



# 2009 Third Quarter Earnings Call

October 30, 2009

**Oncor Electric Delivery**

# Forward Looking Statements

This presentation contains forward-looking statements, which are subject to various risks and uncertainties. Discussion of risks and uncertainties that could cause actual results to differ materially from management's current projections, forecasts, estimates and expectations is contained in filings made by Oncor Electric Delivery Company LLC (Oncor) with the Securities and Exchange Commission (SEC). Specifically, Oncor makes reference to the section entitled "Risk Factors" in its annual and quarterly reports. In addition to the risks and uncertainties set forth in Oncor's SEC filings, the forward-looking statements in this release could be affected by, among other things: prevailing governmental policies and regulatory actions; legal and administrative proceedings and settlements; weather conditions and other natural phenomena, and acts of sabotage, wars or terrorist activities; economic conditions, including the current recessionary environment; unanticipated population growth or decline, or changes in market demand and demographic patterns; changes in business strategy, development plans or vendor relationships; unanticipated changes in interest rates or rates of inflation; unanticipated changes in operating expenses, liquidity needs and capital expenditures; the credit quality and/or inability of various counterparties to meet their financial obligations to Oncor, including failure of counterparties to perform under agreements; general industry trends; hazards customary to the industry and the possibility that Oncor may not have adequate insurance to cover losses resulting from such hazards; changes in technology used by and services offered by Oncor; significant changes in Oncor's relationship with its employees; changes in assumptions used to estimate costs of providing employee benefits, including pension and other post-retirement employee benefits, and future funding requirements related thereto; significant changes in critical accounting policies material to Oncor; commercial bank and financial market conditions, access to capital, the cost of such capital, and the results of financing and refinancing efforts, including availability of funds in the capital markets and the potential impact of continued disruptions in US credit markets; financial restrictions under Oncor's revolving credit facility and indentures governing its debt instruments; Oncor's ability to generate sufficient cash flow to make interest payments on its debt instruments; actions by credit rating agencies; and Oncor's ability to effectively execute its operational strategy. Any forward-looking statement speaks only as of the date on which it is made, and Oncor undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events.

## Regulation G

This presentation includes certain non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is included in this presentation, which is located on Oncor's website, [www.oncor.com](http://www.oncor.com), under the 'News' tab in the Investor Information section, and also filed with the SEC.

