



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

March 24, 2011
NOC-AE-11002656
File No.: D57, G25
10 CFR 50.75

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

South Texas Project
Units 1 and 2
Docket Nos. STN 50-498, STN 50-499
Financial Assurance for Decommissioning – 2011 Update

Pursuant to 10 CFR 50.75(f)(1), the STP Nuclear Operating Company (STPNOC) submits the attached status reports regarding funds available, effective December 31, 2010, for decommissioning South Texas Project Units 1 and 2. The data are 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 December 31, 2010;
- A schedule of the annual amounts remaining to be collected;
- Assumptions for rates of escalation in decommissioning cost, and for rates 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.

This letter contains no NRC commitments.

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


George Harrison
General Manager,
Finance and Accounting

PLW

Attachments:

1. Financial Assurance for Decommissioning – NRG South Texas LP
2. Financial Assurance for Decommissioning – City Public Service Board of San Antonio
3. Financial Assurance for Decommissioning – City of Austin – Austin Energy

STI: 32841445

A001
MRR

cc:
(paper copy)

Regional Administrator, Region IV
U. S. Nuclear Regulatory Commission
612 East Lamar Blvd., Suite 400
Arlington, Texas 76011-8064

Balwant K. Singal
Senior Project Manager
U.S. Nuclear Regulatory Commission
One White Flint North (MS 8B1)
11555 Rockville Pike
Rockville, MD 20852

Senior Resident Inspector
U. S. Nuclear Regulatory Commission
P. O. Box 289, Mail Code: MN116
Wadsworth, TX 77483

C. M. Canady
City of Austin
Electric Utility Department
721 Barton Springs Road
Austin, TX 78704

(electronic copy)

John Ragan
Catherine Callaway
Jim von Suskil
NRG South Texas LP

A. H. Gutterman, Esquire
Morgan, Lewis & Bockius LLP

Balwant K. Singal
U. S. Nuclear Regulatory Commission

Richard Pena
E. Alarcon
Kevin Pollo
City Public Service

C. Mele
City of Austin

Peter Nemeth
Crain Caton & James, P.C.

Richard A. Ratliff
Texas Department of State Health Services

Alice Rogers
Texas Department of State Health Services

ATTACHMENT 1

SOUTH TEXAS PROJECT

FINANCIAL ASSURANCE FOR DECOMMISSIONING

2011 UPDATE

NRG SOUTH TEXAS LP

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 NRG South Texas LP
 13.2% Ownership of South Texas Project Unit 1**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ :	Total Required:	\$61,642,350
2. 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):	Amount Accumulated²:	\$37,773,989
3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):	Amount Remaining³:	\$20,870,100
	Number of Years to Collect:	17
4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:	Escalation Rate:	2.713%
	Earnings Rate:	5.02% - 7.01%
5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c):	The Public Utility Commission of Texas (PUCT) approved the Decommission Funds Collections Agreement by and between AEP Texas Central Company (TCC) and NRG South Texas LP in which TCC collects the non-bypassable charges and deposits them directly into the trust.	
6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report:	None	
7. 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.

2. By Order dated October 10, 2008 in PUCT Docket No. 35772, NRG South Texas LP was granted approval to establish a separate spent fuel management subaccount. By Order dated July 13, 2009 in PUCT Docket No. 36796, NRG South Texas was granted approval to establish a separate subaccount for pre-shutdown disposal of large components. The amounts allocable to the spent fuel management and pre-shutdown disposal subaccounts are not included in the reported amount. The reported amount includes funds accumulated based upon a site-specific study that includes license termination and other costs.

3. 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 charges are intended to produce the targeted annual collection amounts established in PUCT Docket No. 35772. Collections are being deposited on a priority basis in the large component disposal subaccount, which is expected to be fully funded in 2011. Thereafter, collections will be apportioned between the subaccount (~27.5%) and the primary account for 10CFR50.75(c) costs (~72.5%).

