

ORDINANCE NO. 51-B

AN ORDINANCE AMENDING THE EXISTING ELECTRIC FRANCHISE BETWEEN THE CITY AND ONCOR ELECTRIC DELIVERY COMPANY, TO PROVIDE FOR A DIFFERENT CONSIDERATION; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR ACCEPTANCE BY ONCOR ELECTRIC DELIVERY COMPANY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, Oncor Electric Delivery Company, successor in interest to TXU Electric Company (hereinafter called "Oncor") is engaged in the business of providing electric utility service within the City and is using the public streets, alleys, grounds and rights-of-ways within the City for that purpose under the terms of a franchise ordinance heretofore duly passed by the governing body of the City and duly accepted by Oncor; and

WHEREAS, the City and Oncor desire to amend said franchise ordinance to provide for a different consideration;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANNETTA, TEXAS: that

SECTION 1: The existing electric franchise ordinance between the City and Oncor Electric Delivery Company is amended as follows:

- A. Effective January 1, 2002, the franchise fee due from Oncor shall be a sum comprised of the following:
- (1) a charge, as authorized by Section 33.008(b) of PURA, based on each kilowatt hour of electricity delivered by Oncor to each retail customer whose consuming facility's point of delivery is located within the City's municipal boundaries and as specified by Oncor to the City by letter dated January 21, 2002.
 - (a) The franchise fee due pursuant to Section 33.008(b) of PURA shall be payable in accordance with the existing electric franchise; and
 - (2) a sum equal to four percent (4%) of gross revenues received by Oncor from services identified in its Tariff for Retail Delivery Service", Section 6.1.2, "Discretionary Service Charges," items DD1 through DD24, that are for the account or benefit of an end-use retail electric consumer.
 - (a) The franchise fee amounts based on "Discretionary Service Charges" shall be calculated on an annual calendar year basis, i.e., from January 1 through December 31 of each calendar year.
 - (b) The franchise fee amounts that are due based on "Discretionary Service Charges" shall be paid at least once annually on or before April 30 each year based on the total "Discretionary Service Charges" received during the preceding calendar year.

B. Oncor Franchise Fee Recovery Tariff

ORDINANCE NO. 51-B

AN ORDINANCE AMENDING THE EXISTING ELECTRIC FRANCHISE BETWEEN THE CITY AND ONCOR ELECTRIC DELIVERY COMPANY, TO PROVIDE FOR A DIFFERENT CONSIDERATION; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR ACCEPTANCE BY ONCOR ELECTRIC DELIVERY COMPANY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, Oncor Electric Delivery Company, successor in interest to TXU Electric Company (hereinafter called "Oncor") is engaged in the business of providing electric utility service within the City and is using the public streets, alleys, grounds and rights-of-ways within the City for that purpose under the terms of a franchise ordinance heretofore duly passed by the governing body of the City and duly accepted by Oncor; and

WHEREAS, the City and Oncor desire to amend said franchise ordinance to provide for a different consideration;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANNETTA, TEXAS: that

SECTION 1: The existing electric franchise ordinance between the City and Oncor Electric Delivery Company is amended as follows:

A. Effective January 1, 2002, the franchise fee due from Oncor shall be a sum comprised of the following:

(1) a charge, as authorized by Section 33.008(b) of PURA, based on each kilowatt hour of electricity delivered by Oncor to each retail customer whose consuming facility's point of delivery is located within the City's municipal boundaries and as specified by Oncor to the City by letter dated January 21, 2002.

(a) The franchise fee due pursuant to Section 33.008(b) of PURA shall be payable in accordance with the existing electric franchise; and

(2) a sum equal to four percent (4%) of gross revenues received by Oncor from services identified in its Tariff for Retail Delivery Service", Section 6.1.2, "Discretionary Service Charges," items DD1 through DD24, that are for the account or benefit of an end-use retail electric consumer.

(a) The franchise fee amounts based on "Discretionary Service Charges" shall be calculated on an annual calendar year basis, i.e., from January 1 through December 31 of each calendar year.

(b) The franchise fee amounts that are due based on "Discretionary Service Charges" shall be paid at least once annually on or before April 30 each year based on the total "Discretionary Service Charges" received during the preceding calendar year.