# Today's Agenda

- **Business and Operational Highlights**

**Bob Shapard**

**Chairman and CEO**

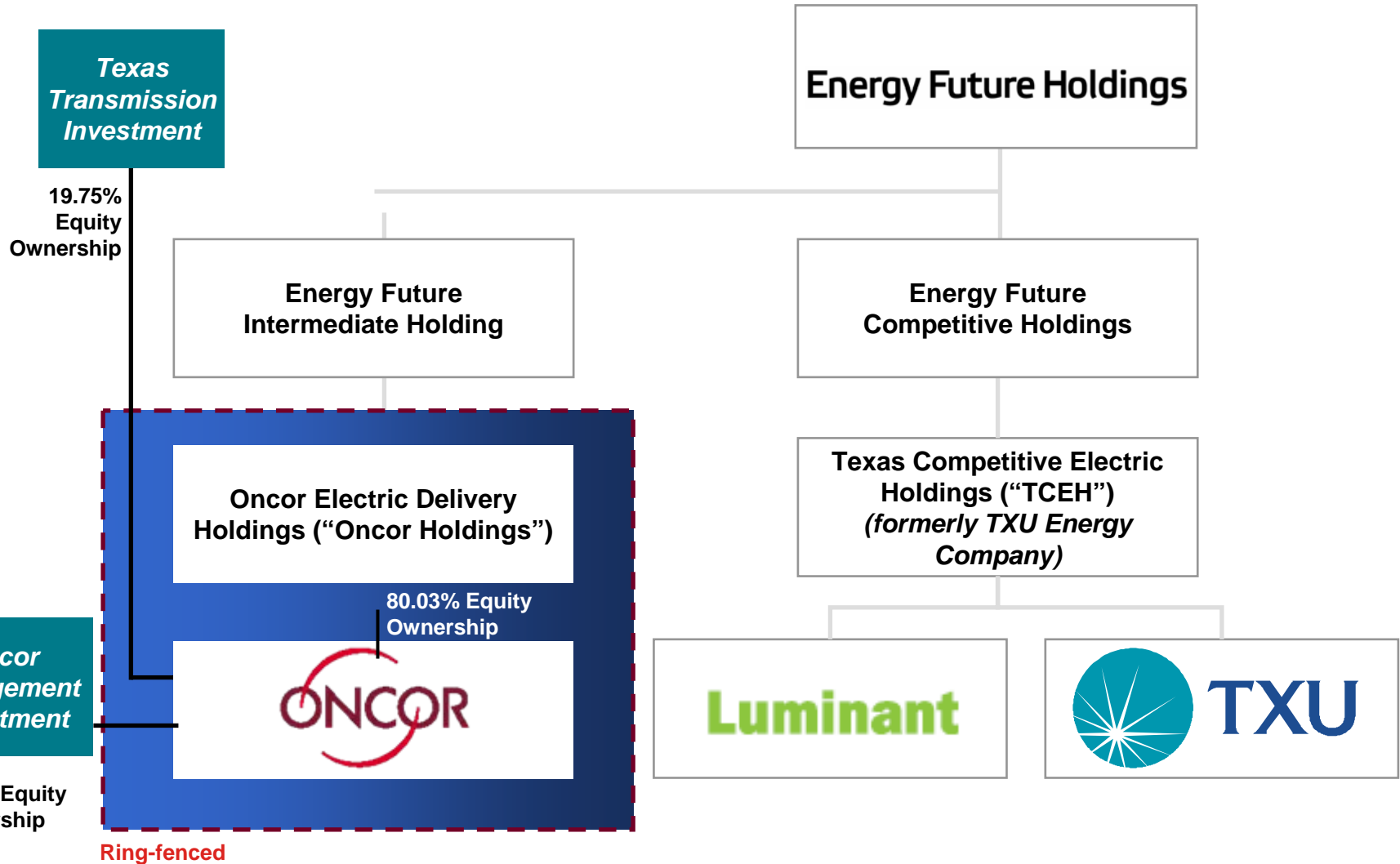
- **Financial Overview**

**David Davis**

**Chief Financial Officer**

- **Q&A**

# Oncor's Ratings Held Stable Due To Strength Of Ring-fencing



# Competitive Renewable Energy Zones

- **May 15<sup>th</sup> Final Order on Rehearing issued approving Oncor for over \$1.3B including over 800 miles of new lines over 40 counties**
- **9 of 14 CCNs filed to date with one CCN approved**
- **Line routing analysis for remaining CCNs continues**
- **Completed first CREZ project and commenced construction on 7 of the 51 major projects**
- **\$84M in capital expenditures through September 30, 2009**
- **Projected completion in 2013**



# Oncor's Advanced Metering System Is A Fundamental Change



- 690K meters installed by year end
- Allows for innovative rate options
- Provides platform for load control
- Remote connect and disconnect capability
- Communication into the home
- Outage and restoration notification will aid reliability
- Reduces safety risks

