



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

May 31, 2001  
NOC-AE-01001112  
File No.: G20, G21  
10CFR50.80

U.S. Nuclear Regulatory Commission  
Attention: Samuel J. Collins  
Director, Office of Nuclear Reactor Regulation  
Washington, DC 20555-0001

South Texas Project  
Units 1 and 2  
Docket Nos. STN 50-498 and STN 50-499  
Application for Order and Conforming  
Administrative Amendments for Transfers of Licenses

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (the Act), and 10 CFR 50.80, STP Nuclear Operating Company (STPNOC), acting on behalf of Reliant Energy HL&P (formerly known as Houston Lighting & Power Company and referred to herein as HL&P), hereby requests that the Nuclear Regulatory Commission (NRC) consent to the direct and indirect transfers of control of HL&P's ownership interest in the South Texas Project Electric Generating Station, Units 1 and 2 (STPEGS), described in greater detail below. HL&P seeks consent to the following transfers:

- (1) An indirect transfer of control of HL&P's interest in STPEGS in connection with the formation of a new parent holding company of HL&P, currently referred to as "Regco."
- (2) A direct transfer of control of HL&P's interest in STPEGS to a Texas partnership, currently known as "Texas Genco LP," which will be indirectly wholly owned by Regco.
- (3) A direct transfer of control of Texas Genco LP's interest in STPEGS to a Texas corporation, currently known as "Texas Genco, Inc.," which will be indirectly owned and controlled by Regco.

The transfers to Texas Genco LP and Texas Genco, Inc. will require conforming administrative license amendments to replace HL&P on the licenses. STPNOC will provide the NRC with the actual names of these entities prior to issuance of any conforming amendments.

In connection with each transfer of its 30.8% undivided ownership interest in STPEGS, HL&P's corresponding 30.8% interest in STPNOC, a not-for-profit Texas corporation, will also be transferred. However, this is not a controlling interest in STPNOC, and therefore, there will be no transfer of control of STPNOC's licenses to operate STPEGS on behalf of the owners. If the NRC concludes that such transfers of interest in STPNOC also require prior NRC consent, such consent is hereby requested.

HL&P is an unincorporated business division of Reliant Energy, Incorporated (Reliant Energy). In order to comply with Texas law requiring the restructuring of the electric utility industry in Texas, and for other business reasons, Reliant Energy is restructuring its business units, including the HL&P

APOL

interest in STPEGS, in several steps over the next few years in accordance with the Business Separation Plan approved by the Public Utility Commission of Texas (Texas PUC).

The first step in the restructuring involving a potential license transfer will occur in the fourth quarter of 2001, when Reliant Energy will create a company, currently referred to as Regco, which will become the parent holding company of Reliant Energy. The existing shareholders of Reliant Energy will become shareholders of Regco, and these same shareholders will continue to exercise ultimate control over HL&P's interest in STPEGS. Also in this step, Reliant Energy plans to form an intermediate entity as a wholly owned, but non-operating, subsidiary of Regco, that will directly or indirectly hold Regco's interests in its utility subsidiaries. This entity, to be known as "Utility Holding LLC," is inserted for economic efficiency in the transaction, but will have no operating responsibility or control. To the extent that NRC views the creation of Regco as the parent of Reliant Energy, and/or the formation of Utility Holding LLC, to be an indirect transfer of control requiring NRC consent, such consent is requested.

The second step will occur when Reliant Energy forms a partnership, currently known as Texas Genco LP, which will be indirectly wholly owned by Regco. HL&P will transfer all of its regulated generation assets in Texas, including its 30.8% undivided ownership interest in STPEGS, to Texas Genco LP after Regco becomes the parent of Reliant Energy. This transfer may occur contemporaneously with Regco becoming the parent holding company or some time thereafter. HL&P seeks consent to such transfer of its interest in STPEGS to Texas Genco LP.

