



FORM 10-Q

TXU ELECTRIC DELIVERY TRANSITION BOND CO LLC – N/A

Filed: November 13, 2006 (period: September 30, 2006)

Quarterly report which provides a continuing view of a company's financial position

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

-- OR --

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 333-91935

TXU Electric Delivery Transition Bond Company LLC

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State of Organization)

75-2851358
(I.R.S. Employer Identification No.)

500 N. Akard Street, Dallas, Texas 75201
(Address of Principal Executive Offices)(Zip Code)

(214) 486-2000
(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer Accelerated Filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 1 2006, all outstanding membership interests in TXU Electric Delivery Transition Bond Company LLC were held by TXU Electric Delivery Company.

TXU Electric Delivery Transition Bond Company LLC meets the conditions set forth in General Instructions (H) (1) (a) and (b) of Form 10-Q and is therefore filing this report with the reduced disclosure format.

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TXU Electric Delivery Transition Bond Company files periodic reports on Form 10-K and Form 10-Q and current reports on Form 8-K which are generally made available to the public, free of charge, on the TXU Electric Delivery Company website at <http://www.txuelectricdelivery.com>, shortly after they have been filed with the Securities and Exchange Commission. To the extent any of those reports are not posted on the TXU Electric Delivery Company website, TXU Electric Delivery Transition Bond Company will provide copies of such reports upon request. The information on TXU Electric Delivery Company's website shall not be deemed a part of, or incorporated by reference into, this report on Form 10-Q.

GLOSSARY

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

1999 Restructuring Legislation	legislation that restructured the electric utility industry in Texas to provide for retail competition
2003 Bonds	refers collectively to the four series of securitization bonds issued in August 2003
2004 Bonds	refers collectively to the three series of securitization bonds issued in June 2004
2005 Form 10-K	TXU Electric Delivery Transition Bond Company's Annual Report on Form 10-K for the year ended December 31, 2005
Commission	Public Utility Commission of Texas
Company	TXU Electric Delivery Transition Bond Company LLC, a wholly-owned bankruptcy remote financing subsidiary of TXU Electric Delivery Company
ERCOT	Electric Reliability Council of Texas, the Independent System Operator and the regional reliability coordinator of the various electricity systems within Texas
Financing Order	the financing order issued by the Commission on August 5, 2002 to TXU Electric Delivery Company, its successors and assignees that provide transmission and distribution service
Indenture	the agreement (dated as of August 21, 2003) between TXU Electric Delivery Transition Bond Company, as issuer, and the Indenture Trustee, which describes the governing terms of, and secures payment of, the Transition Bonds
Indenture Trustee	The Bank of New York, a New York banking corporation
Moody's	Moody's Investors Services, Inc. (a credit rating agency)
REP	retail electric provider
S&P	Standard & Poor's Rating Services, a division of the McGraw Hill Inc. Companies (a credit rating agency)
SEC	US Securities and Exchange Commission
Settlement Plan	regulatory settlement plan that received final approval by the Commission in January 2003
Transition Bonds	refers collectively to the 2003 Bonds and the 2004 Bonds
TXU Corp.	refers to TXU Corp., a holding company, and/or its consolidated subsidiaries, depending on context

TXU Electric Delivery	refers to TXU Electric Delivery Company, a subsidiary of TXU Corp., and/or its consolidated bankruptcy remote financing subsidiary, TXU Electric Delivery Transition Bond Company LLC, depending on context
TXU Energy Holdings	refers to TXU Energy Company LLC, a subsidiary of TXU Corp., and/or its consolidated subsidiaries, depending on context
US	United States of America
US GAAP	accounting principles generally accepted in the US

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC
CONDENSED STATEMENTS OF INCOME
(Unaudited)**

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Operating revenues:				
Transition charge revenue	\$ 43,912,692	\$ 47,585,792	\$ 116,970,799	\$ 115,469,758
Investment income	<u>741,333</u>	<u>335,433</u>	<u>1,910,890</u>	<u>878,348</u>
Total operating revenues	44,654,025	47,921,225	118,881,689	116,348,106
Operating expenses:				
Interest expense	13,045,353	13,740,306	39,626,792	41,694,109
Amortization of transition property	24,502,579	23,852,121	68,597,557	66,517,208
Over (under)—recovery of transition charges	6,723,931	10,034,625	9,615,726	7,228,791
Servicing fees, administrative and general expenses	<u>207,472</u>	<u>207,473</u>	<u>622,416</u>	<u>622,416</u>
Total operating expenses	<u>44,479,335</u>	<u>47,834,525</u>	<u>118,462,491</u>	<u>116,062,524</u>
Net income	<u>\$ 174,690</u>	<u>\$ 86,700</u>	<u>\$ 419,198</u>	<u>\$ 285,582</u>

See Notes to Financial Statements.

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	September 30,	
	<u>2006</u>	<u>2005</u>
Cash flows – operating activities:		
Net income	\$ 419,198	\$ 285,582
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization of transition property	68,597,557	66,517,208
Over (under)–recovery of transition charges	9,615,726	7,228,791
Changes in operating assets	(3,104,089)	(7,655,859)
Changes in operating liabilities	<u>2,878,483</u>	<u>3,858,003</u>
Cash provided by operating activities	78,406,875	70,233,725
Cash flows – financing activities:		
Repayment of debt	(62,578,272)	(60,692,178)
Distribution paid to parent	<u>(409,034)</u>	<u>(260,545)</u>
Cash used in financing activities	(62,987,306)	(60,952,723)
Cash flows – investing activities:		
Change in restricted funds	<u>(15,248,228)</u>	<u>(9,281,002)</u>
Cash used in investing activities	(15,248,228)	(9,281,002)
Net increase in cash and cash equivalents	171,341	
Cash and cash equivalents, beginning of period	<u>1,000</u>	<u>1,000</u>
Cash and cash equivalents, end of period	<u>\$ 172,341</u>	<u>\$ 1,000</u>

See Notes to Financial Statements.

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC
CONDENSED BALANCE SHEETS
(Unaudited)

	<u>September 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 172,341	\$ 1,000
Restricted cash	57,239,579	45,587,656
Accounts receivable – affiliate		28,727
Transition charge receivable:		
Affiliates	13,241,310	11,175,991
All other	<u>12,257,196</u>	<u>11,189,699</u>
Total current assets	82,910,426	67,983,073
Investments:		
Restricted funds held in trust	16,580,410	12,984,105
Transition property, net of accumulated amortization of \$213,145,995 and \$144,548,438	<u>1,076,631,005</u>	<u>1,145,228,562</u>
Total assets	<u>\$ 1,176,121,841</u>	<u>\$ 1,226,195,740</u>
LIABILITIES AND MEMBER'S INTEREST		
Current liabilities:		
Long-term debt due currently	\$ 95,101,632	\$ 93,096,974
Accounts payable – affiliate	244,882	159,992
Accrued interest	14,653,229	11,773,505
Other current liabilities	<u>2,204,975</u>	<u>2,291,106</u>
Total current liabilities	112,204,718	107,321,577
Transition bonds	1,009,751,682	1,074,334,612
Regulatory liability	<u>37,676,219</u>	<u>28,060,493</u>
Total liabilities	1,159,632,619	1,209,716,682
Member's interest	<u>16,489,222</u>	<u>16,479,058</u>
Total liabilities and member's interest	<u>\$ 1,176,121,841</u>	<u>\$ 1,226,195,740</u>

See Notes to Financial Statements.

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

Business – The Company is a bankruptcy-remote, special-purpose Delaware limited liability company, wholly-owned by TXU Electric Delivery. The Company was organized for the limited purpose of purchasing and owning transition property and issuing securitization (transition) bonds to recover generation-related regulatory assets and other qualified costs. TXU Electric Delivery is a wholly-owned subsidiary of TXU Corp. TXU Electric Delivery is a regulated electricity transmission and distribution company, principally engaged in providing delivery services to REPs that sell electricity in the north-central, eastern and western parts of Texas.

