

TXU COMMUNICATIONS TELEPHONE COMPANY
REVISIONS TO TARIFF F.C.C. NO. 1
TRANSMITTAL NO. 10

DESCRIPTION AND JUSTIFICATION

1. INTRODUCTION

TXU Communications Telephone Company (TXU) proposes to make tariff revisions which waive the nonrecurring charges associated with the initiation of its ADSL SpeedLink Service under certain conditions.

2. BACKGROUND

TXU has found that many potential new customers for DSL services are deterred from ordering them when initial service order and installation charges are imposed. Because DSL is a relatively new technology, many first-time users are more likely to try the service if the start-up costs are low. DSL demand is expected to increase as a result of waiving the installation charge.

Since much of the investment associated with DSL is fixed, the stimulation of demand will also help improve overall investment utilization and reduce unit costs associated with DSL service.

3. DESCRIPTION

This filing introduces a nonrecurring charge waiver that would apply to new installations of TXU's ADSL SpeedLink Service when the customer commits to maintain the service for a minimum 12-month period after installation. The waived nonrecurring charges will be recouped if, within the 12-month commitment period, the customer terminates ADSL SpeedLink Service for any reason. The waiver provision will apply only to the initial, nonrecurring service order charge and installation charge for the ADSL SpeedLink Service, and will not apply to any other tariffed service components.

The tariff provision allowing for the waiver will only apply during the period from November 1, 2002 through January 29, 2003. However, the terms and conditions defining the customer's obligations will remain effective until all customer commitments are satisfied.

4. COST AND REVENUE IMPACTS

The revenue foregone by waiving the installation charge will have a negligible impact on TXU's overall special access revenue requirement. The increased demand due to the waiver stimulation is expected to reduce per-customer costs of DSL access and improve overall network efficiency. By imposing a one-year minimum commitment, TXU believes that it will reduce the risk associated with investments in DSL technology, and increase its assurance that DSL revenue targets will be met or exceeded.