*Oncor is installing 30,000 meters a week*

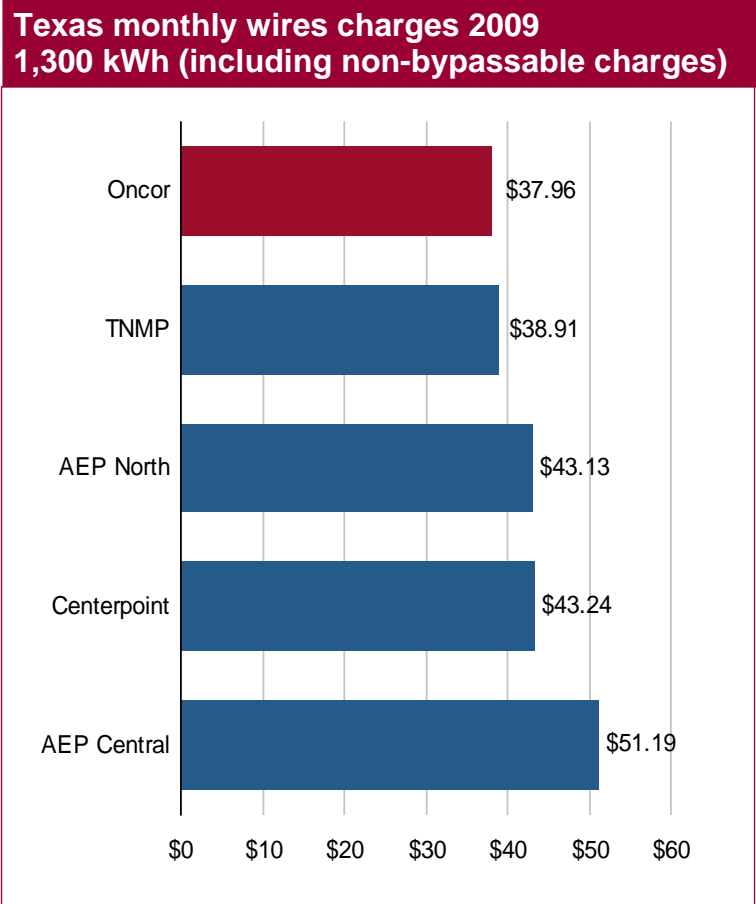
# Oncor's Rate Case Final Order Released In August

- PUCT estimates increase of \$115M over 2007 test year adjusted revenues**

- Includes ~\$35M of transmission cost that Oncor was recovering prior to this Final Order
- Includes ~\$10M of energy efficiency costs that Oncor was recovering prior to this Final Order
- Rates were determined during a regulatory proceeding, based on the analysis of Oncor's rate base and cost of service for a 2007 test year
- Oncor's rates continue to be the lowest among IOU's in ERCOT
- Rates became effective September 17, 2009
- Required write-off of \$25M in regulatory assets

- Key findings made by the PUCT**

- Recognized and affirmed Oncor's corporate ring-fence by rejecting a proposed consolidated tax savings adjustment
- Approved the recovery of all of Oncor's capital investment in its T&D system
- Set Oncor's allowed ROE to 10.25%, based on a capital structure of 60% debt / 40% equity
- Motions for Rehearing still ongoing, additional order expected in November



Source: company websites

Non-bypassable charges include System Benefit Fund, Nuclear Decommissioning, Transition Charges, and Rate Case Expense Surcharge.

Does not include advanced metering surcharge.

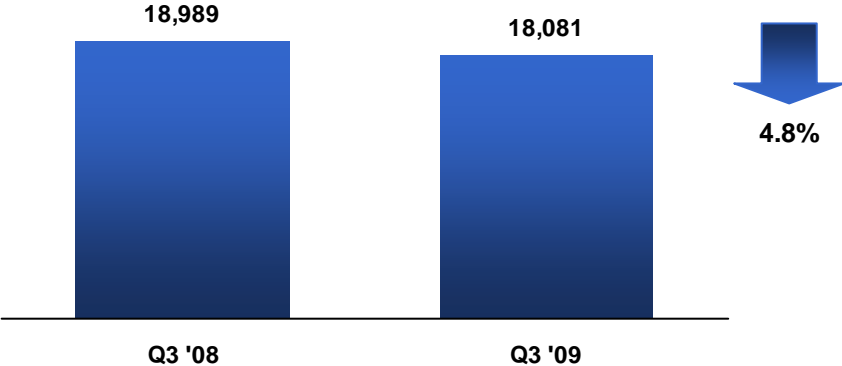
Oncor's rates as approved on September 17, 2009 compared to other investor owned utilities' rates on September 1, 2009.

# Today's Agenda

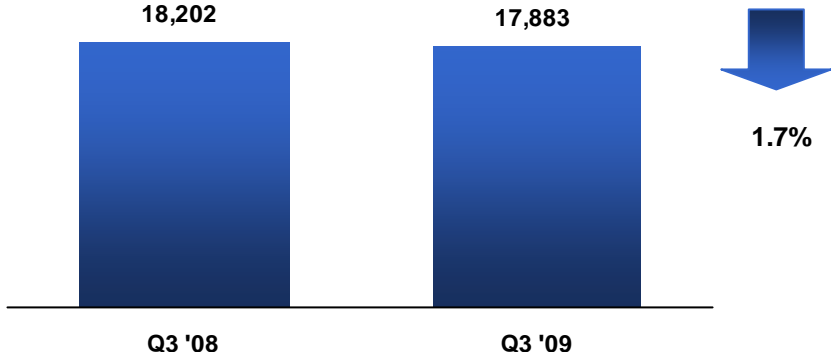
- **Business and Operational Highlights** **Bob Shapard**  
**Chairman and CEO**
- **Financial Overview** **David Davis**  
**Chief Financial Officer**
- **Q&A**