B. Oncor Franchise Fee Recovery Tariff

- (1) Oncor may file a tariff amendment(s) to provide for the recovery of the franchise fee on Discretionary Service Charges.
- (2) City agrees (i) to the extent the City acts as regulatory authority, to adopt and approve that portion of any tariff which provides for 100% recovery of the franchise fee on Discretionary Service Charges; (ii) in the event the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of the franchise fees on such Discretionary Service Charges is an issue, the City will take an affirmative position supporting the 100% recovery of such franchise fees by Oncor and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Oncor.
- (3) City agrees that it will take no action, nor cause any other person or entity to take any action, to prohibit the recovery of such franchise fees by Oncor.

SECTION 2: In all respects, except as specifically and expressly amended by this ordinance, the existing effective franchise ordinance heretofore duly passed by the governing body of the City and duly accepted by Oncor shall remain in full force and effect according to its terms until said franchise ordinance terminates as provided therein.

SECTION 3: This ordinance shall take effect upon its final passage and Oncor's acceptance. Oncor shall, within thirty (30) days from the passage of this ordinance, file its written acceptance of this ordinance with the Office of the City Secretary in substantially the following form:

To the Honorable Mayor and City Council:

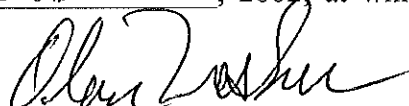
Oncor Electric Delivery Company, acting by and through the undersigned authorized officer, hereby accepts in all respects, on this the _____ day of _____, 20____, Ordinance No. _____ amending the current electric franchise between the City and Oncor and the same shall constitute and be a binding contractual obligation of Oncor and the City.

Oncor Electric Delivery Company

By _____
Vice President

SECTION 4. It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
Anneta, TEXAS, this the 1 day of October, 2002, at which meeting a quorum was present and voting.



Mayor

ATTEST:



City Secretary

COMPROMISE, SETTLEMENT AND RELEASE AGREEMENT

This Compromise, Settlement, and Release Agreement (the "Agreement") is made and entered into as of the date set forth below by and between the City of Annetta (the "City") and TXU Electric Company n/k/a TXU US Holdings Company ("TXU Electric"):

WHEREAS, thirty seven cities filed a suit in the 134th Judicial District Court of Dallas County, Texas, in Cause No. 00-9383, styled *City of Denton, Texas et al. vs. TXU Electric Company, et al.* (the "Litigation") which included claims arising out of the electric franchise ordinances similar in some respects to the franchise ordinance entered into by and between the City and TXU Electric and, specifically, the Litigation involved a dispute with regard to the calculation and amount of franchise fees paid by TXU Electric;

WHEREAS, the Litigation was resolved by agreement and TXU Electric has agreed to offer the City the same benefits offered to the Plaintiffs in the Litigation and the City has agreed to accept the offer by TXU Electric and to release any claims related to the payment of franchise fees prior to and through December 31, 2001 ;

NOW, THEREFORE, in order to fully and finally resolve all disputes and claims arising out of the calculation and payment of franchise fees to the City by TXU Electric prior to and through December 31, 2001, for the mutual promises and covenants set forth in this Agreement, the adequacy and sufficiency of which consideration is acknowledged the City and TXU Electric agree as follows:

1. AMENDMENTS TO THE ELECTRIC FRANCHISE ORDINANCE

As the result of electric industry restructuring, the electric franchise formerly held by TXU Electric has been assigned to Oncor Electric Delivery Company ("Oncor"), accordingly, effective January 1, 2002, the City agrees to enter into and TXU Electric agrees to cause Oncor to accept an amendment to the current electric franchise ordinance substantially in the form of the amendment attached as Exhibit A which amendment shall, at the election of the City, provide that the Discretionary

