS OF TEXAS, INC.

5949 Sherry Lane, Suite 1300 / Dallas, Texas 75225
TEL (469) 232-2100 FAX (469) 232-2101

Energy Future Holdings Corp.
1601 Bryan Street
Dallas, TX 75201

INVOICE

INVOICE DATE	INVOICE NUMBER
10/07/08	019709
ASSURED NUMBER	AGENT
32 050569-004	Sparks, Paul
EFFECTIVE DATE	AMOUNT ENCLOSED
10/10/08	

↑
**PLEASE NOTE
PREMIUMS ARE DUE AND PAYABLE BY
EFFECTIVE DATE**

DETACH AND RETURN WITH REMITTANCE TO: McGRIFF, SEIBELS & WILLIAMS, INC., DRAWER #456
P.O. BOX 11407, BIRMINGHAM, AL 35246-0001

ALL OTHER CORRESPONDENCE TO: McGriff, Seibels & Williams of Texas, Inc.
5949 Sherry Lane, Suite 1300
Dallas, TX 75225

Policy Number- 290957-08DO* (25X35)
Policy Term- 10/10/08 TO 10/10/09
Renewal Policy

Company- ENERGY INSURANCE MUTUAL
Coverage- Excess Directors & Officers

PREMIUM	250,000.00
Tax	12,125.00
STAMPING FEE	150.00

INVOICE DATE	INVOICE NUMBER
10/07/08	19709

AMOUNT DUE	\$262,275.00
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McGRIFF, SEIBELS & WILLIAMS OF TEXAS, INC.

DRAWER #456
P.O. BOX 11407
BIRMINGHAM, AL 35246-0001
(469) 232-2100

Thank You!

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McGRIFF, SEIBELS & WILLIAMS OF TEXAS, INC.

5949 Sherry Lane, Suite 1300 / Dallas, Texas 75225
TEL (469) 232-2100 FAX (469) 232-2101

Energy Future Holdings Corp.
1601 Bryan Street
Dallas, TX 75201

INVOICE

INVOICE DATE	INVOICE NUMBER
10/07/08	019708
ASSURED NUMBER	AGENT
32 050569-004	Sparks, Paul
EFFECTIVE DATE	AMOUNT ENCLOSED
10/10/08	

PLEASE NOTE
PREMIUMS ARE DUE AND PAYABLE BY
EFFECTIVE DATE

DETACH AND RETURN WITH REMITTANCE TO: McGRIFF, SEIBELS & WILLIAMS, INC., DRAWER #456
P.O. BOX 11407, BIRMINGHAM, AL 35246-0001

ALL OTHER CORRESPONDENCE TO: McGriff, Seibels & Williams of Texas, Inc.
5949 Sherry Lane, Suite 1300
Dallas, TX 75225

Policy Number- ELU107579-08 (25X60)
Policy Term- 10/10/08 TO 10/10/09
Renewal Policy

Company- XL SPECIALTY INSURANCE COM
Coverage- Excess Directors & Officers

PREMIUM

175,000.00

INVOICE DATE	INVOICE NUMBER
10/07/08	19708

AMOUNT DUE	\$175,000.00
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McGRIFF, SEIBELS & WILLIAMS OF TEXAS, INC.

DRAWER #456
P.O. BOX 11407
BIRMINGHAM, AL 35246-0001
(469) 232-2100

Thank You!

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