



South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

March 9, 2006  
NOC-AE-06001990  
File No.: G25  
10 CFR 50.75

U. S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
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South Texas Project  
Units 1 and 2  
Docket Nos. STN 50-498, STN 50-499  
Decommissioning Funding Status Report - 2005

Pursuant to 10 CFR 50.75(f), the STP Nuclear Operating Company submits the attached reports on the status of funds available for decommissioning Units 1 and 2. The reports were prepared for the following co-owners of the South Texas Project:

- Texas Genco, LP;
- City Public Service of San Antonio; and
- City of Austin – Austin Energy.

This list reflects the changes in ownership of the South Texas Project that have occurred during 2005. Shares previously owned by AEP Texas Central Company have been distributed between Texas Genco and City Public Service. Consequently, this report satisfies the annual reporting requirements of 10 CFR 50.75(f)(1) for changes in ownership. Data for the City of Austin are included for completeness.

There are no commitments in this letter.

If there are any questions, please contact either Philip L. Walker at (361) 972-8392 or me at (361) 972-8085.

A handwritten signature in black ink, appearing to read "Frank H. Mallen".

Frank H. Mallen  
General Manager,  
Financial Support

Attachments:

1. 2005 Decommissioning Funding Status Report – Texas Genco, LP
2. 2005 Decommissioning Funding Status Report – City Public Service of San Antonio
3. 2005 Decommissioning Funding Status Report – City of Austin – Austin Energy

cc:  
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**ATTACHMENT 1**

**SOUTH TEXAS PROJECT**

**2005 DECOMMISSIONING FUNDING STATUS REPORT**

**TEXAS GENCO, LP**

**SOUTH TEXAS PROJECT  
2005 DECOMMISSIONING FUNDING STATUS REPORT  
TEXAS GENCO, LP**

**30.8% Ownership of South Texas Project Unit 1**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c)<sup>1</sup>:

<b>Total Required:</b>	<b>\$105,456,342</b>
<b>Required by 12/31/2005:</b>	<b>\$ 42,752,571</b>

2. The amount accumulated by the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(b) and (c): **\$ 99,918,871**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):

<b>Amount remaining<sup>2</sup>:</b>	<b>\$43,501,532</b>
<b>Number of years to collect:</b>	<b>21.60</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation factor:</b>	<b>4.77%</b>
<b>Assumed earnings rate:</b>	<b>4.47% to 6.82%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v): **None**
6. Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report: **None**
7. Any material changes to the decommissioning trust agreements: **None**

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1. NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.
2. Target amounts to be collected were established by the Public Utility Commission of Texas (PUCT)-approved separate non-bypassable decommissioning charges established in PUCT Tariff Control No. 31089. Actual collections will vary but the separate non-bypassable decommissioning charges are intended to produce the targeted annual collection amounts established in PUCT Docket No. 22355.

**SOUTH TEXAS PROJECT  
2005 DECOMMISSIONING FUNDING STATUS REPORT  
TEXAS GENCO, LP**

**13.2% Ownership of South Texas Project Unit 1  
(Acquired from AEP Texas Central Company)**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c)<sup>1</sup>:

<b>Total Required:</b>	<b>\$45,195,575</b>
<b>Required by 12/31/2005:</b>	<b>\$ 18,322,530</b>

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(b) and (c): **\$ 36,535,291**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):

<b>Amount remaining<sup>2</sup>:</b>	<b>\$42,294,656</b>
<b>Number of years to collect:</b>	<b>21.60</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation factor:</b>	<b>4.77%</b>
<b>Assumed earnings rate:</b>	<b>3.28% to 6.58%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v): **None**
6. Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report: **None**
7. Any material changes to the decommissioning trust agreements: **None**

In connection with the acquisition of the 13.2% share of AEP Texas Central Company by Texas Genco LLC, new trust agreements were established between Mellon Bank, N. A. and Texas Genco, LP. Assets representing a proportionate share of the interest in the plant purchased by Texas Genco were transferred to the new trusts.

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1. NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.
2. Target amounts to be collected were established by the Public Utility Commission of Texas (PUCT)-approved separate non-bypassable decommissioning charges established in PUCT Tariff Control No. 31271. Actual collections will vary but the separate non-bypassable decommissioning charges are intended to produce the targeted annual collection amounts established in PUCT Docket No. 28840.

