



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

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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 10CFR50.75(f), the South Texas Project submits the attached reports on the status of funds available for decommissioning Units 1 and 2. The reports were prepared by the individual co-owners of the South Texas Project:

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

The attached reports provide the following information for each co-owner:

- Estimated amount of decommissioning funds required;
- Amount accumulated by the end of calendar year 2004;
- A schedule of the annual amounts remaining to be collected;
- Assumptions used regarding rates of escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections;
- Contracts upon which the owners rely pursuant to 10CFR50.75(e)(1)(v);
- Modifications to method of providing financial fund assurance; and
- Material changes to trust agreements.

There are no commitments included in this report.

If there are any questions, please contact me at (361) 972-8085.

Frank H. Mallen
Frank H. Mallen
General Manager,
Financial Support

Attachments:

1. 2004 Decommissioning Funding Status Report - Texas Genco, LP
2. 2004 Decommissioning Funding Status Report - AEP Texas Central Company
3. 2004 Decommissioning Funding Status Report - City Public Service Board of San Antonio
4. 2004 Decommissioning Funding Status Report - City of Austin – Austin Energy

STI 31849027

ADD

cc:

(paper copy)

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ATTACHMENT 1

SOUTH TEXAS PROJECT

2004 DECOMMISSIONING FUNDING STATUS REPORT

TEXAS GENCO, LP

2004 DECOMMISSIONING FUNDING STATUS REPORT

Texas Genco, LP

30.8% Ownership of South Texas Project Unit 1

As provided in 10CFR50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10CFR50.75(b) and (c)¹:

Total required: \$113,836,800

Required by 12/31/2004: \$43,073,384

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75(b) and (c):

Amount accumulated: \$93,185,777

3. A schedule of the annual amounts remaining to be collected for items in 10CFR50.75(b) and (c):

Amount remaining: \$45,517,047

Number of years to collect: 22.6

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

Escalation rate: 3.01%

Earnings rate: 4.64% to 5.20%

5. Any contracts upon which the licensee is relying pursuant to 10CFR50.75(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. Texas Genco's amended Decommissioning Trust Agreement for the South Texas Project dated August 31, 2002 contains a section which provides that except for disbursements for Administrative Costs, no disbursements or payments from the Funds shall be made by the Trustee unless the Trustee has first provided thirty days prior written notice of such disbursement or payment to the NRC.

¹The NRC formulas in section 10CFR50.75(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.

2004 DECOMMISSIONING FUNDING STATUS REPORT

Texas Genco, LP

30.8% Ownership of South Texas Project Unit 2

As provided in 10CFR50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10CFR50.75(b) and (c)¹:

Total required: \$113,836,800

Required by 12/31/2004: \$41,939,874

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75(b) and (c):

Amount accumulated: \$123,218,538

3. A schedule of the annual amounts remaining to be collected for items in 10CFR50.75(b) and (c):

Amount remaining: \$21,349,284

Number of years to collect: 23.9

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

Escalation rate: 3.01%

Earnings rate: 4.64% to 5.20%

5. Any contracts upon which the licensee is relying pursuant to 10CFR50.75(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. Texas Genco's amended Decommissioning Trust Agreement for the South Texas Project dated August 31, 2002 contains a section which provides that except for disbursements for Administrative Costs, no disbursements or payments from the Funds shall be made by the Trustee unless the Trustee has first provided thirty days prior written notice of such disbursement or payment to the NRC.

¹The NRC formulas in section 10CFR50.75(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.

ATTACHMENT 2

SOUTH TEXAS PROJECT

2004 DECOMMISSIONING FUNDING STATUS REPORT

AEP TEXAS CENTRAL COMPANY

2004 DECOMMISSIONING FUNDING STATUS REPORT

AEP Texas Central Company

25.2% Ownership of South Texas Project Unit 1

As provided in 10CFR50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10CFR50.75(b) and (c)¹:

Total required: \$92,901,060

Required by 12/31/2004: \$35,151,752

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75(b) and (c):

Amount accumulated: \$63,873,227

3. A schedule of the annual amounts remaining to be collected for items in 10CFR50.75(b) and (c):

Amount remaining: \$77,196,388

Number of years to collect: 23

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

Escalation factor: 4.18%

**Net earnings rate
(after taxes and fees): 5.76%**

**(These percentages are based upon AEP
Texas Central's most recent rate case.)**

5. Any contracts upon which the licensee is relying pursuant to 10CFR50.75(e)(1)(v):

No contracts. The source of funds for the external decommissioning fund is cost-of-service regulation.