Basis of Presentation— The condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the US and on the same basis as the audited financial statements included in its 2005 Form 10-K. All adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations and financial position have been included therein. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with US GAAP have been omitted pursuant to the rules and regulations of the SEC. Because the condensed interim financial statements do not include all of the information and footnotes required by US GAAP, they should be read in conjunction with the audited financial statements and related notes included in the 2005 Form 10-K. The results of operations for an interim period may not give a true indication of results for a full year.

Over/under-recovery of transition charges— The Company accounts for the difference between transition charge revenues and the total of interest expense, amortization of the transition property and other fees and expenses as an over/under-recovery of transition charges. To the extent revenues exceed expenses, the Company records an increase to expense with a corresponding increase to a regulatory liability. To the extent revenues are less than expenses, the Company records a decrease to expense with a corresponding decrease to the regulatory liability.

Annual and interim true-up adjustments— Variations in customer usage impact transition charge revenues resulting in temporary over/under-recovery of transition charges. In such instances where sufficient funds are not collected through transition charges, the over-collateralization and the capital subaccounts are drawn down to make scheduled payments on the Transition Bonds. TXU Electric Delivery files, on behalf of the Company, an annual true-up adjustment with the Commission with respect to each series of Transition Bonds. The annual true-up adjustments for the 2003 Bonds and the 2004 Bonds are filed in August and May, respectively. In the filing, TXU Electric Delivery requests the Commission to increase or decrease the authorized transition charges such that, based on the then current forecast of customer usage, sufficient funds will be collected during the following period to meet the scheduled debt service payments and replenish the over-collateralization and capital subaccounts to their required level. The Company also has the right, under certain circumstances, to file interim true-up adjustment requests semi-annually if needed to make scheduled payments.

2. RELATED-PARTY TRANSACTIONS

Pursuant to administration and servicing agreements between the Company and TXU Electric Delivery, TXU Electric Delivery furnishes to the Company, at a fixed fee per year, billing, payment processing, collection, clerical, secretarial and other accounting services, which are reflected as administrative and general expenses in the income statement. The Company's expense for servicing and administration activities performed by TXU Electric Delivery totaled \$193,805 for both the three months ended September 30, 2006 and 2005, respectively, and \$581,416 for both the nine months ended September 30, 2006 and 2005, respectively.

Transition charges billed to the REP subsidiary of TXU Energy Holdings, which are included in operating revenues, totaled \$21,923,282 and \$25,597,472 for the three months ended September 30, 2006 and 2005, respectively, and \$56,644,574 and \$65,206,859 for the nine months ended September 30, 2006 and 2005, respectively. The balance of the transition charge receivable due from the REP subsidiary of TXU Energy Holdings was \$13,241,310 as of September 30, 2006 and \$11,175,991 as of December 31, 2005.

Accounts receivable due from TXU Electric Delivery totaled zero and \$28,727 as of September 30, 2006 and December 31, 2005, respectively, and represent amounts billed by TXU Electric Delivery, as servicer, to REPs as security deposits for payment of the REPs transition charges. TXU Electric Delivery, as servicer of the Transition Bonds, reviews the security amount for the REPs quarterly and requests increases when required.

Also see discussion in Note 3 under "Interim true-up" and Note 4 regarding cash distributions.

3. FINANCING ARRANGEMENTS

Long-term debt -- At September 30, 2006 and December 31, 2005, the Company's long-term debt consisted of the following:

	<u>September 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
2.260% Fixed Series 2003 Bonds due in semiannual installments through February 15, 2007	\$ 8,119,707	\$ 44,696,293
4.030% Fixed Series 2003 Bonds due in semiannual installments through February 15, 2010	122,000,000	122,000,000
4.950% Fixed Series 2003 Bonds due in semiannual installments through February 15, 2013	130,000,000	130,000,000
5.420% Fixed Series 2003 Bonds due in semiannual installments through August 15, 2015 Series	145,000,000	145,000,000
3.520% Fixed Series 2004 Bonds due in semiannual installments through November 15, 2009	188,956,607	214,958,293
4.810% Fixed Series 2004 Bonds due in semiannual installments through November 15, 2012	221,000,000	221,000,000
5.290% Fixed Series 2004 Bonds due in semiannual installments through May 15, 2016	<u>289,777,000</u>	<u>289,777,000</u>
Total	1,104,853,314	1,167,431,586
Less amount due currently	<u>(95,101,632)</u>	<u>(93,096,974)</u>
Total long-term debt	<u>\$ 1,009,751,682</u>	<u>\$ 1,074,334,612</u>

The transition property sold to the Company, as well as restricted cash of \$6,541,073 in the capital subaccount at September 30, 2006, are pledged as collateral for the Transition Bonds. Collections of transition charges will be used to pay the principal, interest and associated costs of the Transition Bonds. The Company is required to maintain restricted cash pledged as collateral for the Transition Bonds in an amount equal to 0.5% of the initial aggregate principal amount of Transition Bonds outstanding. Should the transition charges collected through the specified payment dates listed above not provide adequate funds to make the scheduled payments of principal and interest, the transition charges can continue to be collected for approximately two years before the Transition Bonds go into default for nonpayment.

Financial Covenants-- The terms of the Indenture contain financial covenants that require maintenance of specified collateral deposits in proportion to the aggregate principal amount of the Transition Bonds outstanding. As of September 30, 2006, the Company was in compliance with such covenants.

Interim true-up -- In the November 2004 interim true-up adjustment for the 2004 Bonds, TXU Electric Delivery, in its role as servicer of the 2004 Bonds, made an error in the calculation of the transition charges applicable to the Large General Service Secondary class of customers. This error was clerical in nature and resulted in the wrong number of forecasted kilowatt-hours for this particular rate class for the applicable period. The result of the error was that the transition charges billed for this customer class were lower than required to meet the May 16, 2005 scheduled principal payment on the 2004 Bonds (even considering the amount in the capital subaccount for the 2004 Bonds, which was used to help meet the scheduled payment). In April 2005, TXU Electric Delivery, as servicer of the 2004 Bonds, requested that TXU Energy Holdings, as a REP, pay a portion of its then outstanding transition charges related to the 2004 Bonds early in an amount sufficient to cover the expected deficiency. Although not required to make such early payment, TXU Energy Holdings agreed to make an early payment of approximately \$2 million. TXU Energy Holdings made this early payment with no compensation from either TXU Electric Delivery or the Company. As a result, the scheduled payment of principal and interest was made in full. Although TXU Energy Holdings agreed to make an early payment of its outstanding transition charges, there can be no assurance that TXU Energy Holdings would agree to make another early payment. See discussion in Note 1 under "Annual and interim true-up adjustments".

4. MEMBER'S INTEREST

The Company receives interest income with respect to the indenture trustee reserve account and capital subaccounts. Cash distributions to TXU Electric Delivery, the amounts of which represent interest income released by the Indenture Trustee, totaled \$171,342 and \$409,034 in the three month and nine month periods ended September 30, 2006, respectively. The distributions are recorded as a reduction in Member's Interest.