**SOUTH TEXAS PROJECT  
2005 NRC DECOMMISSIONING FUNDING STATUS REPORT  
TEXAS GENCO, LP**

**30.8% Ownership of South Texas Project Unit 2**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c)<sup>1</sup>:

<b>Total Required:</b>	<b>\$105,456,342</b>
<b>Required by 12/31/2003:</b>	<b>\$41,627,503</b>

2. The amount accumulated by the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(b) and (c): **\$130,408,224**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):

<b>Amount remaining<sup>2</sup>:</b>	<b>\$20,456,631</b>
<b>Number of years to collect:</b>	<b>22.93</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation factor:</b>	<b>4.77%</b>
<b>Assumed earnings rate:</b>	<b>4.47% to 6.82%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v): **None**
6. Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report: **None**
7. Any material changes to trust agreements: **None**

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1. The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.
2. Target amounts to be collected were established by the Public Utility Commission of Texas (PUCT)-approved separate non-bypassable decommissioning charges established in PUCT Tariff Control No. 31089. Actual collection will vary but the separate non-bypassable decommissioning charges are intended to produce the targeted annual collection amounts established in PUCT Docket No. 22355.

**SOUTH TEXAS PROJECT  
2005 DECOMMISSIONING FUNDING STATUS REPORT  
TEXAS GENCO, LP**

**13.2% Ownership of South Texas Project Unit 2  
(Acquired from AEP Texas Central Company)**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c)<sup>1</sup>:

<b>Total Required:</b>	<b>\$45,195,575</b>
<b>Required by 12/31/2005:</b>	<b>\$ 17,840,359</b>

2. The amount accumulated by the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(b) and (c): **\$ 45,032,175**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):

<b>Amount remaining<sup>2</sup>:</b>	<b>\$46,288,250</b>
<b>Number of years to collect:</b>	<b>22.93</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation factor:</b>	<b>4.77%</b>
<b>Assumed earnings rate:</b>	<b>3.28% to 6.58%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v): **None**

6. Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report: **None**

7. Any material changes to the decommissioning trust agreements:

In connection with the acquisition of the 13.2% share of AEP Texas Central Company by Texas Genco LLC, new trust agreements were established between Mellon Bank, N. A. and Texas Genco, LP. Assets representing a proportionate share of the interest in the plant purchased by Texas Genco were transferred to the new trusts.

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1. The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.
2. Target amounts to be collected were established by the Public Utility Commission of Texas (PUCT)-approved separate non-bypassable decommissioning charges established in PUCT Tariff Control No. 31271. Actual collections will vary but the separate non-bypassable decommissioning charges are intended to produce the targeted annual collection amounts established in PUCT Docket No. 28840.

**ATTACHMENT 2**

**SOUTH TEXAS PROJECT**

**2005 DECOMMISSIONING FUNDING STATUS REPORT**

**CITY PUBLIC SERVICE OF SAN ANTONIO**



**SOUTH TEXAS PROJECT  
2005 NRC DECOMMISSIONING FUNDING STATUS REPORT  
CITY PUBLIC SERVICE OF SAN ANTONIO**

**28% Ownership of South Texas Project Unit 1**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c)<sup>1</sup>:

<b>Total Required:</b>	<b>\$ 95,869,402</b>
<b>Required by 12/31/05:</b>	<b>\$ 38,865,974</b>

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c): **\$ 104,216,930**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c):

<b>Amount Remaining:</b>	<b>\$ 54,340,000</b>
<b>Number of years to collect:</b>	<b>22</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation factor:</b>	<b>4.72%</b>
<b>Assumed earnings rate<sup>2</sup>:</b>	<b>4.45% to 6.16%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c): **NONE**

6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report: **NONE**

7. Any material changes to trust agreements: **NONE**

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1. The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.
2. For the 28% trust, the earnings rate is the standard treasury rates for a one-year to 30-year Treasury note. Through 2005, this segment of the trust was only allowed to invest in government bonds. The 12% trust acquired from AEP Texas Central has been allowed to invest in equities as well as government and corporate bonds. An 8% return is assumed for these investments similar to the historical returns of the pension plan assets. In the future, the rates for the 28% piece will be similar to the 12% piece since both can now invest similarly.

**SOUTH TEXAS PROJECT  
2005 NRC DECOMMISSIONING FUNDING STATUS REPORT  
CITY PUBLIC SERVICE OF SAN ANTONIO**

**12% Ownership of South Texas Project Unit 1  
(Acquired from AEP Texas Central Company)**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c)<sup>1</sup>:

<b>Total required:</b>	<b>\$ 41,086,886</b>
<b>Required by 12/31/05:</b>	<b>\$ 16,656,846</b>

2. The amount accumulated by the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c): **\$29,429,525**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c):

<b>Amount remaining:</b>	<b>\$ 70,064,526</b>
<b>Number of years to collect:</b>	<b>22</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation factor:</b>	<b>4.72%</b>
<b>Assumed earnings rate<sup>2</sup>:</b>	<b>8%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c): **NONE**

6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report: **NONE**

7. Any material changes to trust agreements: **This share of STP ownership acquired in May 2005.**

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1. The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.

2. For the 28% trust, the earnings rate is the standard treasury rates for a one-year to 30-year Treasury note. Through 2005, this segment of the trust was only allowed to invest in government bonds. The 12% trust acquired from AEP Texas Central has been allowed to invest in equities as well as government and corporate bonds. An 8% return is assumed for these investments similar to the historical returns of the pension plan assets. In the future, the rates for the 28% piece will be similar to the 12% piece since both can now invest similarly.