Services Charges identified in Section 6.1.2 of the Tariff for Retail Delivery applicable to Oncor which are directly paid by the customer and which are those charges identified as items DD1 through and inclusive of DD24 in said tariff, shall be subject to an additional franchise fee based on 4% of such charges which additional franchise fee shall be paid to the City pursuant to the terms of the amendment attached as Exhibit A. The City acknowledges that Oncor may file with the Texas Public Utility Commission and/or the City a tariff amendment in compliance with the terms of this agreement, which will provide that Oncor shall have the right to collect from the customer the franchise fee on such Discretionary Service Charges such that the customer shall bear 100% of the franchise fee on such Discretionary Service Charges. The City acknowledges that Oncor is an intended third-party beneficiary of this agreement and agrees to cooperate with Oncor in order for Oncor to pass through to customers the entire franchise fee on such Discretionary Service Charges by taking the following actions: (i) to the extent the City acts as regulatory authority, by adopting and approving that portion of any tariff in compliance with the terms of this Agreement which provides for 100% recovery of such franchise fees; (ii) in the event the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of the franchise fees on such Discretionary Service Charges is an issue, the City will take an affirmative position supporting the 100% recovery of such franchise fees by Oncor and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Oncor. The City further agrees not to take any action to prevent the recovery of the franchise fees on such Discretionary Service Charges by Oncor and to take other action which may be reasonably requested by Oncor to provide for the 100% recovery of such franchise fees by Oncor.

2. PAYMENT TO THE CITY

Upon execution and delivery of a fully executed and notarized original of this Agreement TXU Electric agrees to pay, or cause Oncor to pay the City, the sum of \$449.99.

3. RELEASE OF TXU ELECTRIC AND ITS AFFILIATES BY THE CITY

Except for claims arising out of a breach of this Agreement, the City of Annetta, on behalf of itself

and its successors and assigns and any and all persons, entities or municipalities claiming by, through or under them, hereby **RELEASES, DISCHARGES AND ACQUITS**, forever and for all purposes, TXU Electric Company (now known as TXU US Holdings Company), its successor Oncor Electric Delivery Company, TXU Corp. and each of their respective agents, employees, officers, directors, shareholders, partners, insurers, attorneys, legal representatives, successors and assigns as well as their affiliated corporations, including TXU Business Services Company and TXU Energy Company LLC and its subsidiaries, from and against any and all liability which they now have, have had or may have, and all past, present and future actions, causes of action, claims, demands, damages, costs, expenses, compensation, losses and attorneys' fees of any kind or nature whatsoever, or however described, whether known or unknown, fixed or contingent, in law or in equity, whether asserted or unasserted, whether in tort or contract, whether now existing or accruing in the future arising out of or related to the payment, calculation or rendition of franchise fees to the City on or before December 31, 2001 and all claims which could be asserted against TXU Electric in litigation in any way related to the payment, calculation or rendition of franchise fees by TXU Electric on or before December 31, 2001. This release is intended to only release claims related to the payment, calculation or rendition of franchise fees by TXU Electric on or before December 31, 2001 and is not intended to release any other claim or cause of action that any party to this Agreement has, known or unknown, or which accrues in the future.

4. WARRANTY AS TO OWNERSHIP OF CLAIMS AND AUTHORITY

- A. The City warrants and represents that it is the owner of the claims being compromised, settled, discharged and released pursuant to this Agreement and each further warrants and represents that it has not previously assigned all or any part of such claims to another entity or person. The City warrants and represents that there are no liens of any nature, assignments or subrogation interests in or to the money paid to the City under the terms of this Agreement. The City warrants that it will take all action necessary to properly execute and deliver this agreement.
- B. TXU Electric warrants that the person(s) executing this Agreement on its behalf has authority to bind the entity for whom such person signs this Agreement.

5. NO ADMISSION OF LIABILITY

This Agreement is made to compromise, terminate and to constitute an accord and satisfaction of all of the claims released by this Agreement and TXU Electric admits no liability, fault or wrongdoing of any nature or kind whatsoever and expressly denies and disclaims any liability, fault or wrongdoing alleged or which could have been alleged with regard to the claims asserted in the Litigation if the City had become a party to the Litigation or any similar claims which might be asserted by the City against TXU Electric.

6. RECOVERY OF DAMAGES DUE TO BREACH

In the event of breach by any party of the terms and conditions of this Agreement, a non-breaching party shall be entitled to recover all expenses as a result of such breach, including, but not limited to, reasonable attorneys' fees and costs.

