

TXU Power
Comanche Peak Steam
Electric Station
P. O. Box 1002 (E01)
Glen Rose, TX 76043
Tel: 254 897 5209
Fax: 254 897 6652
mike.blevins@txu.com

Mike Blevins
Senior Vice President &
Chief Nuclear Officer

Ref: #10CFR50.75(f)

CPSES- 200700606
Log # TXX-07065

March 29, 2007

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**

Dear Sir or Madam:

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 Power) 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.

TXX-07065

Page 2 of 2

When projected to the license expiration date for each unit using the 2 percent annual real rate of return as allowed per 10CFR50.75(e)(ii), the projected Nuclear Decommissioning Trust balance is greater than the escalated NRC minimum cost of decommissioning for Units 1 and 2.

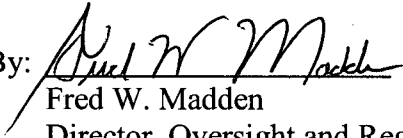
Should you have any questions, please contact Mr. J. D. Seawright at (254) 897-0140.

Sincerely,

TXU Generation Company LP

By: TXU Generation Management Company LLC
Its General Partner

Mike Blevins

By: 
Fred W. Madden
Director, Oversight and Regulatory Affairs

JDS
Attachment

c - B. S. Mallett, Region IV
M. C. Thadani, 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, 2006		
Using 10 CFR 50.75(c) formulas	\$ 369.2 million	\$ 369.2 million
Site-specific study	\$ 504.8 million	\$ 615.6 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, 2006	\$ 208.9 million	\$ 239.1 million
3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c).		
Years 2007 through 2029 (23 years)	<u>Unit # 1</u> \$ 7.1 million	<u>Unit # 2</u> \$ 8.1 million
Year 2030	1.8 million	8.1 million
Year 2031		8.1 million
Year 2032		2.0 million
Total	\$ 164.4 million	\$ 204.3 million
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	4.02%	4.11%
Estimated Earnings rates on decommissioning funds		
2007 through 2029	6.6%	6.6%
2030 through 2033	6.3%	6.3%
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

NOTES:

1. Labor (South), Energy, and Burial inflation factors are based on NUREG 1307, "Report on Waste Burial Charges," Revision 12 ($L_x=2.04$, $E_x=2.152$, and $B_x=8.683$)
2. All forecast data are based on the decommissioning cost study filed with the Public Utility Commission on June 17, 2005, and approved by the Commission's Policy Development Division on July 29, 2005.