# Weather and Economy Affecting Usage

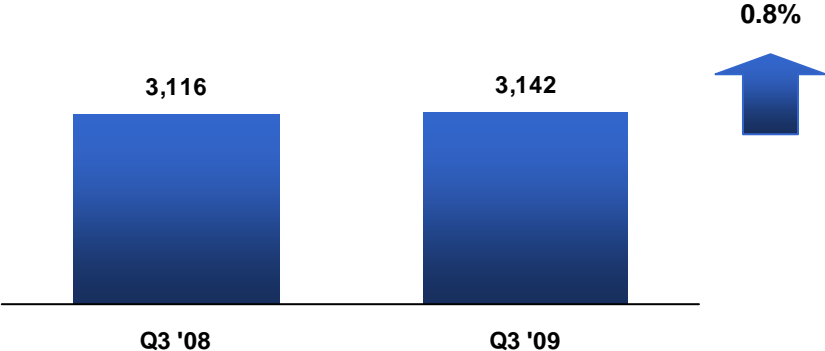
Large C&I GWH <sup>1</sup>  
Q3 '08 vs. Q3 '09



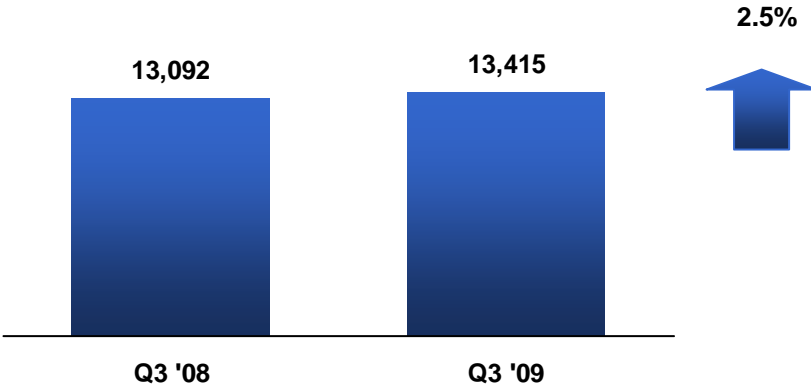
Large C&I Billed MW Demand (Avg) <sup>1</sup>  
Q3 '08 vs. Q3 '09



Electricity Distribution Points of Delivery  
Q3 '08 vs. Q3 '09; thousands of meters



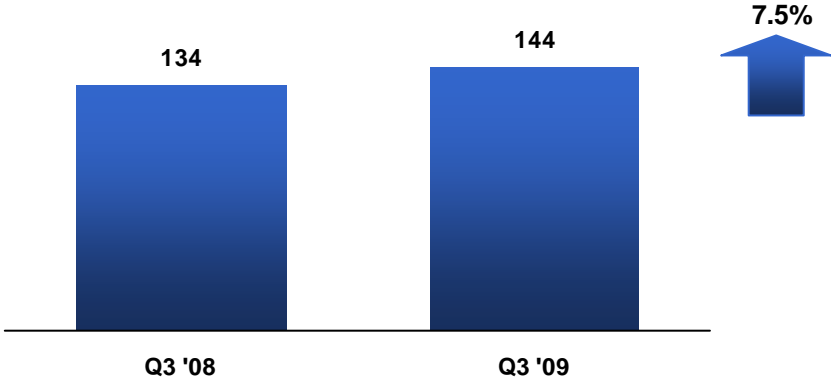
Residential GWH Billed  
Q3 '08 vs. Q3 '09