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 NRG South Texas LP
 30.8% Ownership of South Texas Project Unit 1**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

- | | | |
|---|---|----------------------|
| 1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ : | Total Required: | \$143,832,150 |
| 2. 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): | Amount Accumulated²: | \$94,572,148 |
| 3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c): | Amount Remaining³: | \$33,852,789 |
| | Number of Years to Collect: | 17 |
| 4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections: | Escalation Rate: | 2.713% |
| | Earnings Rate: | 5.02% - 7.01% |
| 5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c): | The Public Utility Commission of Texas (PUCT) approved the Decommission Funds Collections Agreement by and between CenterPoint Energy Houston Electric (CNP) and Texas Genco, LP in which CNP collects the non-bypassable charges and deposits them directly into the trust. | |
| 6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report: | None | |
| 7. 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.

2. By Order dated October 10, 2008 in PUCT Docket No. 35772, NRG South Texas LP was granted approval to establish a separate spent fuel management subaccount. By Order dated July 13, 2009 in PUCT Docket No. 36796, NRG South Texas was granted approval to establish a separate subaccount for pre-shutdown disposal of large components. The amounts allocable to the spent fuel management and pre-shutdown disposal subaccounts are not included in the reported amount. The reported amount includes funds accumulated based upon a site-specific study that includes license termination and other costs.

3. 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 charges are intended to produce the targeted annual collection amounts established in PUCT Docket No. 35772. Collections are being deposited on a priority basis in the large component disposal subaccount, which is expected to be fully funded in 2012. Thereafter, collections will be apportioned between the subaccount (~27.5%) and the primary account for 10CFR50.75(c) costs (~72.5%).

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 NRG South Texas LP
 13.2% Ownership of South Texas Project Unit 2**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ :	Total Required:	\$61,642,350
2. 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):	Amount Accumulated²:	\$47,217,439
3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):	Amount Remaining³:	\$16,840,502
	Number of Years to Collect:	18
4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:	Escalation Rate:	2.727%
	Earnings Rate:	5.02% - 7.01%
5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c):	The Public Utility Commission of Texas (PUCT) approved the Decommission Funds Collections Agreement by and between AEP Texas Central Company (TCC) and NRG South Texas LP in which TCC collects the non-bypassable charges and deposits them directly into the trust.	
6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report:	None	
7. 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.

2. By Order dated October 10, 2008 in PUCT Docket No. 35772, NRG South Texas LP was granted approval to establish a separate spent fuel management subaccount. By Order dated July 13, 2009 in PUCT Docket No. 36796, NRG South Texas was granted approval to establish a separate subaccount for pre-shutdown disposal of large components. The amounts allocable to the spent fuel management and pre-shutdown disposal subaccounts are not included in the reported amount. The reported amount includes funds accumulated based upon a site-specific study that includes license termination and other costs.

3. 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 charges are intended to produce the targeted annual collection amounts established in PUCT Docket No. 35772. Collections are being deposited on a priority basis in the large component disposal subaccount, which is expected to be fully funded in 2011. Thereafter, collections will be apportioned between the subaccount (~24.3%) and the primary account for 10CFR50.75(c) costs (~75.7%).

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 NRG South Texas LP
 30.8% Ownership of South Texas Project Unit 2**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

- | | | |
|---|---|----------------------|
| 1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ : | Total Required: | \$143,832,150 |
| 2. 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): | Amount Accumulated²: | \$122,262,239 |
| 3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c): | Amount Remaining³: | \$10,793,353 |
| | Number of Years to Collect: | 18 |
| 4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections: | Escalation Rate: | 2.727% |
| | Earnings Rate: | 5.02% - 7.01% |
| 5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c): | The Public Utility Commission of Texas (PUCT) approved the Decommission Funds Collections Agreement by and between CenterPoint Energy Houston Electric (CNP) and Texas Genco, LP in which CNP collects the non-bypassable charges and deposits them directly into the trust. | |
| 6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report: | None | |
| 7. 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.

2. By Order dated October 10, 2008 in PUCT Docket No. 35772, NRG South Texas LP was granted approval to establish a separate spent fuel management subaccount. By Order dated July 13, 2009 in PUCT Docket No. 36796, NRG South Texas was granted approval to establish a separate subaccount for pre-shutdown disposal of large components. The amounts allocable to the spent fuel management and pre-shutdown disposal subaccounts are not included in the reported amount. The reported amount includes funds accumulated based upon a site-specific study that includes license termination and other costs.

3. 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 charges are intended to produce the targeted annual collection amounts established in PUCT Docket No. 35772. Collections are being deposited on a priority basis in the large component disposal subaccount, which is expected to be fully funded in 2012. Thereafter, collections will be apportioned between the subaccount (~24.3%) and the primary account for 10CFR50.75(c) costs (~75.7%).