MISCELLANEOUS PROVISIONS

7. It is understood and agreed that all agreements and understandings by and between the parties to this Agreement with respect to the payment of franchise fees and the settlement of any claims related to the payment of franchise fees are expressly embodied in this Agreement and that this Agreement supersedes any and all prior agreements, arrangements or understandings between the parties relating to the claims released pursuant to this Agreement or any matters related thereto executed by the parties.

8. The parties acknowledge and agree that the terms of this Agreement are all contractual and not mere recitals.

9. The parties acknowledge that they have read this Agreement, understand its terms, and that this Agreement is entered into voluntarily, without duress, and with full knowledge of its legal significance.

10. This Agreement may not be modified in any manner, nor may any rights provided for herein be waived, except by an instrument in writing signed by each party.

11. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

12. Should any term or any provision of this Agreement be declared invalid by a court of competent jurisdiction, the parties agree that all other terms of this Agreement are binding and have full force and effect as if the invalid portion had not been included.

13. The parties represent and warrant that no party has been induced to enter this Agreement by a statement, action or representation of any kind or character made by the persons or entities released under this Agreement or any person or persons representing them, other than those expressly made in this Agreement.

14. It is understood and agreed that this Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

15. The headings contained herein are for convenience and reference only and are agreed, in no way, to define, describe, extend or limit the scope or intent of this Agreement or its provisions.

16. This Agreement shall be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date set forth.

THE CITY OF ANNETTA, TEXAS

By: 

Its: Mayor

Date: September 19, 2002

TXU ELECTRIC COMPANY n/k/a TXU US
HOLDINGS COMPANY

By: Olan Usher

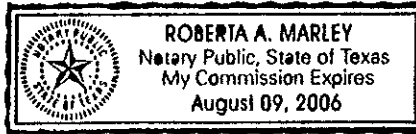
Its: Mayor

Date: October 1, 2002

STATE OF TEXAS

COUNTY OF PARKER

COUNTY



This instrument was acknowledged before me on the 1st day of October 2002,
by Olan Usher, as Mayor on behalf of the City of Annetta.

Roberta A. Marley

Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on the ____ day of ____ 2002,
by _____, of TXU Electric Company n/k/a TXU US Holdings Company, on behalf
of said corporation.

Notary Public, State of Texas

- (1) Oncor may file a tariff amendment(s) to provide for the recovery of the franchise fee on Discretionary Service Charges.
- (2) City agrees (i) to the extent the City acts as regulatory authority, to adopt and approve that portion of any tariff which provides for 100% recovery of the franchise fee on Discretionary Service Charges; (ii) in the event the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of the franchise fees on such Discretionary Service Charges is an issue, the City will take an affirmative position supporting the 100% recovery of such franchise fees by Oncor and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Oncor.
- (3) City agrees that it will take no action, nor cause any other person or entity to take any action, to prohibit the recovery of such franchise fees by Oncor.

SECTION 2: In all respects, except as specifically and expressly amended by this ordinance, the existing effective franchise ordinance heretofore duly passed by the governing body of the City and duly accepted by Oncor shall remain in full force and effect according to its terms until said franchise ordinance terminates as provided therein.

SECTION 3: This ordinance shall take effect upon its final passage and Oncor's acceptance. Oncor shall, within thirty (30) days from the passage of this ordinance, file its written acceptance of this ordinance with the Office of the City Secretary in substantially the following form:

To the Honorable Mayor and City Council:

Oncor Electric Delivery Company, acting by and through the undersigned authorized officer, hereby accepts in all respects, on this the 23 day of October, 2002, Ordinance No. 51B amending the current electric franchise between the City and Oncor and the same shall constitute and be a binding contractual obligation of Oncor and the City.

Oncor Electric Delivery Company

By *Johnny*
Vice President

SECTION 4. It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF Anna, TEXAS, this the 1 day of October, 2002, at which meeting a quorum was present and voting.