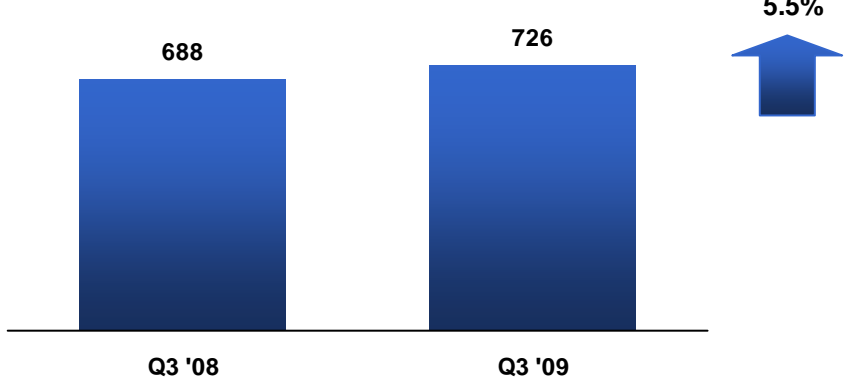
<sup>1</sup> C&I stands for Commercial and Industrial.

# Summary of Financial Results<sup>1</sup>

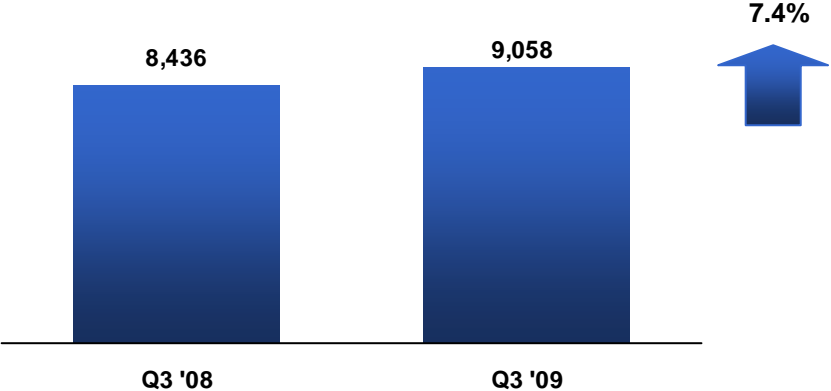
**Adjusted Net Income**  
Q3 '08 vs. Q3 '09; \$ millions



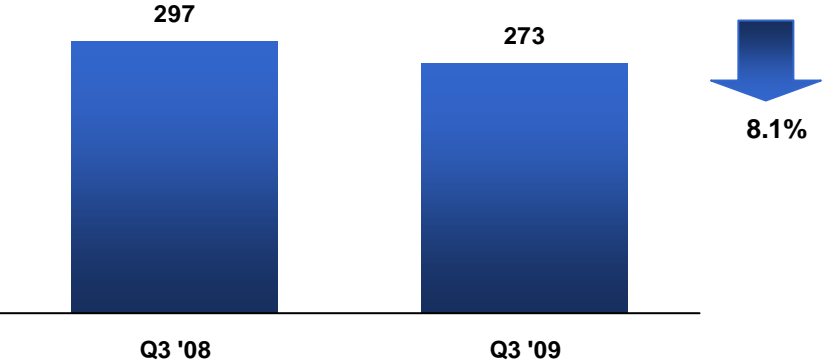
**Adjusted Operating Revenues**  
Q3 '08 vs. Q3 '09; \$ millions