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:

The trust agreement has been amended to comply with the requirements of 10CFR50.75(h)(2).

¹The NRC formulas in section 10CFR50.75(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.

2004 DECOMMISSIONING FUNDING STATUS REPORT

AEP Texas Central Company

25.2% Ownership of South Texas Project Unit 2

As provided in 10CFR50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10CFR50.75(b) and (c)¹:

Total required: \$92,901,060

Required by 12/31/2004: \$34,226,706

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75(b) and (c):

Amount accumulated: \$78,625,390

3. A schedule of the annual amounts remaining to be collected for items in 10CFR50.75(b) and (c):

Amount remaining: \$110,949,912

Number of years to collect: 24

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

Escalation factor: 4.18%

**Net earnings rate
(after taxes and fees): 5.76%**

**(These percentages are based upon AEP
Texas Central's most recent rate case).**

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):

**No contracts. The source of funds for the external
decommissioning fund is cost-of-service regulation.**

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:

**The trust agreement has been amended to comply with
the requirements of 10CFR50.75(h)(2).**

¹The NRC formulas in section 10CFR50.75(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.

ATTACHMENT 3

SOUTH TEXAS PROJECT

2004 DECOMMISSIONING FUNDING STATUS REPORT

CITY PUBLIC SERVICE OF SAN ANTONIO

2004 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 on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10CFR50.75(b) and (c)¹:

Total required: \$103,488,000

Required by 12/31/2004: \$39,157,622

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75(b) and (c):

Amount accumulated: \$100,602,148

3. A schedule of the annual amounts remaining to be collected for items in 10CFR50.75(b) and (c) (in current year dollars):

Amount remaining: \$56,810,000

Number of years to collect: 23

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

Escalation rate: 4.72%

Earnings rate: 4.45% to 6.16%

5. Any contracts upon which the licensee is relying pursuant to 10CFR50.75(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:

The trust agreement has been revised to comply with the requirements of 10CFR50.75(h)(2).

¹ The NRC formulas in section 10CFR50.75(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.

2004 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 on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10CFR50.75(b) and (c)¹:

Total required: \$103,488,000

Required by 12/31/2004: \$38,127,158

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75(b) and (c):

Amount accumulated: \$121,808,080

3. A schedule of the annual amounts remaining to be collected for items in 10CFR50.75(b) and (c) (in current year dollars):

Amount remaining: \$59,880,000

Number of years to collect: 24

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

Escalation rate: 4.72%

Earnings rate: 4.45% to 6.16%

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:

The trust agreement has been amended to comply with the requirements of 10CFR50.75(h)(2).

¹ The NRC formulas in section 10CFR50.75(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.

ATTACHMENT 4

SOUTH TEXAS PROJECT

2004 DECOMMISSIONING FUNDING STATUS REPORT

CITY OF AUSTIN – AUSTIN ENERGY

2004 DECOMMISSIONING FUNDING STATUS REPORT

City of Austin - Austin Energy

16% Ownership of South Texas Project Unit 1

As provided in 10CFR50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10CFR50.75(b) and (c)¹:

Total required: \$58,984,486

Required by 12/31/2004: \$22,318,454

The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75(b) and (c):

Amount accumulated: \$45,428,333

2. A schedule of the annual amounts remaining to be collected for items in 10CFR50.75(b) and (c):

Amount remaining: \$54,155,280

Number of years to collect: 23

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

Escalation rate: 5.18%

Earnings rate: 6.0%

4. Any contracts upon which the licensee is relying pursuant to 10CFR50.75(e)(1)(v):

None

5. Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report:

None

6. Any material changes to trust agreements.

The trust agreement has been amended to comply with the requirements of 10CFR50.75(h)(2).

¹ The NRC formulas in section 10CFR50.75(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.

2004 DECOMMISSIONING FUNDING STATUS REPORT

City of Austin - Austin Energy

16% Ownership of South Texas Project Unit 2

As provided in 10CFR50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10CFR50.75(b) and (c)¹:

Total required: \$58,984,486

Required by 12/31/2004: \$21,731,126

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75(b) and (c):

Amount accumulated: \$55,620,737

3. A schedule of the annual amounts remaining to be collected for items in 10CFR50.75(b) and (c):

Amount remaining: \$62,612,771

Number of years to collect: 24

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

Escalation rate: 5.18%

Earnings rate: 6.0%

5. Any contracts upon which the licensee is relying pursuant to 10CFR50.75(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:

The trust agreement has been amended to comply with the requirements of 10CFR50.75(h)(2).

¹ The NRC formulas in section 10CFR50.75(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.