Alan Z...
Mayor

ATTEST:

Roberta Marley
City Secretary

COMPROMISE, SETTLEMENT AND RELEASE AGREEMENT

This Compromise, Settlement, and Release Agreement (the "Agreement") is made and entered into as of the date set forth below by and between the City of Annetta (the "City") and TXU Electric Company n/k/a TXU US Holdings Company ("TXU Electric"):

WHEREAS, thirty seven cities filed a suit in the 134th Judicial District Court of Dallas County, Texas, in Cause No. 00-9383, styled *City of Denton, Texas et al. vs. TXU Electric Company, et al.* (the "Litigation") which included claims arising out of the electric franchise ordinances similar in some respects to the franchise ordinance entered into by and between the City and TXU Electric and, specifically, the Litigation involved a dispute with regard to the calculation and amount of franchise fees paid by TXU Electric;

WHEREAS, the Litigation was resolved by agreement and TXU Electric has agreed to offer the City the same benefits offered to the Plaintiffs in the Litigation and the City has agreed to accept the offer by TXU Electric and to release any claims related to the payment of franchise fees prior to and through December 31, 2001 ;

NOW, THEREFORE, in order to fully and finally resolve all disputes and claims arising out of the calculation and payment of franchise fees to the City by TXU Electric prior to and through December 31, 2001, for the mutual promises and covenants set forth in this Agreement, the adequacy and sufficiency of which consideration is acknowledged the City and TXU Electric agree as follows:

1. AMENDMENTS TO THE ELECTRIC FRANCHISE ORDINANCE

As the result of electric industry restructuring, the electric franchise formerly held by TXU Electric has been assigned to Oncor Electric Delivery Company ("Oncor"), accordingly, effective January 1, 2002, the City agrees to enter into and TXU Electric agrees to cause Oncor to accept an amendment to the current electric franchise ordinance substantially in the form of the amendment attached as Exhibit A which amendment shall, at the election of the City, provide that the Discretionary

Services Charges identified in Section 6.1.2 of the Tariff for Retail Delivery applicable to Oncor which are directly paid by the customer and which are those charges identified as items DD1 through and inclusive of DD24 in said tariff, shall be subject to an additional franchise fee based on 4% of such charges which additional franchise fee shall be paid to the City pursuant to the terms of the amendment attached as Exhibit A. The City acknowledges that Oncor may file with the Texas Public Utility Commission and/or the City a tariff amendment in compliance with the terms of this agreement, which will provide that Oncor shall have the right to collect from the customer the franchise fee on such Discretionary Service Charges such that the customer shall bear 100% of the franchise fee on such Discretionary Service Charges. The City acknowledges that Oncor is an intended third-party beneficiary of this agreement and agrees to cooperate with Oncor in order for Oncor to pass through to customers the entire franchise fee on such Discretionary Service Charges by taking the following actions: (i) to the extent the City acts as regulatory authority, by adopting and approving that portion of any tariff in compliance with the terms of this Agreement which provides for 100% recovery of such franchise fees; (ii) in the event the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of the franchise fees on such Discretionary Service Charges is an issue, the City will take an affirmative position supporting the 100% recovery of such franchise fees by Oncor and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Oncor. The City further agrees not to take any action to prevent the recovery of the franchise fees on such Discretionary Service Charges by Oncor and to take other action which may be reasonably requested by Oncor to provide for the 100% recovery of such franchise fees by Oncor.

2. PAYMENT TO THE CITY

Upon execution and delivery of a fully executed and notarized original of this Agreement TXU Electric agrees to pay, or cause Oncor to pay the City, the sum of \$449.99.

3. RELEASE OF TXU ELECTRIC AND ITS AFFILIATES BY THE CITY

Except for claims arising out of a breach of this Agreement, the City of annetta, on behalf of itself