**PP&E, net**  
Q3 '08 vs. Q3 '09; \$ millions



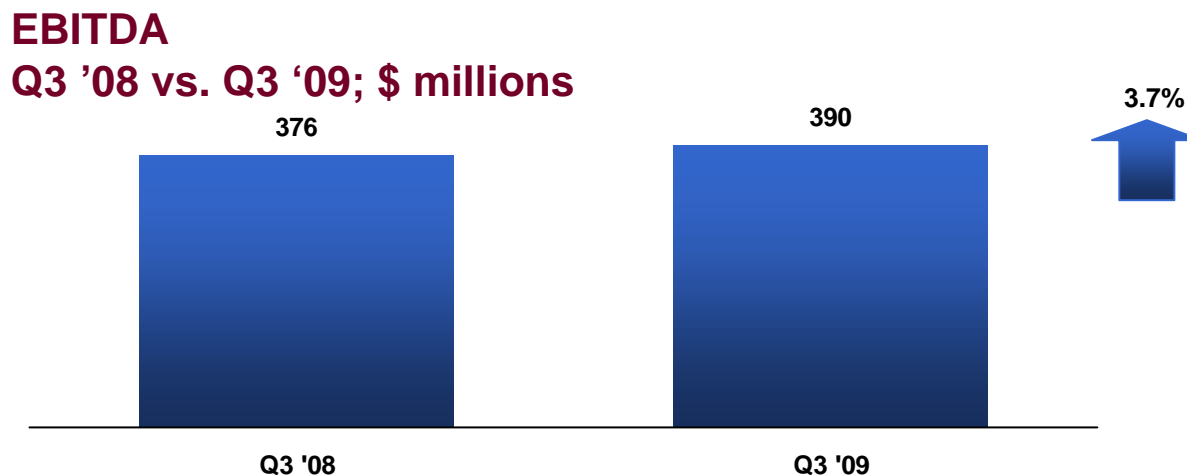
**Operating Cash Flow <sup>2</sup>**  
Q3 '08 vs. Q3 '09; \$ millions



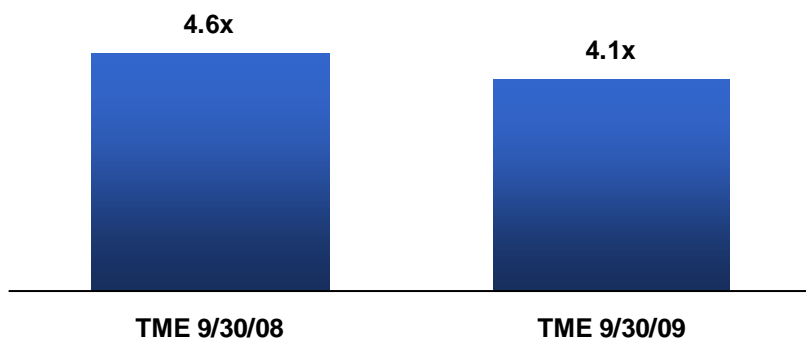
<sup>1</sup> Excludes impacts from transition bond debt, a one-time write-off of regulatory assets and fair value accounting adjustments associated with the October 2007 merger.

<sup>2</sup> Cash provided by operating activities, as adjusted by footnote 1.