The third step will occur by mid-2002, when Reliant Energy will form a corporation, currently known as Texas Genco, Inc., which will be indirectly owned and controlled by Regco. Texas Genco LP will then transfer all of its assets to Texas Genco, Inc. HL&P seeks consent to this proposed transfer of Texas Genco LP's interest in STPEGS to Texas Genco, Inc.

Through the attached Application for Order and Conforming Administrative Amendments for Transfers of Licenses (Application), HL&P requests that NRC consent to these transfers, and (1) to the extent necessary, authorize Regco to become the parent holding company of HL&P (an unincorporated division of Reliant Energy); (2) authorize Texas Genco LP to possess a 30.8% undivided ownership interest in STPEGS under essentially the same conditions and authorizations as included in HL&P's existing NRC licenses for STPEGS; and (3) authorize Texas Genco, Inc. to possess a 30.8% undivided ownership interest in STPEGS under essentially the same conditions and authorizations as included in HL&P's existing NRC licenses for STPEGS. The information contained in this Application demonstrates that each company will possess the requisite qualifications to own a 30.8% undivided ownership interest in STPEGS. It is anticipated that STPNOC will at all times remain the licensed operator of the facility. HL&P also requests NRC consent to certain conforming administrative amendments to the STPEGS licenses to reflect the proposed transfers.

In summary, the proposed transfers will be consistent with the requirements set forth in the Act, NRC regulations, and the relevant NRC licenses and orders. No physical changes will be made to STPEGS and there will be no changes in the day-to-day operation of STPEGS as a result of these transfers. The proposed transfers and conforming administrative amendments will not involve any changes to the current STPEGS licensing basis. They will neither have any adverse impact on the public health and safety, nor be inimical to the common defense and security. This Application therefore respectfully requests that the NRC consent to the transfers in accordance with

with 10 CFR 50.80 and approve the conforming administrative amendments pursuant to 10 CFR 50.92 and 10 CFR 2.1315.

The actual dates for the transfers of the 30.8% interest in STPEGS will be dependent upon HL&P's schedule and the receipt of all required regulatory approvals and rulings. Under Texas law and the terms of its Business Separation Plan, Reliant Energy has committed to separate HL&P's generation assets by January 1, 2002. Therefore, HL&P requests that NRC review this Application on a schedule that will permit the issuance of NRC consent to the transfers of licenses, and approval of the conforming administrative license amendments, as promptly as possible, and in any event by October 31, 2001. Such consent should be immediately effective upon issuance, and should permit the transfers and the implementation date of the conforming amendments for each step to occur at any time until December 31, 2002. Further, HL&P requests that the conforming amendments be made effective upon the date of transfers. STPNOC will inform NRC if there are any significant changes in the status of the other required approvals or any other developments that have an impact on the schedule. In addition, STPNOC will provide the NRC with the date of the transfers to Texas Genco LP and Texas Genco, Inc., and the names selected for each of these two companies no later than seven days prior to the respective transfer dates so that appropriate license amendments may be issued.

The Application includes a proprietary, separately bound Addendum with Attachment 11A of the Application, which contains confidential commercial or financial information. HL&P requests that Attachment 11A be withheld from public disclosure pursuant to 10 CFR 9.17(a)(4) and the policy reflected in 10 CFR 2.790, as described in the Affidavit of David G. Tees, provided in Attachment 13 to the Application. A non-proprietary version of this document suitable for public disclosure is provided as Attachment 11 to the Application.

If NRC requires additional information concerning this license transfer request, please contact Mr. Scott Head, Manager, Licensing at (361) 972-7136. Service on STPNOC and HL&P of comments, hearing requests or intervention petitions, or other pleadings, if applicable, should be made to Mr. John E. Matthews at Morgan, Lewis and Bockius, LLP, 1800 M Street, NW, Washington, DC 20036-5869 (tel: 202-467-7524; fax: 202-467-7176; e-mail: [jmatthews@morganlewis.com](mailto:jmatthews@morganlewis.com)).