The following table presents the changes in Member's Interest for the nine months ended September 30, 2006:

	<u>Total Member's Interest</u>
Balance at December 31, 2005	\$ 16,479,058
Distribution paid to parent	(409,034)
Net income	<u>419,198</u>
Balance at September 30, 2006	<u>\$ 16,489,222</u>

5. RESTRICTED CASH

	<u>Balance Sheet Classification</u>			
	<u>At September 30, 2006</u>		<u>At December 31, 2005</u>	
	<u>Current Assets</u>	<u>Investment</u>	<u>Current Assets</u>	<u>Investment</u>
Collections related to Transition Bonds used only to service debt and pay expenses (includes over-collateralization subaccount of \$1,269,385, \$—, \$421,980 and \$—)	\$ 57,239,579	\$ —	\$ 45,587,656	\$ —
Funds for payment of fees associated with Transition Bonds (Indenture Trustee reserve account)	—	10,039,337	—	10,029,173
Reserve for shortfalls of Transition Bond charges (capital subaccounts)	—	<u>6,541,073</u>	—	<u>2,954,932</u>
Total	<u>\$ 57,239,579</u>	<u>\$ 16,580,410</u>	<u>\$ 45,587,656</u>	<u>\$ 12,984,105</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Member of TXU Electric Delivery Transition Bond Company LLC:

We have reviewed the accompanying condensed balance sheet of TXU Electric Delivery Transition Bond Company LLC (the "Company") as of September 30, 2006, and the related condensed statements of income for the three-month and nine-month periods ended September 30, 2006 and 2005, and of cash flows for the nine-month periods ended September 30, 2006 and 2005. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheet of the Company as of December 31, 2005, and the related statements of income, member's interest and cash flows for the year then ended (not presented herein); and in our report dated March 7, 2006, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of December 31, 2005 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Dallas, Texas
November 9, 2006

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS

The Company is a bankruptcy-remote, special-purpose Delaware limited liability company, wholly-owned by TXU Electric Delivery. The Company was organized for the limited purpose of purchasing and owning transition property and issuing securitization (transition) bonds to recover generation-related regulatory assets and other qualified costs. TXU Electric Delivery is a wholly-owned subsidiary of TXU Corp. TXU Electric Delivery is a regulated electricity transmission and distribution company, principally engaged in providing delivery services to REPs that sell electricity in the north-central, eastern and western parts of Texas.

RESULTS OF OPERATIONS

Operating revenue decreased \$3,267,200, or 7%, to \$44,654,025 for the three months ended September 30, 2006, and increased \$2,533,583, or 2%, to \$118,881,689 for the nine months ended September 30, 2006.

Operating Revenues

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Transition charge revenues	\$ 43,912,692	\$ 47,585,792	\$ 116,970,799	\$ 115,469,758
Investment income	741,333	335,433	1,910,890	878,348
Total operating revenues	<u>\$ 44,654,025</u>	<u>\$ 47,921,225</u>	<u>\$ 118,881,689</u>	<u>\$ 116,348,106</u>

- Transition charge revenues decreased \$3,673,100 to \$43,912,692 for the three month period ended September 30, 2006. Revenues in the prior period reflected a tariff increase to correct for under-collected revenues related to the 2004 Bonds (See Note 3 under Interim true-up for discussion). In addition, the current period revenues were lower due to a decrease in delivered volumes. Transition charge revenues were higher in the nine month period ended September 30, 2006 as a result of increased rates reflecting true-up adjustments and increased delivered volumes due to warmer weather. See Note 1 to Financial Statements.
- Investment income increased \$405,900 to \$741,333 for the three months ended September 30, 2006 and \$1,032,542 to \$1,910,890 for the nine months ended September 30, 2006. Investment income represents earnings on restricted cash balances. The primary drivers of the increases are higher interest rates and higher investment balances. The restricted cash is invested in short-term US government securities.

The Company recorded expenses for the over-recovery of transition charges of \$6,723,931 and \$10,034,625 in the three month periods ended September 30, 2006 and 2005, respectively. The decrease in over-recovery expense was driven by a decrease in transition revenues. The Company recorded transition charge over-recovery expense of \$9,615,726 and \$7,228,791 in the nine month periods ended September 30, 2006 and 2005, respectively. The increase in over-recovery expense is driven largely by increased delivered volumes due to warmer weather and tariff adjustments. See discussion under "Over/under-recovery of transition charges" in Note 1 to Financial Statements.

Net income totaled \$174,690 and \$86,700 for the three months ended September 30, 2006 and 2005, respectively, and totaled \$419,198 and \$285,582 for the nine months ended September 30, 2006 and 2005, respectively. Included in investment income is interest earned on the indenture trustee reserve account and capital subaccounts. The Company intends to periodically distribute to TXU Electric Delivery this interest income as released by the Indenture Trustee. See Note 4 to Financial Statements.

FINANCIAL CONDITION

Cash Flows — Cash flows provided by operating activities were \$78,406,875 and \$70,233,725 for the nine months ended September 30, 2006 and 2005, respectively. The \$8,173,150 increase was primarily driven by the over-recovery of transition charges resulting from the true-up adjustments for the Transition Bonds and increased delivered volumes due to the effects of warmer weather.

Financing activities used cash flows of \$62,987,306 and \$60,952,723 for the nine months ended September 30, 2006 and 2005, respectively, representing scheduled principal and interest payments on the Transition Bonds.

Cash flows used in investing activities were \$15,248,228 and \$9,281,002 for the nine month periods ended September 30, 2006 and 2005, respectively. The change in investing activity reflected a larger increase in restricted cash balances in 2006 due to increased collections to service the Transition Bonds.

As of September 30, 2006, restricted cash included the balance in the capital subaccount of \$2,520,292 compared to the required level of \$2,500,000 for the 2003 Bonds and \$4,020,781 compared to the required level of \$3,948,885 for the 2004 Bonds. Additionally, as of September 30, 2006, the balance in the over-collateralization subaccount for the 2003 Bonds was \$629,881 compared to the required level of \$624,999 and for the 2004 Bonds was \$639,504 compared to the required level of \$658,148. There are no penalties as a result of being above or below the required levels in the capital and over-collateralization subaccounts. The current transition charges for the 2004 Bonds have been designed to restore over-collateralization subaccounts for that series to its required level. Any future shortfalls in the subaccounts for either series of Transition Bonds would be addressed in future true-up filings.

Member's Interest — A cash distribution to TXU Electric Delivery in the amount of \$171,342 was declared on September 7, 2006 and paid on October 5, 2006. The distribution represents interest income released by the Indenture Trustee and was recorded as a reduction in Member's Interest.

FINANCING ACTIVITIES

The Company's financing needs are limited to issuance of the Transition Bonds. There is no provision to allow for any other borrowings.

Financial Covenants, Credit Rating Provisions and Cross Default Provisions— The terms of the Indenture contain financial covenants that require maintenance of specified collateral deposits in proportion to the aggregate principal amount of the Transition Bonds outstanding. As of September 30, 2006, the Company was in compliance with such covenants.

As discussed in Note 1 to Financial Statements, TXU Electric Delivery files for increases or decreases (true-ups) in transition charges with the Commission to ensure sufficient funds will be collected during the following year to meet scheduled payments on the Transition Bonds and to maintain the capital and over-collateralization subaccounts at the required levels. The latest filings of the annual true-ups for the Transition Bonds were in May 2006 and August 2006. Based on the approved transition charges and current forecast of customer usage, the Company expects that revenues collected will be sufficient to make the scheduled payments.

CHANGES IN ACCOUNTING STANDARDS

There have been no recently issued accounting standards effective after September 30, 2006 that are expected to materially impact the Company.

