



September 12, 2005

Mr. Lawrence W. Smith  
Director, Technical Application & Implementation Activities  
Financial Accounting Standards Board  
401 Merritt 7  
P. O. Box 5116  
Norwalk, CT 06856-5116

Letter of Comment No: 68  
File Reference: 1215-001  
Date Received: 9/12/05

Subject: File Reference No. 1215-001

Dear Mr. Smith:

TXU Corp. appreciates the opportunity to comment on the Financial Accounting Standards Board's Exposure Draft of a Proposed Interpretation, *Accounting for Uncertain Tax Positions, an interpretation of FASB No. 109*.

TXU Corp., a Dallas-based energy company, manages a portfolio of competitive and regulated energy businesses in North America, primarily in Texas.

In discussing this matter with peer companies and tax, accounting and other professional organizations, we believe that the vast majority of financial statement preparers use and support the liability model in accounting for uncertain tax positions. However, we would support clarification of the "probable" standard criteria of Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*, as it applies to uncertain tax positions because we believe this is the source of much of the perceived diversity in practice.

We believe that the liability model is highly preferable to the proposed asset model because income taxes payable are liabilities as defined under existing literature. Uncertainties arise largely because taxing authorities may impose liabilities greater than those estimated by the tax payer.

We believe that the application of the proposed rules will result in less accurate financial statements because the initial accounting will more often not be consistent with liabilities ultimately payable to the taxing authorities.

We believe that the likelihood of a taxing authority examining a position is one of many factors that is appropriate to consider in determining estimates of tax liabilities, particularly as it applies to jurisdictions other than the U. S. federal income tax regime. To not do so would simply be ignoring the realities of how liabilities arise and are ultimately settled.

We believe that financial statement preparers will overwhelmingly express disagreement, on both theoretical and practical grounds, with the proposed standard in their comment letters. As a result, due deliberation would require postponement of the effective date. If rules based on some form of an asset model are ultimately issued after consideration of views expressed in the comment letters, we recommend an effective date as of the beginning of a reporting year, or January 2007 for calendar year preparers.

Mr. Lawrence W. Smith

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We appreciate your consideration of our views on the Exposure Draft. If you have any questions regarding these comments, I can be reached by phone at 214-812-8726 or via e-mail at [stan.szlauderbach@txu.com](mailto:stan.szlauderbach@txu.com).

Sincerely,

/s/ Stan Szlauderbach

Stan Szlauderbach  
Senior Vice President and Controller  
TXU Corp.

cc: David K. Owens  
Executive Vice President, Business Operations  
Edison Electric Institute

cc: Joe Dowds  
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