ATTACHMENT 2

SOUTH TEXAS PROJECT

FINANCIAL ASSURANCE FOR DECOMMISSIONING

2011 UPDATE

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 City Public Service Board of San Antonio
 12% Ownership of South Texas Project Unit 1**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

- | | | |
|---|---|---------------------|
| 1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ : | Total Required: | \$56,038,172 |
| 2. 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): | Amount Accumulated²: | \$33,882,358 |
| 3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c): | Amount Remaining³: | \$0 |
| | Number of Years to Collect: | 17 |
| 4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections: | Escalation Rate: | 2.72% |
| | Earnings Rate: | 7.3% |
| 5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c): | None | |
| 6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report: | None | |
| 7. Material changes to trust agreements: | The Master Trust Agreement was revised effective January 1, 2011, in accordance with a Public Utility Commission of Texas (PUCT) order authorizing transfer of funds from Unit 1 to a spent fuel subaccount to be used only for fuel-related costs incurred after shutdown commences. Additionally, the Master Trust Agreement was revised to allow for creation of a pre-shutdown decommissioning cost subaccount to fund large component replacement and disposal costs. | |

1. The NRC formulas in 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 NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to the Department of Energy are not included in the cost formulas.

2. By Order dated November 20, 2008 in PUCT Docket No. 35786, CPS was granted approval to establish separate spent fuel management and pre-shutdown activities subaccounts. The amounts allocable to these subaccounts are not included in the reported amount. The reported amount includes funds accumulated based upon a site-specific study that includes license termination and other costs.

3. CPS Energy estimates that the Trust is currently fully funded, based on the 2008 decommissioning cost study and updated escalation rates. Additional contributions ended December 31, 2008. If future estimates indicate that further funding may be required, CPS Energy would be able to apply to the PUCT to seek further funding for NRC license termination costs through cost-of-service recovery authorized by Texas law.

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 City Public Service Board of San Antonio
 28% Ownership of South Texas Project Unit 1**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ :	Total Required:	\$130,751,796
2. 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):	Amount Accumulated²:	\$94,429,860
3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):	Amount Remaining³:	\$0
	Number of Years to Collect:	17
4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:	Escalation Rate:	2.72%
	Earnings Rate:	7.3%
5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c):	None	
6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report:	None	
7. Material changes to trust agreements:	The Master Trust Agreement was revised effective January 1, 2011, in accordance with a Public Utility Commission of Texas (PUCT) order authorizing transfer of funds from Unit 1 to a spent fuel subaccount to be used only for fuel-related costs incurred after shutdown commences. Additionally, the Master Trust Agreement was revised to allow for creation of a pre-shutdown decommissioning cost subaccount to fund large component replacement and disposal costs.	

1. The NRC formulas in 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 NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to the Department of Energy are not included in the cost formulas.

2. By Order dated November 20, 2008 in PUCT Docket No. 35786, CPS was granted approval to establish separate spent fuel management and pre-shutdown activities subaccounts. The amounts allocable to these subaccounts are not included in the reported amount. The reported amount includes funds accumulated based upon a site-specific study that includes license termination and other costs.

3. CPS Energy estimates that the Trust is currently fully funded, based on the 2008 decommissioning cost study and updated escalation rates. Additional contributions ended January 31, 2008. If future estimates indicate that further funding may be required, CPS Energy would be able to apply to the PUCT to seek further funding for NRC license termination costs through cost-of-service recovery authorized by Texas law.

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 City Public Service Board of San Antonio
 12% Ownership of South Texas Project Unit 2**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ :	Total Required:	\$56,038,172
2. 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):	Amount Accumulated²:	\$35,021,913
3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):	Amount Remaining³:	\$0
	Number of Years to Collect:	18
4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:	Escalation Rate:	2.72%
	Earnings Rate:	7.3%
5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c):	None	
6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report:	None	
7. Material changes to trust agreements:	The Master Trust Agreement was revised effective January 1, 2011, in accordance with a Public Utility Commission of Texas (PUCT) order authorizing transfer of funds from Unit 2 to a spent fuel subaccount to be used only for fuel-related costs incurred after shutdown commences. Additionally, the Master Trust Agreement was revised to allow for creation of a pre-shutdown decommissioning cost subaccount to fund large component replacement and disposal costs.	