FORWARD-LOOKING STATEMENTS

This report and other presentations made by the Company contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Although the Company believes that in making any such statement its expectations are based on reasonable assumptions, any such statement involves uncertainties and is qualified in its entirety by reference to the risks discussed under "RISK FACTORS" and the following important factors, among others that could cause the actual results of the Company to differ materially from those projected in such forward-looking statements:

- state or federal legislative or regulatory developments;
- national or regional economic conditions;
- the accuracy of the servicer's estimates of market demand and prices for energy;
- the accuracy of the servicer's estimates of industrial, commercial and residential growth in TXU Electric Delivery's service territory, including related estimates of conservation and electric usage efficiency;
- weather conditions and other natural phenomena affecting retail electric customer energy usage;
- acts of sabotage, terrorist activities or other catastrophic events;
- the speed, degree and effect of continued electric industry restructuring;
- the operating performance of TXU Electric Delivery's facilities and third-party suppliers of electric energy in TXU Electric Delivery's service territory;
- the accuracy of the servicer's estimates of the payment patterns of retail electric customers, including the rate of delinquencies and any collections curves; and
- the operational and financial ability of REPs to bill and collect transition charges and make timely payments of amounts billed by the servicer to the REPs for transition charges.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for the Company to predict all of such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including the principal executive officer and principal financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures in effect as of the end of the current period including in this quarterly report. Based on the evaluation performed, the Company's management, including the principal executive officer and principal financial officer, concluded that the disclosure controls and procedures were effective. During the most recent fiscal quarter covered by this quarterly report, there have been no changes in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

REQUIRED REPORTS

The Company has included in this quarterly report on Form 10-Q or furnished on its website at www.txuelectricdelivery.com, as indicated, the following information in respect of each series of outstanding Transition Bonds, as required by the terms of the indenture relating to the Transition Bonds. Exhibits that are filed as a part of this Form 10-Q are listed below.

Required Item	Filed as Exhibit or Furnished on Website
Monthly servicer report (Series 2004-1 for July 2006)	Exhibit 99 (a)(1)
Monthly servicer report (Series 2004-1 for August 2006)	Exhibit 99 (a)(2)
Monthly servicer report (Series 2004-1 for September 2006)	Exhibit 99 (a)(3)
Monthly servicer report (Series 2003-1 for July 2006)	Exhibit 99 (a)(4)
Monthly servicer report (Series 2003-1 for August 2006)	Exhibit 99 (a)(5)
Monthly servicer report (Series 2003-1 for September 2006)	Exhibit 99 (a)(6)
A statement reporting the balance in the collection accounts as of the end of each quarter	Exhibit 99 (b)
A quarterly statement affirming that, in all material respects, for each materially significant REP, (a) each REP has been billed in compliance with the requirements outlined in the Financing Order, (b) each REP has made payments in compliance with the requirements outlined in the Financing Order, and (c) each REP satisfies the creditworthiness requirements of the Financing Order.	Exhibit 99 (c)
Annual True-up of Transition Charges for the Series 2003-1 Transition Bonds	Exhibit 99 (d)
Statement of Series 2003-1 Outstanding Bond Balances	Exhibit 99 (e)(1)
Statement of Series 2004-1 Outstanding Bond Balances	Exhibit 99 (e)(2)
Semi Annual Servicer's Certificate August 2006	Exhibit 99 (f)

Item 1A. RISK FACTORS

There have been no significant changes in risk factors of the Company since December 31, 2005 as disclosed in the 2005 Form 10-K.

ITEM 6. EXHIBITS

(a) Exhibits:

Exhibits

(15) Letter re: Unaudited Financial Information

15 --- Letter from independent registered accounting firm as to unaudited interim financial information.

(32) Section 1350 Certifications

32(a) --- Certification of T.L. Baker, principal executive officer of TXU Electric Delivery Transition Bond Company LLC, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32(b) --- Certification of David M. Davis, principal financial officer of TXU Electric Delivery Transition Bond Company LLC, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(35) Servicer Compliance Statement

35 --- Certification of David M. Davis, as principal financial officer of TXU Electric Delivery Company, the Servicer.

(99) Additional Exhibits

99(a)(1) --- Monthly Servicer Report (Series 2004-1 for July 2006)

99(a)(2) --- Monthly Servicer Report (Series 2004-1 for August 2006)

99(a)(3) --- Monthly Servicer Report (Series 2004-1 for September 2006)

99(a)(4) --- Monthly Servicer Report (Series 2003-1 for July 2006)

99(a)(5) --- Monthly Servicer Report (Series 2003-1 for August 2006)

99(a)(6) --- Monthly Servicer Report (Series 2003-1 for September 2006)

99(b) --- Statement of Balances as of September 30, 2006

99(c) --- A quarterly statement affirming that, in all material respects, for each materially significant REP, (a) each REP has been billed in compliance with the requirements outlined in the Financing Order; (b) each REP has made payments in compliance with the requirements outlined in the Financing Order, and (c) each REP satisfies the Creditworthiness requirements of the Financing Order.

99(d) --- Annual True-up of Transition Charges for the Series 2003-1 Transition Bonds filed August 15, 2006

99(e) --- Statement of Outstanding Bond Balances Series 2003-1

(1)

99(e) --- Statement of Outstanding Bond Balances Series 2004-1

(2)

99(f) --- Semi-Annual Servicer's Certificate

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC

By: /s/ T. L. Baker
T. L. Baker
as Chairman and
Chief Executive
of TXU Electric
Delivery Company,
the Servicer

Date: November 9, 2006

TXU Electric Delivery Transition Bond Company LLC
500 N Akard Street
Dallas, TX 75201

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of TXU Electric Delivery Transition Bond Company LLC for the periods ended September 30, 2006 and 2005, as indicated in our report dated November 2, 2006; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, is incorporated by reference in Registration Statement No. 333-91935 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

Dallas, Texas
November 9, 2006

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC
Certificate Pursuant to Section 906
of Sarbanes – Oxley Act of 2002
CERTIFICATION OF CEO

The undersigned, T. L. Baker, Chairman of the Board and Chief Executive of TXU Electric Delivery Transition Bond Company LLC (the “Company”), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10–Q for the period ended September 30, 2006 (the “Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 9th day of November, 2006.

/s/ T. L. Baker

Name: T. L. Baker
Title: Chairman of the Board and Chief
Executive

A signed original of this written statement required by Section 906 has been provided to TXU Electric Delivery Transition Bond Company LLC and will be retained by TXU Electric Delivery Transition Bond Company LLC and furnished to the Securities and Exchange Commission or its staff upon request.

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC
Certificate Pursuant to Section 906
of Sarbanes – Oxley Act of 2002
CERTIFICATION OF PFO

The undersigned, David M. Davis, Vice President and Principal Financial Officer of TXU Electric Delivery Transition Bond Company LLC (the “Company”), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10–Q for the period ended September 30, 2006 (the “Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 9th day of November, 2006.

/s/ David M. Davis

Name: David M. Davis
Title: Vice President
and Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to TXU Electric Delivery Transition Bond Company LLC and will be retained by TXU Electric Delivery Transition Bond Company LLC and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

I, David M. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q and all other reports containing distribution information filed for the period covered by this quarterly report;
2. To the best of my knowledge, the information in these reports does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading;
3. To the best of my knowledge, the financial information required to be provided to the trustee by the servicer under the transition property servicing agreement is included in these reports; and
4. I am responsible for reviewing the activities performed by the servicer under the transition property servicing agreement and based upon the review required under the transition property servicing agreement the servicer has fulfilled its obligations under the transition property servicing agreement.