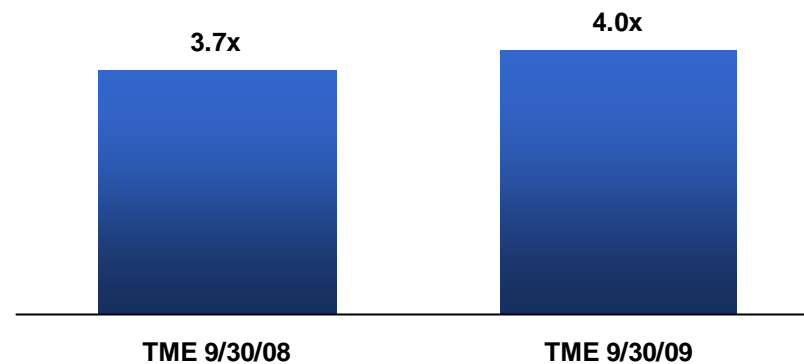
# Credit Metrics Remained Strong



**EBITDA/Cash Interest**  
TME 9/30/08 vs. TME 9/30/09; Ratio



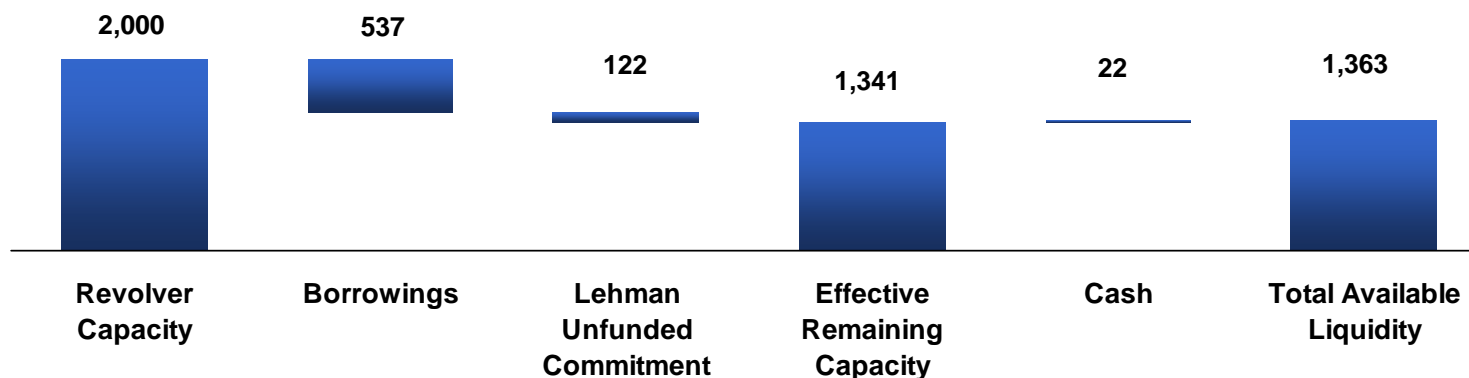
**Debt/EBITDA**  
TME 9/30/08 vs. TME 9/30/09; Ratio



Excludes impacts from transition bond debt, a one-time write-off of regulatory assets and fair value accounting adjustments associated with the October 2007 merger.

# Oncor's Financial Condition is Strong

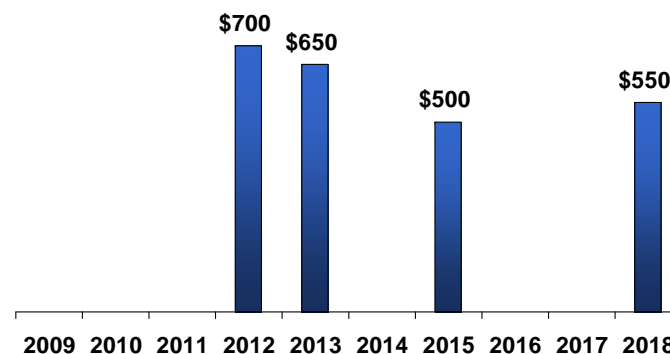
**\$2.0 billion Secured Revolving Credit Facility  
Balances at September 30, 2009; \$ millions**



## Solid Credit Ratings at Oncor

	<u>Rating</u>	<u>Outlook</u>
Moody's	Baa1	Stable
Standard & Poor's	BBB+	Stable
Fitch Ratings	BBB	Stable

## No Maturities in Near Term



Excludes transition bond debt

Oncor's \$2.0 billion Credit Facility matures in 2013

***Appendix -  
Regulation G Reconciliations***

# Financial Definitions

Measure	Definition
<i>Operating Cash Flow (GAAP)</i>	Cash provided by operating activities.
<i>Debt (non-GAAP)</i>	Total debt less transition bonds.
<i>Total Debt (GAAP)</i>	Long-term debt (including current portion) plus bank loans and commercial paper.
<i>EBITDA (non-GAAP)</i>	Income from continuing operations before interest expense and related charges, and provisions in lieu of income tax plus depreciation and amortization and special items. EBITDA is a measure used by Oncor to assess performance.
<i>Debt/EBITDA (non-GAAP)</i>	Total debt less transition bonds divided by EBITDA. Transition, or securitization, bonds are serviced by a regulatory transition charge on wires rates and are therefore excluded from debt in credit reviews. Debt / EBITDA is a measure used by Oncor to assess credit quality.
<i>EBITDA/Interest (non-GAAP)</i>	EBITDA divided by cash interest expense is a measure used by Oncor to assess credit quality.