and its successors and assigns and any and all persons, entities or municipalities claiming by, through or under them, hereby **RELEASES, DISCHARGES AND ACQUITS**, forever and for all purposes, TXU Electric Company (now known as TXU US Holdings Company), its successor Oncor Electric Delivery Company, TXU Corp. and each of their respective agents, employees, officers, directors, shareholders, partners, insurers, attorneys, legal representatives, successors and assigns as well as their affiliated corporations, including TXU Business Services Company and TXU Energy Company LLC and its subsidiaries, from and against any and all liability which they now have, have had or may have, and all past, present and future actions, causes of action, claims, demands, damages, costs, expenses, compensation, losses and attorneys' fees of any kind or nature whatsoever, or however described, whether known or unknown, fixed or contingent, in law or in equity, whether asserted or unasserted, whether in tort or contract, whether now existing or accruing in the future arising out of or related to the payment, calculation or rendition of franchise fees to the City on or before December 31, 2001 and all claims which could be asserted against TXU Electric in litigation in any way related to the payment, calculation or rendition of franchise fees by TXU Electric on or before December 31, 2001. This release is intended to only release claims related to the payment, calculation or rendition of franchise fees by TXU Electric on or before December 31, 2001 and is not intended to release any other claim or cause of action that any party to this Agreement has, known or unknown, or which accrues in the future.

4. WARRANTY AS TO OWNERSHIP OF CLAIMS AND AUTHORITY

- A. The City warrants and represents that it is the owner of the claims being compromised, settled, discharged and released pursuant to this Agreement and each further warrants and represents that it has not previously assigned all or any part of such claims to another entity or person. The City warrants and represents that there are no liens of any nature, assignments or subrogation interests in or to the money paid to the City under the terms of this Agreement. The City warrants that it will take all action necessary to properly execute and deliver this agreement.
- B. TXU Electric warrants that the person(s) executing this Agreement on its behalf has authority to bind the entity for whom such person signs this Agreement.

5. NO ADMISSION OF LIABILITY

This Agreement is made to compromise, terminate and to constitute an accord and satisfaction of all of the claims released by this Agreement and TXU Electric admits no liability, fault or wrongdoing of any nature or kind whatsoever and expressly denies and disclaims any liability, fault or wrongdoing alleged or which could have been alleged with regard to the claims asserted in the Litigation if the City had become a party to the Litigation or any similar claims which might be asserted by the City against TXU Electric.

6. RECOVERY OF DAMAGES DUE TO BREACH

In the event of breach by any party of the terms and conditions of this Agreement, a non-breaching party shall be entitled to recover all expenses as a result of such breach, including, but not limited to, reasonable attorneys' fees and costs.

MISCELLANEOUS PROVISIONS

7. It is understood and agreed that all agreements and understandings by and between the parties to this Agreement with respect to the payment of franchise fees and the settlement of any claims related to the payment of franchise fees are expressly embodied in this Agreement and that this Agreement supersedes any and all prior agreements, arrangements or understandings between the parties relating to the claims released pursuant to this Agreement or any matters related thereto executed by the parties.

8. The parties acknowledge and agree that the terms of this Agreement are all contractual and not mere recitals.

9. The parties acknowledge that they have read this Agreement, understand its terms, and that this Agreement is entered into voluntarily, without duress, and with full knowledge of its legal significance.

10. This Agreement may not be modified in any manner, nor may any rights provided for herein be waived, except by an instrument in writing signed by each party.

11. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

12. Should any term or any provision of this Agreement be declared invalid by a court of competent jurisdiction, the parties agree that all other terms of this Agreement are binding and have full force and effect as if the invalid portion had not been included.

13. The parties represent and warrant that no party has been induced to enter this Agreement by a statement, action or representation of any kind or character made by the persons or entities released under this Agreement or any person or persons representing them, other than those expressly made in this Agreement.

14. It is understood and agreed that this Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

15. The headings contained herein are for convenience and reference only and are agreed, in no way, to define, describe, extend or limit the scope or intent of this Agreement or its provisions.

16. This Agreement shall be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date set forth.

THE CITY OF ANNETTA, TEXAS

By: 

Its: Mayor

Date: September 19, 2002

TXU ELECTRIC COMPANY n/k/a TXU US
HOLDINGS COMPANY

By: Olan Usher

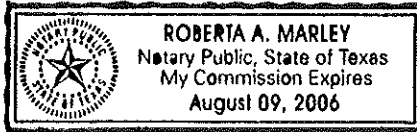
Its: Mayor

Date: October 1, 2002

STATE OF TEXAS

COUNTY OF PARKER

COUNTY



This instrument was acknowledged before me on the 1st day of October 2002,
by Olan Usher, as Mayor on behalf of the City of Annetta.

