



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

March 27, 2007
NOC-AE-07002132
File No.: G25
10 CFR 50.75

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
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Rockville, MD 20852-2738

South Texas Project
Units 1 and 2
Docket Nos. STN 50-498, STN 50-499
2007 Decommissioning Funding Status Report

Pursuant to 10 CFR 50.75(f), the STP Nuclear Operating Company (STPNOC) submits the attached reports on the status of funds available for decommissioning South Texas Project Units 1 and 2 effective December 31, 2006. The data were assembled by the individual co-owners of the South Texas Project:

- NRG South Texas, LP;
- 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 2006;
- 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 10 CFR 50.75(e)(1)(v);
- Modifications to method of providing financial fund assurance; and
- Material changes to trust agreements.

There are no commitments in this letter.

If there are any questions, please contact either Mr. Philip L. Walker at (361) 972-8392 or me at (361) 972-8074.

George Harrison
Manager,
Financial Services

PLW

Attachments:

1. 2007 Decommissioning Funding Status Report – NRG South Texas LP
2. 2007 Decommissioning Funding Status Report – City Public Service Board of San Antonio
3. 2007 Decommissioning Funding Status Report – City of Austin – Austin Energy

STI: 32131153

A001

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ATTACHMENT 1

SOUTH TEXAS PROJECT

2007 DECOMMISSIONING FUNDING STATUS REPORT

NRG SOUTH TEXAS LP

2007 DECOMMISSIONING FUNDING STATUS REPORT

NRG South Texas, LP

13.2% Ownership of South Texas Project Unit 1

(Acquired from AEP)

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. Please reference the information below for the requested information:

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

Total Required: \$48,248,046

Required by 12/31/2006: \$20,864,020

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):

\$42,659,404

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

Amount Remaining²: \$40,342,595

Number of Years to Collect: 20.60

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: 4.77%

Assumed Earnings Rate: 3.28% to 6.58%

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:

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. In connection with the acquisition of Texas Genco LLC by NRG Energy, Inc., the list of prohibited investments under the trust agreement was expanded to include securities of NRG Energy, Inc. and its affiliates.

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.

- ² Target amounts to be collected were established by the 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.

2007 DECOMMISSIONING FUNDING STATUS REPORT

NRG South Texas, LP

30.8% Ownership of South Texas Project Unit 1

(Acquired from Texas Genco)

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. Please reference the information below for the requested information:

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

Total Required:	\$112,578,774
Required by 12/31/2006:	\$48,682,713

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):

\$113,326,959

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

Amount Remaining²:	\$41,486,017
Number of Years to Collect:	20.60

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:	4.77 %
Assumed Earnings Rate:	4.47% - 6.82%

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

The PUCT approved the Decommission Funds Collections Agreement by and between CenterPoint Energy (CNP), Houston Electric and Texas Genco, LP in which CNP collects the non-bypassable charges and deposits them directly into the trust.

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:

In connection with the acquisition of Texas Genco LLC by NRG Energy, Inc., the list of prohibited investments under the trust agreement was expanded to include securities of NRG Energy, Inc. and its affiliates.

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.

² Target amounts to be collected were established by the 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.

2007 DECOMMISSIONING FUNDING STATUS REPORT

NRG South Texas, LP

13.2% Ownership of South Texas Project Unit 2

(Acquired from AEP)

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. Please reference the information below for the requested information:

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

Total Required: \$48,248,046

Required by 12/31/2006: \$20,314,967

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):

\$52,165,854

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

Amount Remaining²: \$44,268,399

Number of Years to Collect: 21.93

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: 4.77%

Assumed Earnings Rate: 3.28% to 6.58%

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:

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. In connection with the acquisition of Texas Genco LLC by NRG Energy, Inc., the list of prohibited investments under the trust agreement was expanded to include securities of NRG Energy, Inc. and its affiliates.

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 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

2007 DECOMMISSIONING FUNDING STATUS REPORT

NRG South Texas, LP

30.8% Ownership of South Texas Project Unit 2

(Acquired from Texas Genco)

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. Please reference the information below for the requested information:

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

Total Required: \$112,578,774

Required by 12/31/2006: \$47,401,589

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):

\$145,810,816

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

Amount Remaining²: \$19,563,978

Number of Years to Collect: 21.93

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: 4.77 %

Assumed Earnings Rate: 4.47% - 6.82%

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

The PUCT approved the Decommission Funds Collections Agreement by and between CenterPoint Energy (CNP), Houston Electric and Texas Genco, LP in which CNP collects the non-bypassable charges and deposits them directly into the trust.

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:

In connection with the acquisition of Texas Genco LLC by NRG Energy, Inc., the list of prohibited investments under the trust agreement was expanded to include securities of NRG Energy, Inc. and its affiliates.

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 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.

ATTACHMENT 2

SOUTH TEXAS PROJECT

2007 DECOMMISSIONING FUNDING STATUS REPORT

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

2007 DECOMMISSIONING FUNDING STATUS REPORT

City Public Service Board of San Antonio

12% Ownership of South Texas Project Unit 1

(Acquired from Texas Genco)

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. Please reference the information below and the attachment for the requested information:

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

Total Required: \$43,861,230

Required by 12/31/2006: \$18,967,018

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).

\$40,629,062

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

Amount Remaining: \$37,266,557

Number of Years to Collect: 21

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%

Assumed Earnings Rate: 8%

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

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.

2007 DECOMMISSIONING FUNDING STATUS REPORT

City Public Service Board 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. Please reference the information below for the requested information:

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

Total Required: \$102,342,870

Required by 12/31/2006: \$44,256,376

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):

\$115,287,621

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

Amount Remaining: \$51,870,000

Number of Years to Collect: 21

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%

Assumed 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:

None

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.

2007 DECOMMISSIONING FUNDING STATUS REPORT

City Public Service Board of San Antonio

12% Ownership of South Texas Project Unit 2

(Acquired from AEP)

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. Please reference the information below and the attachment for the requested information:

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

Total Required: \$43,861,230

Required by 12/31/2006: \$18,467,886

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):

\$42,040,058

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

Amount Remaining: \$40,397,005

Number of Years to Collect: 22

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%

Assumed Earnings Rate: 8%

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

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.

2007 DECOMMISSIONING FUNDING STATUS REPORT

City Public Service Board 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. Please reference the information below for the requested information:

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

Total Required: \$102,342,000

Required by 12/31/2006: \$43,091,735

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):

\$140,907,093

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

Amount Remaining: \$54,890,000

Number of Years to Collect: 22

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%

Assumed 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:

None

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 3

SOUTH TEXAS PROJECT

2007 DECOMMISSIONING FUNDING STATUS REPORT

CITY OF AUSTIN – AUSTIN ENERGY

2007 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 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. Please reference the information below for the requested information:

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

Total Required: \$58,464,379

Required by 12/31/2006: \$25,281,894

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):

\$52,960,739

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

Amount Remaining: \$49,226,453

Number of Years to Collect: 21

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: 5.16%

Assumed Earnings Rate: 6.0%

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

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.

2007 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 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. Please reference the information below for the requested information:

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

Total Required: **\$58,464,379**

Required by 12/31/2006: **\$24,616,581**

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):

\$64,914,429

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

Amount Remaining: **\$56,672,918**

Number of Years to Collect: **22**

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: **5.16%**

Assumed Earnings Rate: **6.0%**

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

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.