Date: November 9, 2006

By: /s/ David M. Davis
(David M. Davis, as Vice President
and Principal Financial Officer of
TXU Electric Delivery Company the
Servicer)

MONTHLY SERVICER'S CERTIFICATE
(TO BE DELIVERED EACH MONTH PURSUANT TO SECTION 3.01(b)(i)
OF THE SERIES 2004-1 TRANSITION PROPERTY SERVICING AGREEMENT)

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC,
Series 2004-1 Bonds

TXU Electric Delivery Company, as Servicer

Pursuant to the Series 2004-1 Transition Property Servicing Agreement dated as of June 7, 2004 (the "Series 2004-1 Transition Property Servicing Agreement") between TXU Electric Delivery Company, as Servicer, and TXU Electric Delivery Transition Bond Company LLC, as Issuer, the Servicer does hereby certify as follows:

SERIES 2004-1 COLLECTION PERIOD: July 2006

Customer Class	a. Series 2004-1 Transition Charge in Effect	b. Series 2004-1 Transition Charge Billed	c. Actual Series 2004-1 Transition Charge Payments Received	d. Series 2004-1 Transition Charge Remittance Made to Trustee
Residential Service	0.000993 / \$ kWh	\$ 4,222,382.62	\$ 3,489,929.06	\$ 3,489,929.06
General Service Secondary		\$ 3,355,854.84	\$ 3,430,677.51	\$ 3,430,677.51
Non-demand	0.000374 / \$ kWh			
Demand	\$ 0.272 / kW			
General Service Primary		\$ 531,408.96	\$ 504,268.00	\$ 504,268.00
Non-demand	0.000594 / \$ kWh			
Demand	\$ 0.336 / kW			
High Voltage Service	\$ 0.168 / kW	\$ 229,497.44	\$ 208,519.33	\$ 208,519.33
Lighting Service	0.001197 / \$ kWh	\$ 48,239.47	\$ 50,741.16	\$ 50,741.16
Instantaneous Interruptible	\$ 0.139 / kW	\$ 133,050.02	\$ 190,701.60	\$ 190,701.60
Noticed Interruptible	\$ 0.294 / kW	\$ 263,962.79	\$ 239,937.92	\$ 239,937.92
Total		\$ 8,784,396.14	\$ 8,114,774.58	\$ 8,114,774.58

Capitalized terms used herein have their respective meanings set forth in the Series 2004-1 Transition Property Servicing Agreement.

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate this 7th day of August, 2006.

TXU ELECTRIC DELIVERY
COMPANY,
as Servicer

By: /s/ John M. Casey
Name: John M. Casey
Title: Assistant Treasurer

MONTHLY SERVICER'S CERTIFICATE
(TO BE DELIVERED EACH MONTH PURSUANT TO SECTION 3.01(b)(i)
OF THE SERIES 2004-1 TRANSITION PROPERTY SERVICING AGREEMENT)

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC,
Series 2004-1 Bonds

TXU Electric Delivery Company, as Servicer

Pursuant to the Series 2004-1 Transition Property Servicing Agreement dated as of June 7, 2004 (the "Series 2004-1 Transition Property Servicing Agreement") between TXU Electric Delivery Company, as Servicer, and TXU Electric Delivery Transition Bond Company LLC, as Issuer, the Servicer does hereby certify as follows:

SERIES 2004-1 COLLECTION PERIOD: August 2006

Customer Class	a. Series 2004-1 Transition Charge in Effect	b. Series 2004-1 Transition Charge Billed	c. Actual Series 2004-1 Transition Charge Payments Received	d. Series 2004-1 Transition Charge Remittance Made to Trustee
Residential Service	\$ 0.000993 / kWh	\$ 4,831,111.04	\$ 4,174,178.99	\$ 4,174,178.99
General Service Secondary		\$ 3,433,011.04	\$ 3,511,544.96	\$ 3,511,544.96
Non-demand	\$ 0.000374 / kWh			
Demand	\$ 0.272 / kW			
General Service Primary		\$ 542,420.04	\$ 547,133.16	\$ 547,133.16
Non-demand	\$ 0.000594 / kWh			
Demand	\$ 0.336 / kW			
High Voltage Service	\$ 0.168 / kW	\$ 199,127.99	\$ 156,088.72	\$ 156,088.72
Lighting Service	\$ 0.001197 / kWh	\$ 47,671.36	\$ 53,552.49	\$ 53,552.49
Instantaneous Interruptible	\$ 0.139 / kW	\$ 125,949.53	\$ 77,772.64	\$ 77,772.64
Noticed Interruptible	\$ 0.294 / kW	\$ 267,215.95	\$ 243,856.68	\$ 243,856.68
Total		\$ 9,446,506.95	\$ 8,764,127.64	\$ 8,764,127.64

Capitalized terms used herein have their respective meanings set forth in the Series 2004-1 Transition Property Servicing Agreement.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate this 7th day of September, 2006.

TXU ELECTRIC DELIVERY
COMPANY,
as Servicer

By: /s/ John M. Casey
Name: John M. Casey
Title: Assistant Treasurer

MONTHLY SERVICER'S CERTIFICATE
 (TO BE DELIVERED EACH MONTH PURSUANT TO SECTION 3.01(b)(i)
 OF THE SERIES 2004-1 TRANSITION PROPERTY SERVICING AGREEMENT)

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC,
 Series 2004-1 Bonds

TXU Electric Delivery Company, as Servicer

Pursuant to the Series 2004-1 Transition Property Servicing Agreement dated as of June 7, 2004 (the "Series 2004-1 Transition Property Servicing Agreement") between TXU Electric Delivery Company, as Servicer, and TXU Electric Delivery Transition Bond Company LLC, as Issuer, the Servicer does hereby certify as follows:

SERIES 2004-1 COLLECTION PERIOD: September 2006

Customer Class	a. Series 2004-1 Transition Charge in Effect	b. Series 2004-1 Transition Charge Billed	c. Actual Series 2004-1 Transition Charge Payments Received	d. Series 2004-1 Transition Charge Remittance Made to Trustee
Residential Service	\$ 0.000993 / kWh	\$ 4,425,898.32	\$ 4,781,665.30	\$ 4,781,665.30
General Service Secondary		\$ 3,457,727.39	\$ 3,466,465.87	\$ 3,466,465.87
Non-demand	\$ 0.000374 / kWh			
Demand	\$ 0.272 / kW			
General Service Primary		\$ 527,509.63	\$ 571,548.20	\$ 571,548.20
Non-demand	\$ 0.000594 / kWh			
Demand	\$ 0.336 / kW			
High Voltage Service	\$ 0.168 / kW	\$ 215,267.54	\$ 271,437.91	\$ 271,437.91
Lighting Service	\$ 0.001197 / kWh	\$ 48,453.04	\$ 47,632.86	\$ 47,632.86
Instantaneous Interruptible	\$ 0.139 / kW	\$ 135,488.09	\$ 182,611.75	\$ 182,611.75
Noticed Interruptible	\$ 0.294 / kW	\$ 258,741.78	\$ 279,961.34	\$ 279,961.34
Total		\$ 9,069,085.79	\$ 9,601,323.23	\$ 9,601,323.23

Capitalized terms used herein have their respective meanings set forth in the Series 2004-1 Transition Property Servicing Agreement.

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate this 5th day of October, 2006.

TXU ELECTRIC DELIVERY
COMPANY,
as Servicer

By: /s/ John M. Casey
Name: John M. Casey
Title: Assistant Treasurer

MONTHLY SERVICER'S CERTIFICATE
 (TO BE DELIVERED EACH MONTH PURSUANT TO SECTION 3.01(b)(i)
 OF THE SERIES 2003-1 TRANSITION PROPERTY SERVICING AGREEMENT)

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC,
 Series 2003-1 Bonds

TXU Electric Delivery Company, as Servicer

Pursuant to the Series 2003-1 Transition Property Servicing Agreement dated as of August 21, 2003 (the "Series 2003-1 Transition Property Servicing Agreement") between TXU Electric Delivery Company, as Servicer, and TXU Electric Delivery Transition Bond Company LLC, as Issuer, the Servicer does hereby certify as follows:

SERIES 2003-1 COLLECTION PERIOD: July 2006

Customer Class	a. Series 2003-1 Transition Charge in Effect	b. Series 2003-1 Transition Charge Billed	c. Actual Series 2003-1 Transition Charge Payments Received	d. Series 2003-1 Transition Charge Remittance Made to Trustee
Residential Service	\$ 0.000598 / kWh	\$ 2,534,945.64	\$ 2,106,153.67	\$ 2,106,153.67
General Service Secondary		\$ 2,240,446.80	\$ 2,160,651.08	\$ 2,160,651.08
Non-demand	\$ 0.000324 / kWh			
Demand	\$ 0.181 / kW			
General Service Primary		\$ 259,130.09	\$ 249,177.47	\$ 249,177.47
Non-demand	\$ 0.000315 / kWh			
Demand	\$ 0.164 / kW			
High Voltage Service	\$ 0.121 / kW	\$ 164,614.27	\$ 149,911.86	\$ 149,911.86
Lighting Service	\$ 0.000870 / kWh	\$ 34,904.38	\$ 34,573.58	\$ 34,573.58
Instantaneous Interruptible	\$ 0.097 / kW	\$ 92,761.96	\$ 126,445.49	\$ 126,445.49
Noticed Interruptible	\$ 0.099 / kW	\$ 88,743.20	\$ 85,237.07	\$ 85,237.07
Total		\$ 5,415,546.34	\$ 4,912,150.22	\$ 4,912,150.22

Capitalized terms used herein have their respective meanings set forth in the Series 2003-1 Transition Property Servicing Agreement.

