



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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Commission Authorizes Transfer of Assets for Texas Holdings' Acquisition of TXU

The Federal Energy Regulatory Commission today authorized the transfer of jurisdictional assets owned by Oncor Electric Delivery and TXU Wholesale through the acquisition of their parent company, TXU Corp., by Texas Holdings.

Today's action completes the Commission's limited review of the merger between TXU and Texas Holdings. The decision does not address whether or how the merger might affect retail ratepayers in ERCOT.

"The Commission's jurisdiction over this merger is based on those facilities of TXU's that are used in interstate wholesale power markets," Chairman Joseph T. Kelliher said. "Even where only a small portion of a transaction requires our approval, the Commission still must evaluate the overall effect of the merger on matters within our jurisdiction to determine whether it is consistent with the public interest in its effects on wholesale markets."

The Commission reviewed the Texas Holdings-TXU merger under section 203 of the Federal Power Act based on:

- the indirect change in control of TXU Wholesale's power contracts and books and records relating to those contracts, and its Commission-approved market-based rates tariff;
- Oncor Electric Delivery's 100 megawatt interest in the East HVDC Interconnection between the Electric Reliability Council of Texas and the Southwest Power Pool, and its Commission-approved tariffs.

In approving these transfers of assets, the Commission found that the transaction will not harm competition, rates or regulation. It also will not result in cross-subsidization of a non-utility associate company or the pledge of encumbrance of utility assets for the benefit of an associate company.

The Commission also approved the applicants' request of blanket authority for the transfer of interests among controlling owners for up to six months following closing of the transaction. The applicants had sought flexibility on this matter, anticipating that their individual ownership interests would change to accommodate the financing of the transaction before and shortly after the deal closes. Granting the request will simplify the financing process to ensure a successful transition to new ownership of TXU Corp.

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