Roberta A. Marley

Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on the ____ day of ____ 2002,
by _____, of TXU Electric Company n/k/a TXU US Holdings Company, on behalf
of said corporation.

Notary Public, State of Texas

TXU ELECTRIC COMPANY n/k/a TXU
US HOLDINGS COMPANY

By: Wance J. Kubin
Its: Secretary & Asst. Treasurer
Date: 10/30/02

STATE OF TEXAS ,
 ,
COUNTY OF _____ ,

This instrument was acknowledged before me on the _____ day of _____ 2002,
by _____, as _____ on behalf of the City of _____.

Notary Public, State of Texas

STATE OF TEXAS ,
 ,
COUNTY OF DALLAS ,

This instrument was acknowledged before me on the 30th day of Oct 2002,
by Wance J. Kubin, of TXU Electric Company n/k/a TXU US Holdings Company, on behalf
of said corporation.

Loretta E Jones
Notary Public, State of Texas

ORDINANCE NO. 51

AN ORDINANCE AMENDING THE EXISTING FRANCHISE BETWEEN THE CITY AND TEXAS UTILITIES ELECTRIC COMPANY TO PROVIDE FOR A DIFFERENT CONSIDERATION; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR ACCEPTANCE BY TEXAS UTILITIES ELECTRIC COMPANY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, Texas Utilities Electric Company (hereinafter called "TU Electric") is engaged in the business of providing electric utility service within the City and is using the public streets, alleys, grounds and rights-of-ways within the City for that purpose under the terms of a franchise ordinance heretofore duly passed by the governing body of the City and duly accepted by TU Electric; and

WHEREAS, TU Electric has, pursuant to said franchise ordinance, been paying to the City a sum equal to three percent (3%) of its gross receipts from the retail sale of electric power and energy within the City for the rights and privileges set forth in said franchise ordinance and, in addition thereto, has reimbursed the City for its ratemaking expenses pursuant to Section 24 of the Public Utility Regulatory Act; and

WHEREAS, the City and TU Electric desire to amend said franchise ordinance to provide for a different consideration to consist of a sum equal to four percent (4%) of its gross receipts from the retail sale of electric power and energy within the City, which different consideration includes, among other things, TU Electric's obligation to reimburse the City for its ratemaking and other regulatory expenses to be incurred by the City involving the regulation of TU Electric;

Now, Therefore,

BE IT ORDAINED BY THE CITY _____ Council _____ OF THE CITY OF
Annetta _____, TEXAS:

SECTION 1. The consideration payable by TU Electric for the rights and privileges granted to TU Electric by the franchise ordinance heretofore duly passed by the governing body of this City and duly accepted by TU Electric is hereby changed to be four percent (4%) of its gross receipts from the retail sale of electric power and energy within the corporate limits of the City, said changed percentage to be applied to said gross receipts beginning on June 1, 1993, and being payable as specified in said franchise ordinance and based upon the same time periods as specified in said franchise ordinance and being payment for the said rights and privileges during the period specified in said franchise ordinance, said payment being in lieu of and shall be accepted as payment for all of TU Electric's obligations to pay municipal charges, fees, rentals, pole rentals, wire taxes, inspection fees, easement taxes, franchise taxes, certain regulatory expenses under Section 24 of the Public Utility Regulatory Act or any similar or successor law, or other charges and taxes of every kind, except ad valorem taxes, sales and use taxes, and special taxes and assessments for public improvements.

SECTION 2. TU Electric shall make a one-time payment hereunder for the purpose of making the changed consideration as specified in Section 1 hereof effective on June 1, 1993, without altering the payment dates specified in said franchise ordinance heretofore duly

passed by the governing body of this City and duly accepted by TU Electric, said one-time payment being due and payable thirty (30) days after TU Electric's acceptance of this ordinance as provided in Section 6 hereof, and being a sum calculated as follows: (a) TU Electric shall determine the monthly average of its gross receipts from the retail sale of electric power and energy within the City during the period upon which the most recent franchise payment made to the City prior to June 1, 1993, was based; (b) the said monthly average of its said gross receipts shall be multiplied by 1% (0.01); and (c) the product so calculated shall be multiplied by the number of whole months from June 1, 1993, through the last day of the last month of the period for which the most recent franchise payment made to the City prior to June 1, 1993, was made.