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate this 7th day of August, 2006.

TXU ELECTRIC DELIVERY
COMPANY,
as Servicer

By: /s/ John M. Casey
Name: John M. Casey
Title: Assistant Treasurer

MONTHLY SERVICER'S CERTIFICATE
 (TO BE DELIVERED EACH MONTH PURSUANT TO SECTION 3.01(b)(i)
 OF THE SERIES 2003-1 TRANSITION PROPERTY SERVICING AGREEMENT)

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC,
 Series 2003-1 Bonds

TXU Electric Delivery Company, as Servicer

Pursuant to the Series 2003-1 Transition Property Servicing Agreement dated as of August 21, 2003 (the "Series 2003-1 Transition Property Servicing Agreement") between TXU Electric Delivery Company, as Servicer, and TXU Electric Delivery Transition Bond Company LLC, as Issuer, the Servicer does hereby certify as follows:

SERIES 2003-1 COLLECTION PERIOD: August 2006

Customer Class	a. Series 2003-1 Transition Charge in Effect	b. Series 2003-1 Transition Charge Billed	c. Actual Series 2003-1 Transition Charge Payments Received	d. Series 2003-1 Transition Charge Remittance Made to Trustee
Residential Service	\$ 0.000598 / kWh	\$ 2,900,651.22	\$ 2,506,024.66	\$ 2,506,024.66
General Service Secondary		\$ 2,295,039.52	\$ 2,340,177.25	\$ 2,340,177.25
Non-demand	\$ 0.000324 / kWh			
Demand	\$ 0.181 / kW			
General Service Primary		\$ 264,554.35	\$ 267,597.33	\$ 267,597.33
Non-demand	\$ 0.000315 / kWh			
Demand	\$ 0.164 / kW			
High Voltage Service	\$ 0.121 / kW	\$ 142,972.30	\$ 116,156.15	\$ 116,156.15
Lighting Service	\$ 0.000870 / kWh	\$ 34,468.57	\$ 38,694.14	\$ 38,694.14
Instantaneous Interruptible	\$ 0.097 / kW	\$ 88,586.78	\$ 57,317.46	\$ 57,317.46
Noticed Interruptible	\$ 0.099 / kW	\$ 89,840.60	\$ 81,986.38	\$ 81,986.38
Total		\$ 5,816,113.34	\$ 5,407,953.37	\$ 5,407,953.37

Capitalized terms used herein have their respective meanings set forth in the Series 2003–1 Transition Property Servicing Agreement.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate this 7th day of September, 2006.

TXU ELECTRIC DELIVERY
COMPANY,
as Servicer

By: /s/ John M. Casey
Name: John M. Casey
Title: Assistant Treasurer

MONTHLY SERVICER'S CERTIFICATE
(TO BE DELIVERED EACH MONTH PURSUANT TO SECTION 3.01(b)(i)
OF THE SERIES 2003-1 TRANSITION PROPERTY SERVICING AGREEMENT)

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC,
Series 2003-1 Bonds

TXU Electric Delivery Company, as Servicer

Pursuant to the Series 2003-1 Transition Property Servicing Agreement dated as of August 21, 2003 (the "Series 2003-1 Transition Property Servicing Agreement") between TXU Electric Delivery Company, as Servicer, and TXU Electric Delivery Transition Bond Company LLC, as Issuer, the Servicer does hereby certify as follows:

SERIES 2003-1 COLLECTION PERIOD: September 2006

Customer Class	a. Series 2003-1 Transition Charge in Effect	b. Series 2003-1 Transition Charge Billed	c. Actual Series 2003-1 Transition Charge Payments Received	d. Series 2003-1 Transition Charge Remittance Made to Trustee
Residential Service	0.000620 / \$ kWh	\$ 2,759,653.85	\$ 2,871,317.93	\$ 2,871,317.93
General Service Secondary		\$ 2,279,604.82	\$ 2,313,830.72	\$ 2,313,830.72
Non-demand	0.000378 / \$ kWh			
Demand	\$ 0.177 / kW			
General Service Primary		\$ 326,493.30	\$ 284,392.10	\$ 284,392.10
Non-demand	0.000353 / \$ kWh			
Demand	\$ 0.208 / kW			
High Voltage Service	\$ 0.102 / kW	\$ 130,697.27	\$ 190,629.84	\$ 190,629.84
Lighting Service	0.000767 / \$ kWh	\$ 30,956.86	\$ 34,412.78	\$ 34,412.78
Instantaneous Interruptible	\$ 0.090 / kW	\$ 87,760.82	\$ 124,656.29	\$ 124,656.29
Noticed Interruptible	\$ 0.182 / kW	\$ 159,605.88	\$ 94,589.66	\$ 94,589.66
Total		\$ 5,774,772.80	\$ 5,913,829.32	\$ 5,913,829.32

Capitalized terms used herein have their respective meanings set forth in the Series 2003-1 Transition Property Servicing Agreement.

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate this 5th day of October, 2006.

TXU ELECTRIC DELIVERY
COMPANY,
as Servicer

By: /s/ John M. Casey
Name: John M. Casey
Title: Assistant Treasurer

TXU Electric Delivery Transition Bond Company LLC
Statement of Collection Account Balances as of
September 30, 2006

The balances in the sub-accounts on deposit with the trustee as of September 30, 2006 were:

	<u>Series 2003-1</u>	<u>Series 2004-1</u>
General Sub-Account	\$ 11,348,565.04	\$ 41,588,246.68
Capital Sub-Account	\$ 2,510,342.72	\$ 4,004,909.17
Overcollateralization Sub-Account	\$ 627,389.95	\$ 636,975.90
Reserve Sub-Account	\$ 788,985.57	\$ 0.00

REP Deposit Account* \$2,053,757.76

* REP deposits are held in one account with a sub-ledger outlining the respective amount of each REP's deposit attributable to each series of bonds.

QUARTERLY AFFIRMATION STATEMENT

This Quarterly Statement is being provided pursuant to the requirement of Section 3.07(h)VIII of that certain Indenture dated as of August 21, 2003 between TXU Electric Delivery Transition Bond Company LLC (the "Transition Bond Company"), as Issuer, and The Bank of New York, as Indenture Trustee, (as originally executed and, as from time to time supplemented or amended by one or more Series Supplements or indentures supplemental thereto entered into pursuant to the applicable provisions of the Indenture, as so supplemented or amended, or both, the "Indenture"). Capitalized terms used herein and not otherwise defined herein, shall have the meaning ascribed to such term in Appendix A of the Indenture.

I, John M. Casey, hereby certify that I am the Assistant Treasurer of TXU Electric Delivery Company ("TXUED"), the parent company of the Transition Bond Company, and the servicer of the transition bonds under that certain Series 2003-1 Transition Property Servicing Agreement, dated as of August 21, 2003 and that certain Series 2004-1 Transition Property Servicing Agreement dated as of June 7, 2004 between the Transition Bond Company and TXUED.

