

Enclosure 3 to TXX-11056

**Application of TXU Electric Company for approval of unbundled
cost of service rate pursuant to PURA §39.201 and Public Utility
Commission Substantive Rule §25.344
(Page 2707)**

**Link:http://interchange.puc.state.tx.us/WebApp/Interchange/application/dbapps/filings/pgSearch_Results.asp?TXT_CNTR_NO=22350&TXT_ITEM_NO=1
[NOTE: download the file as a *.tif file - erase the last "f" in the file name.]**

**TXU ELECTRIC COMPANY
DECOMMISSIONING ASSUMPTIONS
SPONSOR: K. R. OLIVER**

I. CONTRIBUTIONS:

Monthly contributions (Column B) on Schedule II-H-2, Attachment (e):

1. Contributions are made monthly, generally at the beginning of the month.
We assume the contributions will be fully invested by the middle of each month.
2. Revised contributions will be implemented beginning January 1, 2002.
3. \$ 4,890,878 For Unit 1 begin September 1990 and continue through January 2030.
4. \$ 11,301,796 For Unit 2 begin August 1993 and continue through January 2033.
5. \$ 16,192,674 Total for both units.

II. FUND EARNINGS RATES:

Net Fund Earnings Rates (Column C), Schedule II-H-2, Attachment (e):

Period	Annual Rate	Monthly Rate
October 1999 - December 2025	6.7%	0.5419%
January 2026 - December 2034	5.6%	0.4551%
January 2035 - On	4.2%	0.3434%

Note: See Schedule II-H-1, Attachment (m) page 3 for derivation of net earnings rates.

The equivalent monthly net earnings rates are derived by the formula:

$$\text{Monthly Rate} = ((1 + \text{Annual Return}) ^ { (1/12) } - 1)$$

III. DECOMMISSIONING OUTLAYS:

Timing of Decommissioning Outlays (Column D), Schedule II-H-2, Attachment (e):

1. For Unit 1 begin February 2030 and continue through October 2041.
2. For Unit 2 begin February 2033 and continue through December 2044.

Decommissioning Cost and Escalation Rate used to determine outlays:

See the direct testimony of Thomas S. LaGuardia and accompanying exhibits for derivation of the decommissioning cost and escalation rates.

See Schedule II-H-1, Attachment (k) for the decommissioning costs.

IV. ADMINISTRATION EXPENSES:

1. Administration fees and taxes are developed on Schedule II-H-2, Attachment (h).
2. Administration fees and taxes have been netted from the expected returns and are reflected in the Net Returns.
3. Fund Earnings Rates are shown in Part II, above and were developed on Schedule II-H-1, Attachment (m) page 3.