

Paul Hudson
Chairman



Public Utility Commission of Texas

April 9, 2007

The Honorable Troy Fraser
Texas Senate
P.O. Box 12068-Capital Station
Austin, TX 78711

The Honorable Phil King
Texas House of Representatives
P.O. Box 2910
Austin, TX 78768-2910

Dear Chairman Fraser and Chairman King:

Some information has come to my attention with regards the TXU acquisition that, if true, although troubling, does not clearly lie within the jurisdiction of the Public Utility Commission of Texas (PUCT).

As you may be aware, TXU corporation has been publicly discussing a "go-shop" period, ostensibly with a duration of 50 days, to seek alternative bids to KKR/TPG. During this shopping period members of the PUCT, as well as, I assume, some members of the legislature, have been briefed on potential alternative bids.

One alternative bidder, Sharyland Utilities, approached my office on Thursday, March 29th expressing intent to announce a rival bid the week of April 2nd.

On Wednesday, April 4th representatives of Sharyland Utilities telephoned to inform me that they no longer intended to proceed with an announcement of a rival bid. Representatives of that organization alleged that threats of legal action precluded them from proceeding.

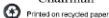
PUCT staff has now reviewed a copy of the correspondence threatening this action. While the content of the correspondence does not seem to have direct implications pertinent to review under PURA 14.101, a threat of legal action against an alternative bidder may have certain ramifications that would merit your attention as Chairman of the respective committees charged with electric utility oversight.

Please contact me if you need more information.

Warm Regards,

A handwritten signature in black ink, appearing to read "PH", followed by a long horizontal line extending to the right.

Paul Hudson
Chairman



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