J. J. Sheppard  
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jtc

Enclosure: Application

cc: without proprietary attachment unless otherwise noted

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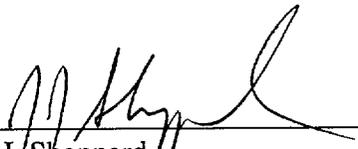
Institute of Nuclear Power  
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700 Galleria Parkway  
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UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
	)	
STP Nuclear Operating Company	)	Docket Nos. 50-498
	)	50-499
	)	
South Texas Project	)	
Units 1 and 2	)	

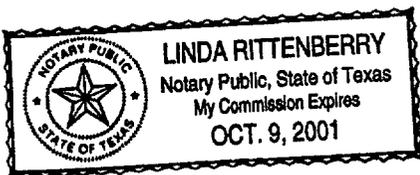
AFFIRMATION

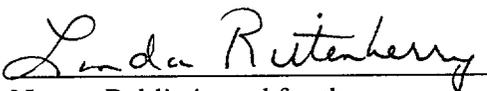
I, J. J. Sheppard, being duly sworn, hereby depose and state that I am Vice President, Engineering & Technical Services of STP Nuclear Operating Company; that I am duly authorized to sign and file with the Nuclear Regulatory Commission the attached application for order and conforming administrative amendments for transfers of licenses; that I am familiar with the content thereof; and that the matters set forth therein with regard to STP Nuclear Operating Company are true and correct to the best of my knowledge and belief.

  
 \_\_\_\_\_  
 J. J. Sheppard  
 Vice President,  
 Engineering & Technical Services

STATE OF TEXAS            )  
   )  
 COUNTY OF MATAGORDA    )

Subscribed and sworn to before me, a Notary Public in and for the State of Texas, this 31<sup>st</sup> day of May, 2001.



  
 \_\_\_\_\_  
 Notary Public in and for the  
 State of Texas

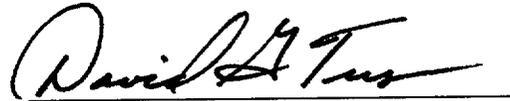
UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of )  
 )  
STP Nuclear Operating Company )  
 )  
 )  
South Texas Project )  
Units 1 and 2 )

Docket Nos. 50-498  
50-499

AFFIRMATION

I, David G. Tees, being duly sworn, hereby depose and state that I am Senior Vice President for Generation Operations of Houston Lighting & Power Company; that I am familiar with the content of the attached application for order and conforming administrative amendments for transfers of licenses; and that the matters set forth therein with regard to Houston Lighting & Power Company are true and correct to the best of my knowledge and belief.



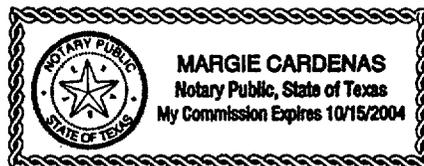
David G. Tees  
Senior Vice President  
Generation Operations

STATE OF TEXAS )  
 )  
COUNTY OF HARRIS )

Subscribed and sworn to before me, a Notary Public in and for the State of Texas, this 25th day of MAY, 2001.



Notary Public in and for the  
State of Texas





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



**APPLICATION FOR ORDER AND  
CONFORMING ADMINISTRATIVE AMENDMENTS  
FOR TRANSFERS OF LICENSES**

May 31, 2001

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submitted by

**STP Nuclear Operating Company  
and  
Houston Lighting & Power Company**

**South Texas Project Electric Generating Station, Units 1 and 2  
NRC Facility Operating License Nos. NPF-76 and NPF-80  
Docket Nos. STN 50-498 and STN 50-499**

**APPLICATION FOR ORDER AND CONFORMING  
ADMINISTRATIVE AMENDMENTS FOR TRANSFERS OF LICENSES**

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**I. INTRODUCTION**

This Application requests the consent of the Nuclear Regulatory Commission (“NRC”) to the proposed direct and indirect transfers of control of Reliant Energy HL&P’s (“HL&P”) 30.8% undivided ownership interest in the South Texas Project Electric Generating Station, Units 1 and 2 (“STPEGS”) described herein.

