



Bob Shapard
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BY HAND DELIVERY

March 2, 2010

Chairman Barry Smitherman
Commissioner Donna Nelson
Commissioner Kenneth W. Anderson, Jr.
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, TX 78711-3326

Dear Chairman and Commissioners:

Oncor has deployed more than 760,000 smart meters in our service area. As you are aware, we have received several hundred calls from electric customers in the Killeen-Temple area who are concerned about the accuracy of their smart meters since mid-December, as many of these customers have received electric bills that have been higher than they expected.

Our testing, which has included more than 2,800 onsite meter tests at customers' homes, in addition to the normal testing that all meters undergo, continue to demonstrate smart meter accuracy in measuring customer's electric consumption. Our research and one-on-one conversations with these electric customers indicate that, in nearly every case, the factors driving higher electric bills in the Killeen-Temple area are extreme winter temperatures and inefficient electric heating sources.

However, it is important that we do more to show electric customers that they can feel the same confidence in their smart meters that we do. Therefore, we have developed a Smart Meter Verification Plan to provide the independent testing and information we believe electric customers may need to come to their own conclusions about smart meter accuracy and the factors driving higher electric bills this winter.

In addition to system-wide steps we are taking to verify our meter reading and smart meter processes, we have included specific independent tests and customer education actions in the Killeen-Temple area. Since our equipment and processes are the same throughout our service area, we believe that our proposed additional testing in these communities will provide all service-area electric customers confidence that their smart meters are accurate.

We welcome the opportunity to present our Smart Meter Verification Plan to you at the Open Meeting on Thursday, March 4, 2010 for your consideration and discussion. We look forward to your input and guidance on this matter.

1. We recommend that the PUC approve independent testing of a statistically significant sample of customers' smart meters in the Killeen-Temple area, including waiving any applicable fees that would otherwise be required to be charged customers for meter tests. We recommend that this goal be accomplished by the end of the month.
2. We recommend that, in addition to the statistical sample described in number 1, we offer free independent testing of the smart meter to any customer in the Killeen-Temple area who contacts Oncor by 5 p.m. on Friday, March 12, 2010.
3. We recommend that the PUC approve a thorough independent system-wide design and software review related to our smart meters.
4. We recommend the PUC allow Oncor to provide 100 free in-home monitors to customers in the Killeen-Temple area. This will allow customers to experience the value of the smart meter in their homes and provide further confidence in the upgrade to this new technology. We believe this will require a good cause exception to allow Oncor to accomplish this distribution.
5. We are currently conducting a review of all customers' records showing the last usage recorded from the traditional meter to ensure no human errors have occurred in the final reading of the traditional meter. If any human errors are found, we will immediately contact the customer and the customer's retail electric provider to ensure the customer's billing is adjusted.
6. We are working with the offices of Senator Troy Fraser, Representative Ralph Sheffield, Representative Jimmie Don Aycok and local elected officials in the Killeen-Temple area to identify 24 volunteers to begin a side-by-side smart meter vs. traditional meter test, which Senator Fraser requested. Our goal is to have the first 10 volunteers' side-by-side meters operational by Friday, March 5 and an additional 14 side-by-side meters operational by Friday, March 12. We will provide weekly consumption comparison reports to the PUC, media and elected officials beginning March 12.
7. We will schedule over the coming weeks a number of visits of our Smart Texas Mobile Experience Center (MEC) stops in the Killeen-Temple area, which will provide customers the opportunity to learn more about smart meters and the Smart Meter Texas Portal. We will have a special team of customer service specialists who will be located near the MEC to talk with customers about their usage this winter.

We look forward to discussing our plan with you on Thursday at the Open Meeting. We are confident that these steps will build public trust in our efforts to upgrade the current system through the deployment of smart meters across our service area.

Best regards,

A handwritten signature in black ink that reads "Bob Shapard". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Bob Shapard
Chairman and Chief Executive Officer
Oncor Electric Delivery

cc: The Honorable Troy Fraser, Chairman, Senate Business & Commerce Committee
The Honorable Burt Solomons, Chairman, House State Affairs Committee
The Honorable Jimmie Don Aycock
The Honorable Ralph Sheffield
Sheri Givens, Public Counsel