**SOUTH TEXAS PROJECT  
2005 NRC DECOMMISSIONING FUNDING STATUS REPORT  
CITY PUBLIC SERVICE OF SAN ANTONIO  
28% Ownership of South Texas Project Unit 2**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c)<sup>1</sup>:

<b>Total required:</b>	<b>\$95,869,402</b>
<b>Required by 12/31/05:</b>	<b>\$37,843,185</b>

2. The amount accumulated by the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c): **\$127,376,248**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c):

<b>Amount remaining:</b>	<b>\$57,385,000</b>
<b>Number of years to collect:</b>	<b>23</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation rate:</b>	<b>4.72%</b>
<b>Assumed earnings rate<sup>2</sup>:</b>	<b>4.45% to 6.16%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c): **NONE**
6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report: **NONE**
7. Any material changes to trust agreements: **NONE**

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1. The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.
2. For the 28% trust, the earnings rate is the standard treasury rates for a one-year to 30-year Treasury note. Through 2005, this segment of the trust was only allowed to invest in government bonds. The 12% trust acquired from AEP Texas Central has been allowed to invest in equities as well as government and corporate bonds. An 8% return is assumed for these investments similar to the historical returns of the pension plan assets. In the future, the rates for the 28% piece will be similar to the 12% piece since both can now invest similarly.

**SOUTH TEXAS PROJECT  
2005 NRC DECOMMISSIONING FUNDING STATUS REPORT  
CITY PUBLIC SERVICE OF SAN ANTONIO**

**12% Ownership of South Texas Project Unit 2  
(Acquired from AEP Texas Central Company)**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c)<sup>1</sup>:

<b>Total required:</b>	<b>\$ 41,086,886</b>
<b>Required by 12/31/05:</b>	<b>\$16,218,508</b>

2. The amount accumulated by the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c): **\$40,640,773**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c).

<b>Amount remaining:</b>	<b>\$101,153.763</b>
<b>Number of years to collect:</b>	<b>23</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation rate:</b>	<b>4.72%</b>
<b>Assumed earnings rate<sup>2</sup>:</b>	<b>8%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c): **NONE**

6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report: **NONE**

7. Any material changes to trust agreements: **This share of STP ownership acquired in May 2005.**

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1. The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.

2. For the 28% trust, the earnings rate is the standard treasury rates for a one-year to 30-year Treasury note. Through 2005, this segment of the trust was only allowed to invest in government bonds. The 12% trust acquired from AEP Texas Central has been allowed to invest in equities as well as government and corporate bonds. An 8% return is assumed for these investments similar to the historical returns of the pension plan assets. In the future, the rates for the 28% piece will be similar to the 12% piece since both can now invest similarly.

**ATTACHMENT 3**

**SOUTH TEXAS PROJECT**

**2005 DECOMMISSIONING FUNDING STATUS REPORT**

**CITY OF AUSTIN – AUSTIN ENERGY**

**SOUTH TEXAS PROJECT  
2005 NRC DECOMMISSIONING FUNDING STATUS REPORT  
CITY OF AUSTIN – AUSTIN ENERGY**

**16% Ownership of South Texas Project Unit 1**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c)<sup>1</sup>:

<b>Total required:</b>	<b>\$ 54,782,552</b>
<b>Required by 12/31/05:</b>	<b>\$ 20,728,533</b>

2. The amount accumulated by the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c). **\$48,356,041**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c).

<b>Amount remaining:</b>	<b>\$51,608,379</b>
<b>Number of years to collect:</b>	<b>22</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation rate:</b>	<b>5.16%</b>
<b>Assumed earnings rate:</b>	<b>6.0%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c): **None**

6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report: **None**

7. Any material changes to trust agreements: **None**

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1. The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.

**SOUTH TEXAS PROJECT  
2005 NRC DECOMMISSIONING FUNDING STATUS REPORT  
CITY OF AUSTIN – AUSTIN ENERGY**

**16% Ownership of South Texas Project Unit 2**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns. A licensee for a plant involved in a merger or acquisition shall submit the report annually. Funding information for the South Texas Project is provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c)<sup>1</sup>:

<b>Total required:</b>	<b>\$54,782,552</b>
<b>Required by 12/31/05:</b>	<b>\$20,183,045</b>

2. The amount accumulated by the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c): **\$59,605,797**

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c):

<b>Amount remaining</b>	<b>\$59,248,960</b>
<b>Number of years to collect</b>	<b>23</b>

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

<b>Escalation Rate:</b>	<b>5.16%</b>
<b>Assumed earnings rate:</b>	<b>6.0%</b>

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c): **None**
6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report: **None**
7. Any material changes to trust agreements: **None**

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1. The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service, and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.