STPEGS is composed of two 1,250 megawatt (Mwe) (net) nuclear power plants, each consisting of a Westinghouse four-loop pressurized water reactor and other associated plant equipment, and related site facilities. STPEGS is located in southwest Matagorda County, approximately 12 miles south-southwest of Bay City and 10 miles north of Matagorda Bay. STP Nuclear Operating Company (“STPNOC”) is the licensed operator for STPEGS, pursuant to licenses issued by the NRC. The two units currently are jointly owned by four entities in the following percentages:

Houston Lighting & Power Company	30.8
City Public Service Board of San Antonio	28.2
Central Power & Light Company	25.0
City of Austin, Texas	16.0

These same entities own corresponding percentage shares of STPNOC, a not-for-profit Texas corporation.

HL&P seeks consent to the following transfers:

- (1) An indirect transfer of control of HL&P's interest in STPEGS in connection with the formation of a new parent holding company of HL&P, currently referred to as “Regco.”
- (2) A direct transfer of control of HL&P's interest in STPEGS to a Texas partnership, currently known as “Texas Genco LP,” which will be indirectly wholly owned by Regco.
- (3) A direct transfer of control of Texas Genco LP's interest in STPEGS to a Texas corporation, currently known as “Texas Genco, Inc.,” which will be indirectly owned and controlled by Regco.

The transfers to Texas Genco LP and Texas Genco, Inc. will require conforming administrative license amendments to replace HL&P on the licenses. STPNOC will provide NRC with the actual names of these entities prior to issuance of any conforming amendments.

HL&P requests that NRC consent to these transfers, and (1) to the extent necessary, authorize Regco to become the parent holding company of HL&P (an unincorporated division of Reliant Energy); (2) authorize Texas Genco LP to possess a 30.8% undivided ownership interest in STPEGS under essentially the same conditions and authorizations as included in HL&P's existing NRC licenses for STPEGS; and (3) authorize Texas Genco, Inc. to possess a 30.8% undivided ownership interest in STPEGS under essentially the same conditions and authorizations as included in HL&P's existing NRC licenses for STPEGS. No physical changes will be made to STPEGS as a result of these transfers, and there will be no changes in the day-to-day operation of STPEGS. It is anticipated that STPNOC will at all times remain the licensed operator of the facility. HL&P also requests NRC consent to certain conforming administrative amendments to the STPEGS licenses to reflect the proposed transfers.

In connection with each transfer of its 30.8% undivided ownership interest in STPEGS, HL&P's corresponding 30.8% interest in STPNOC, a Texas not-for-profit corporation, will also be transferred. However, this is not a controlling interest in STPNOC, and therefore, there will be no transfer of control of STPNOC's licenses to operate STPEGS on behalf of the owners. If NRC concludes that such transfers of interest in STPNOC also require prior NRC consent, such consent is hereby requested.

A Safety Analysis performed by STPNOC of the conforming license amendments requested upon transfer to Texas Genco LP is provided as Attachment 1, and this analysis confirms that the amendments do no more than conform the license to reflect the transfer action.

As such, the amendments are subject to NRC's generic determination of no significant hazards consideration for license amendments to reflect transfers. *See* 10 CFR 2.1315. Annotated changes to the Unit 1 and Unit 2 licenses are provided as Attachments 2 and 3, respectively, and Unit 1 and 2 licenses with the proposed changes incorporated are provided as Attachments 4 and 5, respectively.