# Table 1: Oncor Net Income Reconciliation

Quarter Ended September 30, 2008 and 2009

\$ millions

	Q3 08	Q3 09
Net Income – Oncor	139	132
Less: Net Income – BondCo	-	-
Less: Effects of fair value accounting (after-tax)	(5)	(4)
Plus: Write-off of Regulatory Assets (after-tax)	-	16
Oncor Net Income, excluding BondCo	134	144

**Table 2: Oncor Operating Revenues Reconciliation**  
**Quarter Ended September 30, 2008 and 2009**  
**\$ millions**

	<b>Q3 08</b>	<b>Q3 09</b>
Operating Revenues – Oncor	728	770
Less: Operating Revenues – BondCo	(40)	(44)
Oncor Operating Revenues, excluding BondCo	688	726

**Table 3: Oncor Operating Cash Flow Reconciliation**  
**Quarter Ended September 30, 2008 and 2009**  
**\$ millions**

	<b>Q3 08</b>	<b>Q3 09</b>
Operating Cash Flow – Oncor	330	312
Less: Operating Cash Flow – BondCo	(33)	(39)
Oncor Operating Cash Flow, excluding BondCo	297	273

**Table 4: Oncor EBITDA Reconciliation**  
**Quarter Ended September 30, 2008 and 2009**  
**\$ millions**

	<b>Q3 08</b>	<b>Q3 09</b>
Net Income – Oncor	139	132
Plus: Depreciation & Amortization – Oncor	128	147
Plus: Provision in lieu of Income Taxes – Oncor	80	55
Plus: Interest Expense – Oncor	80	85
Equals: EBITDA - Oncor, including BondCo	427	419
Less: Net Income – BondCo	-	-
Depreciation & Amortization – BondCo	(29)	(34)
Provision in lieu of Income Taxes – BondCo	-	-
Interest Expense – BondCo	(11)	(10)
Effects of fair value accounting (pre-tax)	(11)	(10)
Plus: Write-off of Regulatory Assets	-	25
Oncor EBITDA, excluding BondCo	376	390

**Table 5: Oncor EBITDA Reconciliation**  
**Twelve Months Ended September 30, 2008 and 2009**  
**\$ millions**

	<b>9/30/08</b>	<b>9/30/09</b>
Net Income – Oncor	372	(524)
Plus: Depreciation & Amortization – Oncor	479	527
Plus: Provision in lieu of Income Taxes – Oncor	224	182
Plus: Interest Expense – Oncor	308	344
Equals: EBITDA - Oncor, including BondCo	1,383	529
Less: Net Income – BondCo	-	-
Depreciation & Amortization – BondCo	(95)	(101)
Provision in lieu of Income Taxes – BondCo	-	-
Interest Expense – BondCo	(47)	(43)
Effects of fair value accounting (pre-tax)	(43)	820
Plus: Write-off of Regulatory Assets	0	25
Oncor EBITDA, excluding BondCo	1,198	1,230

## Table 6: Oncor Total Debt Reconciliation

As of September 30, 2008 and 2009

\$ millions

	9/30/08	9/30/09
Short-term debt- Oncor	150	537
Long-term debt due currently – Oncor	102	106
Long-term debt, less due currently – Oncor	5,133	5,031
Total debt - Oncor, including BondCo	5,385	5,674
Less: Short-term debt – BondCo	-	-
Long-term debt due currently – BondCo	(102)	(106)
Long-term debt, less due currently – BondCo	(809)	(703)
Fair value adjustment – BondCo	9	7
Oncor Total Debt, excluding BondCo	4,483	4,872

**Table 7: Oncor Interest and Debt Coverages**  
**Twelve Months Ended September 30, 2008 and 2009**  
**\$ millions**

	Q3 08	Q3 09	Ref	Source
Interest expense and related charges – Oncor	308	344		
Amortization of debt fair value discount – Oncor	(3)	(2)		
Amortization of debt discount – Oncor	(6)	(6)		
AFUDC – Oncor	7	5		
Cash interest expense - Oncor	306	341		
Less: Interest expense – BondCo	(47)	(43)		
<b>Oncor cash interest expense, excluding BondCo</b>	<b>259</b>	<b>298</b>	<b>A</b>	
<b>Oncor EBITDA, excluding BondCo</b>	<b>1,198</b>	<b>1,230</b>	<b>B</b>	<b>Table 5</b>
<b>Oncor Total Debt, excluding BondCo</b>	<b>4,483</b>	<b>4,872</b>	<b>C</b>	<b>Table 6</b>
<b>EBITDA/Interest – ratio (B / A)</b>	<b>4.6x</b>	<b>4.1x</b>		
<b>Debt/EBITDA – ratio (C / B)</b>	<b>3.7x</b>	<b>4.0x</b>		