I hereby affirm that, in all material respects, for each materially significant REP for which TXUED provided electric delivery transmission and distribution services for the quarterly period ending September 30, 2006, (a) each REP has been billed in compliance with the requirements outlined in the Financing Order; (b) each REP has made payments in compliance with the requirements outlined in the Financing Order; and (c) each REP satisfies the creditworthiness requirements of the Financing Order.

/s/ John M. Casey
John M. Casey

Annual True-up of Transition Charges

The following is a link to the Annual True-up of Transition Charges for the Series 2003-1 Transition Bonds, filed on August 15, 2006 by TXU Electric Delivery Company, as Servicer of the Bonds.

<http://www.txuelectricdelivery.com/electricity/securitization/reports.asp>

TXU Electric Delivery Transition Bond Company LLC
Series 2003-1 Transition Bonds
Statement of Outstanding Balances
as of September 30, 2006
(reflects actual payments made)

Payment Date	Scheduled Principal Payment	Actual Principal Payment	Outstanding Balance
08/21/03	\$ -	\$ -	\$ 500,000,000
02/15/04	\$ 7,693,695	\$ 7,693,695	\$ 492,306,305
08/15/04	\$ 14,849,544	\$ 14,849,544	\$ 477,456,761
02/15/05	\$ 20,514,532	\$ 20,514,532	\$ 456,942,229
08/15/05	\$ 15,245,936	\$ 15,245,936	\$ 441,696,293
02/15/06	\$ 20,936,802	\$ 20,936,802	\$ 420,759,491
08/15/06	\$ 15,639,784	\$ 15,639,784	\$ 405,119,707
02/15/07	\$ 21,333,128		
08/15/07	\$ 16,180,886		
02/15/08	\$ 22,152,926		
08/15/08	\$ 16,870,815		
02/15/09	\$ 22,887,407		
08/15/09	\$ 17,675,575		
02/15/10	\$ 23,697,230		
08/15/10	\$ 18,564,598		
02/15/11	\$ 24,689,884		
08/15/11	\$ 19,632,748		
02/15/12	\$ 25,779,810		
08/15/12	\$ 20,760,586		
02/15/13	\$ 26,919,355		
08/15/13	\$ 21,990,463		
02/15/14	\$ 28,222,131		
08/15/14	\$ 23,354,481		
02/15/15	\$ 29,612,944		
08/15/15	\$ 24,794,740		

TXU Electric Delivery Transition Bond Company LLC
Series 2004-1 Transition Bonds
Statement of Outstanding Balances
as of September 30, 2006
(reflects actual payments made)

Payment Date	Scheduled Principal Payment	Actual Principal Payment	Outstanding Balance
06/07/04	\$ -	\$ -	\$ 789,777,000
11/15/04	\$ 9,497,122	\$ 9,497,122	\$ 780,279,878
05/15/05	\$ 24,931,710	\$ 24,931,710	\$ 755,348,168
11/15/05	\$ 29,612,875	\$ 29,612,875	\$ 725,735,293
05/15/06	\$ 26,001,686	\$ 26,001,686	\$ 699,733,607
11/15/06	\$ 30,518,702		
05/15/07	\$ 27,068,916		
11/15/07	\$ 31,965,647		
05/15/08	\$ 28,029,697		
11/15/08	\$ 32,379,952		
05/15/09	\$ 28,670,797		
11/15/09	\$ 34,010,045		
05/15/10	\$ 29,909,541		
11/15/10	\$ 35,653,605		
05/15/11	\$ 31,484,179		
11/15/11	\$ 37,278,430		
05/15/12	\$ 33,135,283		
11/15/12	\$ 38,933,171		
05/15/13	\$ 34,894,486		
11/15/13	\$ 40,843,190		
05/15/14	\$ 36,895,349		
11/15/14	\$ 42,915,221		
05/15/15	\$ 39,006,143		
11/15/15	\$ 45,007,615		
05/15/16	\$ 41,133,638		

SEMI-ANNUAL SERVICER'S CERTIFICATE

TXU ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC,
\$500,000,000 Transition Bonds, Series 2003-1

TXU Electric Delivery Company, as Servicer

Pursuant to Section 4.01(c)(ii) of the Series 2003-1 Transition Property Servicing Agreement dated as of August 21, 2003 (the "Agreement") between TXU Electric Delivery Company, as Servicer and TXU Electric Delivery Transition Bond Company LLC, as Issuer, the Servicer does hereby certify as follows:

Capitalized terms used herein have the respective meanings as set forth in the Agreement. References herein to certain sections and subsections are references to the respective sections of the Agreement.

Collection Periods: **February 2006 to July 2006**
Payment Date: August 15, 2006
Today's Date: **August 7, 2006**

1. COLLECTIONS ALLOCABLE AND AGGREGATE AMOUNTS AVAILABLE FOR THE CURRENT PAYMENT DATE:

i.	Remittances for the February 2006 Series 2003-1 Collection Period:	\$ 4,217,281.10
ii.	Remittances for the March 2006 Series 2003-1 Collection Period:	\$ 4,384,395.50
iii.	Remittances for the April 2006 Series 2003-1 Collection Period:	\$ 4,254,384.87
iv.	Remittances for the May 2006 Series 2003-1 Collection Period:	\$ 3,713,997.71
v.	Remittances for the June 2006 Series 2003-1 Collection Period:	\$ 4,439,126.64
vi.	Remittances for the July 2006 Series 2003-1 Collection Period:	\$ 4,912,150.22
vii.	Remittances for the _____ Series 2003-1 Collection Period (after _____, use 6 prior periods only)	
viii.	Remittances for the _____ Series 2003-1 Collection Period (after _____, use 6 prior periods only)	
ix.	Remittances for the _____ Series 2003-1 Collection Period (after _____, use 6 prior periods only)	
x.	Remittances for the _____ Series 2003-1 Collection Period (after _____, use 6 prior periods only)	
xi.	Remittances for the _____ Series 2003-1 Collection Period (after _____, use 6 prior periods only)	
xii.	Investment Earnings on Series 2003-1 Collection Account:	\$ 0.00
xiii.	Investment Earnings on Series 2003-1 Capital Subaccount:	\$ 54,673.78
xiv.	Investment Earnings on Series 2003-1 Overcollateralization Subaccount:	\$ 11,156.20
xv.	Investment Earnings on Series 2003-1 Reserve Subaccount:	\$ 8,303.05
xvi.	Investment Earnings on Series 2003-1 General Subaccount:	\$ 332,316.95
xvii.	Series 2003-1 General Subaccount Balance (sum of i through xvi above):	<u>\$ 26,327,786.02</u>
xviii.	Series 2003-1 Reserve Subaccount Balance as of Prior Series 2003-1 Payment Date:	\$ 358,571.93
xix.	Series 2003-1 Overcollateralization Subaccount Balance as of Prior Series 2003-1 Payment Date:	\$ 520,832.00
xx.	Series 2003-1 Capital Subaccount Balance as of Prior Series 2003-1 Payment Date:	\$ 2,500,000.00
xxi.	Series 2003-1 Collection Account Balance (sum of xvii through xx above)	<u>\$ 29,707,189.95</u>

2. OUTSTANDING AMOUNTS AS OF PRIOR SERIES 2003-1 PAYMENT DATE:

i.	Class A-1 Outstanding Amount	\$ 23,759,491.00
ii.	Class A-2 Outstanding Amount	\$ 122,000,000.00
iii.	Class A-3 Outstanding Amount	\$ 130,000,000.00
iv.	Class A-4 Outstanding Amount	\$ 145,000,000.00
v.	Aggregate Outstanding Amount of All Series 2003-1 Bonds	<u>\$ 420,759,491.00</u>