A Safety Analysis performed by STPNOC of the conforming license amendments requested upon transfer to Texas Genco, Inc. is provided as Attachment 6, and this analysis confirms that the amendments do no more than conform the license to reflect the transfer action. As such, the amendments are subject to NRC's generic determination of no significant hazards consideration for license amendments to reflect transfers. *See* 10 CFR 2.1315. Annotated changes to the Unit 1 and Unit 2 licenses are provided as Attachments 7 and 8, respectively, and Unit 1 and 2 licenses with the proposed changes incorporated are provided as Attachments 9 and 10, respectively.

## **II. STATEMENT OF PURPOSE OF THE TRANSFERS AND NATURE OF THE TRANSACTION MAKING THE TRANSFERS NECESSARY OR DESIRABLE**

HL&P is an unincorporated business division of Reliant Energy, Incorporated ("Reliant Energy") that conducts Reliant Energy's regulated electric utility operations in Texas. In addition to its transmission and distribution system within its service territory in Texas, HL&P operates approximately 14,000 MW of net generation capacity in Texas, including its 30.8% undivided ownership interest in STPEGS. Reliant Energy owns and operates other generating assets in the United States, Netherlands, Latin America, and India, and is developing other generating projects in the United States. (In 2000, Reliant Energy elected to terminate its international operations in Latin America and India and is proceeding to dispose of those interests.) Through its wholly-owned first-tier subsidiary, Reliant Energy Resources

Corporation, Reliant Energy also conducts regulated gas utility operations in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas, and owns interstate pipelines and associated gathering facilities.

Texas has adopted restructuring legislation, which requires that regulated electric utility operations in Texas be separated into at least three separate business activities: (1) power generation; (2) transmission and distribution; and (3) retail electric. Texas Utilities Code *See* Section 39.051. Thus, pursuant to this legislation, Reliant Energy is required to transfer its generation assets, including its interest in STPEGS, to one or more separate companies by January 1, 2002. Reliant Energy's plans for meeting these requirements are described in its Business Separation Plan, as amended, which was approved in all material respects by the Public Utility Commission of Texas ("Texas PUC") on December 1, 2000. *See* Texas PUC Order, Docket 21956 (issued March 15, 2001). The features of the Business Separation Plan that are directly relevant to the transfers of control of HL&P's interest in STPEGS are briefly described below.

In accordance with the Business Separation Plan approved by the Texas PUC, Reliant Energy has transferred its unregulated domestic and certain foreign businesses to a wholly-owned subsidiary, Reliant Resources, Incorporated ("Reliant Resources"), which is a Delaware corporation formed on August 9, 2000. On May 4, 2001, Reliant Resources sold approximately 20% of its common stock in an initial public offering (IPO). Reliant Energy retains more than 80% of the shares of Reliant Resources, but plans to distribute all of its shares in Reliant Resources to its shareholders. These transactions do not involve any transfer of control of HL&P's interest in STPEGS, and do not require any NRC consent. However, as described in greater detail below, Reliant Resources will retain an option (known as the "Texas Genco

Option”) that is exercisable in 2004, pursuant to which it could acquire a significant ownership interest in Reliant Energy’s currently-regulated generating assets in Texas, including its interest in STPEGS. No NRC consent is being sought in connection with the Texas Genco Option at this time.

The first step in the restructuring involving a potential NRC license transfer will occur in the fourth quarter of 2001, when Reliant Energy will create a company, currently referred to as Regco, which will become a parent holding company of Reliant Energy. The existing shareholders of Reliant Energy will become shareholders of Regco, and these same shareholders will continue to exercise ultimate control over HL&P’s interests in STPEGS. For purposes of economic efficiency, Reliant Energy plans to form an intermediate entity under Delaware law, to be known as “Utility Holding, LLC,” as a wholly owned, but non-operating subsidiary of Regco that will directly or indirectly hold Regco’s interests in its utility subsidiaries. To the extent that NRC views the creation of Regco as the parent of Reliant Energy, and/or the formation of Utility Holding LLC, to be an indirect transfer of control requiring NRC consent, such consent is requested by this Application.