1. The NRC formulas in 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 NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to the Department of Energy are not included in the cost formulas.

2. By Order dated November 20, 2008 in PUCT Docket No. 35786, CPS was granted approval to establish separate spent fuel management and pre-shutdown activities subaccounts. The amounts allocable to these subaccounts are not included in the reported amount. The reported amount includes funds accumulated based upon a site-specific study that includes license termination and other costs.

3. CPS Energy estimates that the Trust is currently fully funded, based on the 2008 decommissioning cost study and updated escalation rates. Additional contributions ended December 31, 2008. If future estimates indicate that further funding may be required, CPS Energy would be able to apply to the PUCT to seek further funding for NRC license termination costs through cost-of-service recovery authorized by Texas law.

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 City Public Service Board of San Antonio
 28% Ownership of South Texas Project Unit 2**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ :	Total Required:	\$130,751,796
2. 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):	Amount Accumulated²:	\$114,617,695
3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):	Amount Remaining³:	\$0
	Number of Years to Collect:	18
4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:	Escalation Rate:	2.72%
	Earnings Rate:	7.3%
5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c):	None	
6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report:	None	
7. . Material changes to trust agreements:	The Master Trust Agreement was revised effective January 1, 2011, in accordance with a Public Utility Commission of Texas (PUCT) order authorizing transfer of funds from Unit 2 to a spent fuel subaccount to be used only for fuel-related costs incurred after shutdown commences. Additionally, the Master Trust Agreement was revised to allow for creation of a pre-shutdown decommissioning cost subaccount to fund large component replacement and disposal costs.	

1. The NRC formulas in 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 NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to the Department of Energy are not included in the cost formulas.

2. By Order dated November 20, 2008 in PUCT Docket No. 35786, CPS was granted approval to establish separate spent fuel management and pre-shutdown activities subaccounts. The amounts allocable to these subaccounts are not included in the reported amount. The reported amount includes funds accumulated based upon a site-specific study that includes license termination and other costs.

3. CPS Energy estimates that the Trust is currently fully funded, based on the 2008 decommissioning cost study and updated escalation rates. Additional contributions ended January 31, 2008. If future estimates indicate that further funding may be required, CPS Energy would be able to apply to the PUCT to seek further funding for NRC license termination costs through cost-of-service recovery authorized by Texas law.

ATTACHMENT 3

SOUTH TEXAS PROJECT

FINANCIAL ASSURANCE FOR DECOMMISSIONING

2011 UPDATE

CITY OF AUSTIN – AUSTIN ENERGY

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 City of Austin – Austin Energy
 16% Ownership of South Texas Project Unit 1**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ :	Total Required:	\$74,653,135
2. 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) ² :	Amount Accumulated:	\$49,778,721
3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):	Amount Remaining:	\$24,874,414
	Number of Years to Collect:	17
4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:	Escalation Rate:	3.964%
	Earnings Rate:	5.073%
5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c)?	None	
6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report:	None	
7. Material changes to trust agreements:	None	

1. The NRC formulas in 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 NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to Department of Energy are not included in the cost formulas.

2. On October 1, 2008, an accounting division of the Decommissioning Trust balance was recorded to reflect the division of costs as referenced in footnote 1.

**FINANCIAL ASSURANCE FOR DECOMMISSIONING
 City of Austin – Austin Energy
 16% Ownership of South Texas Project Unit 2**

Pursuant to 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 two years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns. The requested information is provided below.

1. Minimum decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ :	Total Required:	\$74,653,135
2. 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) ² :	Amount Accumulated:	\$59,107,377
3. Schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c):	Amount Remaining:	\$15,545,758
	Number of Years to Collect:	18
4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:	Escalation Rate:	3.964%
	Earnings Rate:	5.073%
5. Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c):	None	
6. Modifications to a licensee's current method providing financial assurance occurring since the last submitted report:	None	
7. Material changes to trust agreements:	None	

1. The NRC formulas in 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 NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to the Department of Energy are not included in the cost formulas.

2. On October 1, 2008, an accounting division of the Decommissioning Trust balance was recorded to reflect the division of costs as referenced in footnote 1.