3. REQUIRED FUNDING/PAYMENTS AS OF CURRENT PAYMENT DATE:

SERIES 2003-1 PRINCIPAL

SERIES 2003-1 PRINCIPAL		PRINCIPAL DUE
i.	Class A-1	\$15,639,784.00
ii.	Class A-2	\$ 0.00
iii.	Class A-3	\$ 0.00
iv.	Class A-4	\$ 0.00
v.	For All Series 2003-1 Bonds	<u>\$15,639,784.00</u>

SERIES 2003-1	BOND INTEREST RATE	DAYS IN INTEREST PERIOD ⁽¹⁾	PRINCIPAL BALANCE	INTEREST DUE
vi.	Class A-1	180/360	\$ 23,759,491	\$ 268,482.25
vii.	Class A-2	180/360	\$ 122,000,000	\$ 2,458,300.00
viii.	Class A-3	180/360	\$ 130,000,000	\$ 3,217,500.00
ix.	Class A-4	180/360	\$ 145,000,000	\$ 3,929,500.00
x.	For All Series 2003-1 Bonds		<u>\$ 420,759,491</u>	<u>\$ 9,873,782.25</u>

	REQUIRED LEVEL	FUNDING REQUIRED
xi.	Series 2003-1 Overcollateralization Subaccount	\$ 24,999
xii.	Series 2003-1 Capital Subaccount	\$ 104,167.00
		\$ 0.00

(1) On 30/360-day basis for initial payment date; otherwise use one-half of annual rate.

4. ALLOCATION OF REMITTANCES AS OF CURRENT PAYMENT DATE PURSUANT TO 8.02(d) OF INDENTURE:

i.	Trustee Fees and Expenses (subject to cap – see 8.02(e)(i) of the Indenture):	\$ 0.00
ii.	Independent Manager Fees (subject to cap – see 8.02(e)(i) of the Indenture):	\$ 2,000.00
ii.	Series 2003–1 Servicing Fee:	\$ 200,000.00
iii.	Operating Expenses (subject to cap – see 8.02(e)(iii) of the Indenture):	
	Trust Operating Expense:	\$ 0.00
	Trust Accounting Expense:	\$ 0.00
	Rating Agency Fees (already paid by Servicer):	\$ 10,000.00
	Administration Fee:	\$ 25,000.00
	Audit Fees (already paid by Administrator):	\$ 19,923.00
	Total Fees and Expenses (i through iii):	<u>\$ 256,923.00</u>

iv. Semi–Annual Interest (including any past–due for prior period(s))

<u>SERIES 2003–1</u>		<u>PER \$1000 OF ORIGINAL</u>	
		<u>AGGREGATE</u>	<u>PRINCIPAL AMOUNT</u>
1.	Class A–1 Interest Payment	\$	268,482.25
2.	Class A–2 Interest Payment	\$	2,458,300.00
3.	Class A–3 Interest Payment	\$	3,217,500.00
4.	Class A–4 Interest Payment	\$	3,929,500.00

v. Principal Due and Payable as a Result of Event of Default or on Final Maturity Date

<u>SERIES 2003–1</u>		<u>PER \$1000 OF ORIGINAL</u>	
		<u>AGGREGATE</u>	<u>PRINCIPAL AMOUNT</u>
1.	Class A–1 Principal Payment	\$	0.00
2.	Class A–2 Principal Payment	\$	0.00
3.	Class A–3 Principal Payment	\$	0.00
4.	Class A–4 Principal Payment	\$	0.00

vi. Semi–Annual Principal

<u>SERIES 2003–1</u>		<u>PER \$1000 OF ORIGINAL</u>	
		<u>AGGREGATE</u>	<u>PRINCIPAL AMOUNT</u>
1.	Class A–1 Principal Payment	\$	15,639,784.00
2.	Class A–2 Principal Payment	\$	0.00
3.	Class A–3 Principal Payment	\$	0.00
4.	Class A–4 Principal Payment	\$	0.00

4. ALLOCATION OF REMITTANCES AS OF CURRENT PAYMENT DATE PURSUANT TO 8.02(d) OF INDENTURE (CONTINUED):

vii.	Funding of Series 2003–1 Capital Subaccount (to required level)	\$ 0.00
viii.	Funding of Series 2003–1 Overcollateralization Subaccount (to required level)	\$ 104,167.00
ix.	Investment Earnings on Series 2003–1 Capital Subaccount Released to Issuer	\$ 54,673.78
x.	Deposit to Series 2003–1 Reserve Subaccount	\$ 398,455.99
xi.	Released to Issuer upon Retirement of all Bonds	<u>\$ 0.00</u>
xii.	AGGREGATE REMITTANCES AS OF CURRENT PAYMENT DATE	<u><u>\$26,327,786.02</u></u>

5. OUTSTANDING AMOUNT AND SERIES 2003–1 COLLECTION ACCOUNT BALANCE AS OF CURRENT PAYMENT DATE (AFTER GIVING EFFECT TO PAYMENTS TO BE MADE ON SUCH PAYMENT DATE):

SERIES 2003–1

i.	Class A–1 Outstanding Amount	\$ 8,119,707.00
ii.	Class A–2 Outstanding Amount	\$122,000,000.00
iii.	Class A–3 Outstanding Amount	\$130,000,000.00
iv.	Class A–4 Outstanding Amount	<u>\$145,000,000.00</u>
vi.	AGGREGATE OUTSTANDING AMOUNT OF ALL SERIES 2003–1 BONDS	<u>\$405,119,707.00</u>
vii.	Series 2003–1 Reserve Subaccount Balance	\$ 757,027.92
viii.	Series 2003–1 Overcollateralization Subaccount Balance	\$ 624,999.00
ix.	Series 2003–1 Capital Subaccount Balance	<u>\$ 2,500,000.00</u>
x.	AGGREGATE SERIES 2003–1 COLLECTION ACCOUNT BALANCE	<u>\$ 3,882,026.92</u>

6. SUBACCOUNT WITHDRAWALS AS OF CURRENT PAYMENT DATE (IF APPLICABLE, PURSUANT TO SECTION 8.02(e) OF INDENTURE):

i.	Series 2003–1 Reserve Subaccount	\$ 0.00
ii.	Series 2003–1 Overcollateralization Subaccount	\$ 0.00
iii.	Series 2003–1 Capital Subaccount	<u>\$ 0.00</u>
iv.	TOTAL WITHDRAWALS	<u>\$ 0.00</u>

7. SHORTFALLS IN INTEREST AND PRINCIPAL PAYMENTS AS OF CURRENT PAYMENT DATE:

i. Semi-annual Interest

SERIES 2003-1

1.	Class A-1 Interest Payment	\$	0.00
2.	Class A-2 Interest Payment	\$	0.00
3.	Class A-3 Interest Payment	\$	0.00
4.	Class A-4 Interest Payment	\$	0.00

ii. Semi-annual Principal

SERIES 2003-1

1.	Class A-1 Interest Payment	\$	0.00
2.	Class A-2 Interest Payment	\$	0.00
3.	Class A-3 Interest Payment	\$	0.00
4.	Class A-4 Interest Payment	\$	0.00

8. SHORTFALLS IN REQUIRED SERIES 2003-1 SUBACCOUNT LEVELS AS OF CURRENT PAYMENT DATE:

i.	Series 2003-1 Overcollateralization Subaccount	\$	0.00
ii.	Series 2003-1 Capital Subaccount	\$	0.00

IN WITNESS HEREOF, the undersigned has duly executed and delivered this Semi-Annual Servicer's Certificate this 7th day of August, 2006.

TXU ELECTRIC DELIVERY
COMPANY,
as Servicer

By: /s/ John M. Casey
Name: John M. Casey
Title: Assistant Treasurer

