



TXU Energy
Comanche Peak Steam
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C. Lance Terry
Senior Vice President &
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Ref: 10 CFR 50.75(f)

CPSES-200300601
Log# TXX-03063

March 31, 2003

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555

**SUBJECT: COMANCHE PEAK STEAM ELECTRIC STATION (CPSES)
DOCKET NOS. 50-445 AND 50-446
DECOMMISSIONING REPORT**

Gentlemen:

Attached is the biennial decommissioning report for Comanche Peak Units 1 and 2, prepared and submitted pursuant to 10CFR50.75(f). TXU Generation Company LP (TXU Energy) is an unregulated utility and therefore does not meet the definition of an electric utility as defined by 10CFR50.2. The recovery of decommissioning funds for the eventual decommissioning of CPSES Units 1 and 2 is assured through the collection of a non-bypassable charge which is subsequently contributed to an external trust.

The amounts to be collected for CPSES decommissioning are based on a site specific decommissioning study that includes contracting vendors for recycling and compacting waste. Differences between the study as compared to the 10CFR50.75 estimate are that buildings/equipment common to both units (e.g., the fuel building and the auxiliary building) are decommissioned with Unit 2, decreasing the cost of Unit 1 and increasing the cost of Unit 2.

When projected to the license expiration date for each unit using the assumptions approved in the last rate case and listed in the attached report, the projected Nuclear Decommissioning Trust balance is greater than the escalated NRC minimum cost of decommissioning for Unit 2, but not for Unit 1. Therefore, TXU Energy is providing the following plan pursuant to 10CFR50.75(f)(4).

A member of the **STARS** (Strategic Teaming and Resource Sharing) Alliance

Callaway • Comanche Peak • Diablo Canyon • Palo Verde • South Texas Project • Wolf Creek

*Add Michael A. Dusanjivsky
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The operating licenses for CPSES Units 1 and 2 expires in 2030 and 2033, respectively, leaving more than 25 years to provide contributions to the Units 1 and 2 decommissioning trust funds. We believe that the earnings rates approved for use in the last rate case with the PUC of Texas no longer reflect current market conditions. We are reassessing all the assumptions, including the site specific decommissioning cost estimate, which could result in a request for modification of the current tariff. This would adjust the contribution rate to the decommissioning trust funds sufficient to meet the revised cost estimates and confirm compliance with the financial assurance requirements of 10CFR50.75.

This communication contains the following new licensing basis commitment regarding CPSES Units 1 and 2.

Commitment Number	Commitment
27281	TXU is reassessing all the assumptions, including the site specific decommissioning cost estimate, which could result in a request for modification of the current tariff. This would adjust the contribution rate to the decommissioning trust funds sufficient to meet the revised cost estimates and confirm compliance with the financial assurance requirements of 10CFR50.75.

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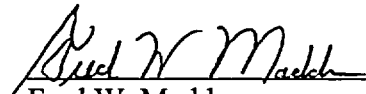
Should you have any questions regarding the status of decommissioning for CPSES Units 1 and 2, please contact Mr. J. D. Seawright at (254) 897-0140.

Sincerely,

TXU Generation Company LP

By: TXU Generation Management Company LLC,
Its General Partner

C. L. Terry
Senior Vice President and Principal Nuclear Officer

By: 
Fred W. Madden
Nuclear Licensing Manager

JDS/js
Attachment

c - E. W. Merschoff, Region IV
W. D. Johnson, Region IV
D. H. Jaffe, NRR
Resident Inspectors, CPSES

**TXU Generation Company LP
Comanche Peak Steam Electric Station (CPSES)**

<u>Information is submitted to provide Financial Assurance</u>	<u>Unit # 1</u>	<u>Unit # 2</u>
1. The minimum amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75 (b) and (c).		
At December 31, 2002		
Using 10 CFR 50.75(c) formulas	\$ 356.7 million	\$ 356.7 million
Site-specific methodology	\$ 350.8 million	\$ 519.5 million
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).		
Market Value at December 31, 2002	\$ 134.8 million	\$ 131.4 million
3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c).		
	<u>Unit # 1</u>	<u>Unit # 2</u>
Years 2003 through 2029 (27 years)	\$ 2.6 million	\$ 11.0 million
Year 2030	0.4 million	11.0 million
Year 2031		11.0 million
Year 2032		1.8 million
Total	\$ 71.4 million	\$ 320.8 million
Based on the collection rate authorized in PUC of Texas Final Order effective 1/1/02, through the license expiration date.		
4. The assumptions used regarding escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.		
Estimated Escalation rate for decommissioning costs	4.68%	4.68%
Estimated Earnings rates on decommissioning funds		
2003 through 2025	6.88%	6.88%
2026 through 2034	5.56%	5.56%
2035 and thereafter	4.04%	4.04%
Rates of other factors used in funding projections	None	None
5. Any power sale contracts upon which licensee is relying to certifying financial assurance.	None	None
6. Modifications to licensee's method of providing financial assurance since previous report.	None	None
7. Material changes to trust agreement.	None	None
Minor changes were made to the Trust Agreement effective 12/31/01 to comply with NRC requirements.		

Assumptions

Bureau of Labor Statistics Data

Employment Cost Index (L_x)

Series ID: ECU13202I Fourth Quarter: 159.0

Not Seasonally Adjusted
Compensation: Total Compensation
Ownership: Private Industry
Periodicity: Index Number
Group: South Region

Producer Price Index - Commodities (E_x)

Series ID: WPU0543 December: 139.6(P)

Not Seasonally Adjusted
Group: Fuels and related products and power
Item: Industrial electric power
Base Date: 8200

Series ID: WPU0573 December: 84.7(P)

Not Seasonally Adjusted
Group: Fuels and related products and power
Item: Light Fuel Oils
Base Date: 8200

Waste Burial Factor (B_x)

NUREG-1307, Revision 10 PWR: 9.467

South Carolina:
Non-Atlantic Compact
Contracting vendors for recycling and
compacting waste