The second step will occur when Reliant Energy forms a partnership, currently known as Texas Genco LP, which will be indirectly wholly owned by Regco through Utility Holding LLC and its subsidiaries. HL&P will transfer all of its regulated generation assets in Texas, including its 30.8% undivided ownership interest in STPEGS, to Texas Genco LP after Regco becomes the parent of Reliant Energy. This transfer may occur contemporaneously with Regco becoming the parent holding company or some time thereafter. HL&P seeks consent to such transfer of its interest in STPEGS to Texas Genco LP.

The third step will occur by mid-2002, when Reliant Energy will form a corporation, currently known as Texas Genco, Inc., which will be indirectly owned and controlled by Regco through Utility Holding LLC. Texas Genco LP will then transfer all of its assets to Texas Genco, Inc. HL&P seeks consent to this proposed transfer of Texas Genco LP's interest in STPEGS to Texas Genco, Inc. A simplified organizational chart depicting the corporate structure associated with each step in the restructuring covered by this Application involving the transfer of HL&P's interest in STPEGS is attached as Figure 1 of this Application.

Following the transfer of assets to Texas Genco, Inc., it is expected that approximately 20% of the stock of Texas Genco, Inc. will be the subject of an IPO that would take place some time in mid-2002. This transaction would be undertaken in order to establish a value for the generation assets under the Texas restructuring legislation. If the IPO is not conducted, HL&P contemplates that approximately 20% of the common stock of Texas Genco, Inc. would be distributed to Regco's shareholders. Neither transaction would involve any transfer of control of the 30.8% undivided ownership interests in STPEGS, because approximately 80% of the shares of Texas Genco, Inc. would continue to be directly or indirectly owned by Regco, and Texas Genco, Inc. would continue to be directly or indirectly controlled by Regco. Pursuant to the Texas Genco Option, Reliant Resources may exercise a right in January 2004 to acquire the approximately 80% interest in Texas Genco, Inc. that is not part of the contemplated IPO. If Reliant Resources does not exercise its option, Regco would likely sell or otherwise dispose of its remaining interest in Texas Genco, Inc. at that time. HL&P recognizes that any exercise of the Texas Genco Option or other disposition of this approximately 80% ownership interest in Texas Genco, Inc. would involve a transfer of control of the 30.8% share of STPEGS that would also require prior NRC approval. A request for NRC consent in connection with such a future

transfer will be sought at an appropriate time prior to the exercise of the Texas Genco Option or other disposition of this interest.

### **III. GENERAL CORPORATE INFORMATION REGARDING REGCO**

#### **A. Name of Proposed Parent Holding Company**

The name for the proposed parent holding company has not yet been established. It is currently referred to as Regco.

#### **B. Address**

1111 Louisiana, Houston, TX 77002.

#### **C. Description of Business or Occupation**

Regco will be a corporation organized under the laws of the State of Texas that will own regulated electric and gas utilities. Reliant Energy is in the process of seeking approval for the formation of this entity from the U.S. Securities and Exchange Commission (“SEC”) under the Public Utility Holding Company Act of 1935, as amended (“PUHCA”). Reliant Energy is applying for an exemption from registration under PUHCA on the ground that the resulting structure of Regco will be predominantly intrastate in character. If such an exemption is not granted, Regco will seek to register with the SEC as a registered public utility holding company under PUHCA.

#### **D. Organization and Management**

##### **1. State of Establishment and Place of Business**

Regco will be a Delaware corporation with its principal place of business in the State of Texas.

##### **2. Principal Senior Executives, Officers and Directors**

The names, titles, and mailing addresses of the principal senior executives and officers of

Regco, all of whom are citizens of the United States, are set forth below.