SECTION 3. Notwithstanding anything to the contrary in Section 1 hereof, if TU Electric files general rate cases and the City incurs cumulative expenses, otherwise reimbursable by TU Electric under Section 24 of the Public Utility Regulatory Act or similar or successor law, in excess of \$4 million, then in such event, TU Electric shall reimburse all of the expenses incurred by the City in connection with all general rate cases filed during the period ended fifteen (15) years from the effective date hereof in excess of said \$4 million. The term "general rate case" as used in this Section means a rate case initiated by TU Electric in which it seeks to increase its rates charged to a substantial number of its customer classes in the City and elsewhere in its system and in which TU Electric's overall revenues are determined in setting such

rates. City agrees to exercise reasonable best efforts, considering the facts and circumstances, to keep its expenses on average to under \$1,000,000 per general rate case.

SECTION 4. Notwithstanding the provisions of Section 1 hereof, TU Electric will continue to reimburse the City's ratemaking expenses, if any, in connection with the appeal and any remand of Public Utility Commission of Texas Docket No. 9300 that are otherwise reimbursable under Section 24 of the Public Utility Regulatory Act, and will continue to reimburse the City's ratemaking expenses, if any, in connection with Public Utility Commission of Texas Docket No. 11735 that are otherwise reimbursable under Section 24 of the Public Utility Regulatory Act to the extent that said ratemaking expenses are incurred through the entry of the last action by the Public Utility Commission of Texas (i.e., the said Commission's order overruling the last motion for rehearing) in said Docket No. 11735; the City hereby agrees that any ratemaking expenses incurred in connection with said Docket No. 11735 that the City incurs on appeal of said order will be the City's sole responsibility and further agrees -- in the events that the City is a participant in the joint intervention of cities managed by the Steering Committee of TU Electric Service Area Cities intervening in Docket No. 11735, that the City decides to continue to participate with the Steering Committee in such appeal of said order, and TU Electric is required to reimburse said Steering Committee for ratemaking expenses under Section 24 of the Public Utility Regulatory Act that are incurred on appeal of said

order in Docket No. 11735 -- to reimburse TU Electric the City's share of reimbursable expenses related to said appeal and owed by TU Electric to said Steering Committee determined by the methodology chosen by the said Steering Committee (the City to notify TU Electric of the method so chosen by the Steering Committee prior to the submission of an invoice by the Steering Committee for the payment by TU Electric of said reimbursable expenses related to said appeal).

SECTION 5. In all respects, except as specifically and expressly amended by this ordinance, the said franchise ordinance heretofore duly passed by the governing body of this City and duly accepted by TU Electric shall remain in full force and effect according to its terms until said franchise ordinance terminates as provided therein.

SECTION 6. This ordinance shall take effect from and after its final passage and TU Electric's acceptance. TU Electric shall, within fifteen (15) days from the passage of this ordinance, file its written acceptance of this ordinance with the Office of the City Secretary in substantially the following form:

To the Honorable Mayor and City Council:

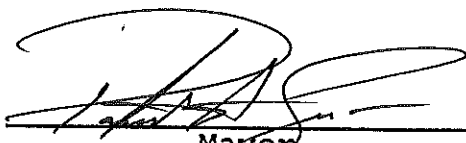
Texas Utilities Electric Company (TU Electric), acting by and through the undersigned authorized officer, hereby accepts, on this the 14th day of June, 1993, Ordinance No. 51 amending the current franchise between the City and TU Electric.

TEXAS UTILITIES ELECTRIC COMPANY

By: Jerry R. Guff
Senior Vice President

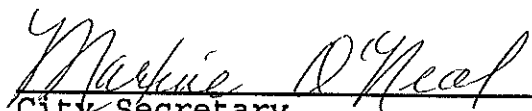
SECTION 7. It is hereby officially found and determined that the meeting at which this ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

PASSED AND APPROVED BY THE CITY Council OF THE CITY OF Annetta, TEXAS, this the 8th day of June, 1993.



Mayor

ATTEST:



City Secretary

APPROVED AS TO FORM:

City Attorney