D. M. McClanahan	President
S.C. Schaeffer	Executive Vice President
J.S. Brian	Senior Vice President and Chief Accounting Officer
Preston Johnson, Jr.	Senior Vice President, Human Resources
S.E. Rozzell	Senior Vice President, General Counsel and Corporate Secretary
Marc Kilbride	Vice President and Treasurer

Officers' address: 1111 Louisiana, Houston, TX 77002.

The names and addresses of the directors of Regco, all of whom will be citizens of the United States, will be provided when the directors are selected. It is contemplated that most of the existing directors of Reliant Energy will become directors of Regco. The Chairman and two of the current directors of the Reliant Energy are expected to serve as directors of both Regco and Reliant Resources.

Directors' address: 1111 Louisiana, Houston, TX 77002.

**IV. GENERAL CORPORATE INFORMATION REGARDING TEXAS GENCO LP**

**A. Name of Proposed New Licensee**

The name for the proposed new licensee has not yet been established. It is currently referred to as Texas Genco LP.

**B. Address**

1111 Louisiana, Houston, TX 77002.

**C. Description of Business or Occupation**

Texas Genco LP will be a limited partnership organized under the laws of the State of Texas, engaged in the business of developing, owning, and operating electric generating assets. In accordance with the Business Separation Plan approved by the Texas PUC, Texas Genco LP will acquire all of HL&P's existing electric generating assets.

**D. Organization and Management**

**1. State of Establishment and Place of Business**

Texas Genco LP will be a Texas partnership with its principal place of business in the State of Texas. The General Partner and Limited Partner of Texas Genco LP will be limited liability corporations incorporated in Delaware and wholly owned by Regco.

**2. Principal Senior Executives, Officers and Management Committee**

The General Partner of Texas Genco LP will be a wholly owned indirect subsidiary of Regco, as will the Limited Partner. The name, title, and mailing address of the principal senior executive and officer of Texas Genco LP, who is a citizen of the United States, is set forth below.

David G. Tees      President

Officer's address: 1111 Louisiana, Houston, TX 77002.

The names and addresses of other principal senior executives and officers, all of whom will be citizens of the United States, will be provided when they are appointed.

The names and addresses of the members of the Management Committee of the General Partner, all of whom will be citizens of the United States, will be provided when the management structure of Texas Genco LP is determined.

Members' address: 1111 Louisiana, Houston, TX 77002.

**V. GENERAL CORPORATE INFORMATION REGARDING TEXAS GENCO, INC.**

**A. Name of Proposed New Licensee**

The name for the proposed second new licensee has not yet been established. It is currently referred to as Texas Genco, Inc.

**B. Address**

1111 Louisiana, Houston, TX 77002.

**C. Description of Business or Occupation**

Texas Genco, Inc. will be a corporation organized under the laws of the State of Texas, engaged in the business of developing, owning, and operating electric generating assets. In accordance with the Business Separation Plan approved by the Texas PUC, Texas Genco, Inc. will acquire all of Texas Genco LP's electric generating assets.

**D. Organization and Management**

**1. State of Establishment and Place of Business**

Texas Genco, Inc. will be a Texas corporation with its principal place of business in the State of Texas.

**2. Directors, Principal Senior Executives and Officers**

Texas Genco, Inc. will be a wholly owned indirect subsidiary of Regco. The names, titles, and mailing addresses of the directors, principal senior executives and officers of Texas Genco, Inc., all of whom will be citizens of the United States, will be provided when the management structure of Texas Genco, Inc. is determined, but it is expected that the individuals serving as senior officers of Texas Genco LP will serve as officers of Texas Genco, Inc. when it is formed.

## **VI. FOREIGN OWNERSHIP OR CONTROL**

Regco will be a publicly traded company whose securities will be traded on the New York Stock Exchange and widely held. Texas Genco LP and Texas Genco, Inc. will be indirectly owned and controlled by Regco. After the IPO or distribution to Regco's shareholders of its shares, Texas Genco, Inc. will be publicly traded on a national stock exchange. Reliant Energy is not currently owned, controlled, or dominated by any alien, foreign corporation, or foreign government. Based upon filings with the SEC, Reliant Energy is not aware of any alien, foreign corporation, or foreign government that holds more than 5% of the securities of Reliant Energy. Reliant Energy's shareholders will initially own 100% of the stock of Regco, and thereafter, the shares of Regco will be widely held. Therefore, there is no reason to believe that Regco will be owned, controlled, or dominated by any alien, foreign corporation, or foreign government. All of the directors and officers of Regco, Texas Genco, Inc., and the company which will be the General Partner controlling Texas Genco LP will be United States citizens. Thus, Regco, Texas Genco LP, and Texas Genco, Inc. will not be under foreign ownership, domination, or control within the meaning of the Atomic Energy Act of 1954, as amended.

## **VII. TECHNICAL QUALIFICATIONS**

There will be no physical changes to STPEGS and no changes in the day-to-day operations of STPEGS in connection with the transfers. It is anticipated that STPNOC will at all times remain the licensed operator of the facility.

## **VIII. FINANCIAL QUALIFICATIONS**

HL&P is currently an "electric utility" within the meaning of 10 CFR 50.2, and exempt from financial qualifications review pursuant to 10 CFR 50.33(f). Immediately upon formation of Regco as the parent holding company of HL&P, HL&P will continue to be the licensee and

will remain financially qualified to own its interest in STPEGS. Thereafter, the licensed interest in STPEGS will be transferred to Texas Genco LP, and later to Texas Genco, Inc. Without regard to whether Texas Genco LP or Texas Genco, Inc. qualify as an “electric utility” under in 10 CFR 50.2, these entities will be financially qualified to own a 30.8% interest in STPEGS during the remaining term of the STPEGS licenses in accordance with 10 CFR 50.33(f), upon the transfer of HL&P’s interest in STPEGS.

**A. Projected Operating Revenues and Operating Costs**

Texas Genco LP and Texas Genco, Inc. will own and operate the approximately 14,000 MWe of net electrical generating capacity currently owned and operated by HL&P, and the operations of the two companies will not be materially different. Thus, for purposes of financial qualifications review, these two companies are referred to together as “Texas Genco,” and the following information confirms that each will possess, or have reasonable assurance of obtaining, the funds necessary to cover its *pro rata* share of the estimated operating costs of STPEGS for the period of the licenses in accordance with 10 CFR 50.33(f)(2) and the Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance (NUREG-1577, Rev. 1) (“Standard Review Plan”). HL&P has prepared a Projected Income Statement for Texas Genco, including specific line items reflecting the operation of its 30.8% interests in STPEGS, for the five-year period from January 1, 2002 until December 31, 2006. (The same five-year financial pro forma applies to both Texas Genco LP and Texas Genco, Inc.). Copies of the Projected Income Statement, related schedules, and Projected Opening Balance Sheet are contained in Attachment 11A. HL&P requests that Attachment 11A be withheld from public disclosure, as described in the Section 2.790 Affidavit provided in Attachment 13. Redacted versions of these projections, suitable for public disclosure, are

contained in Attachment 11.

The Projected Income Statement shows that anticipated revenues from sales of capacity and energy from STPEGS provide reasonable assurance of an adequate source of funds to meet Texas Genco's *pro rata* share of STPEGS's ongoing operating expenses. Until January 1, 2002, Texas Genco will recover its costs through traditional ratemaking mechanisms under the rates in effect for HL&P. After January 1, 2002, Texas Genco will sell its generation in the wholesale power markets at auction until 2004, when Reliant Resources may exercise its option to acquire Regco's ownership interest in Texas Genco. The Projected Income Statement through 2006 shows that anticipated revenues from sales of capacity and energy from all of Texas Genco's approximately 14,000 MWe of net generating capacity, averaging an estimated \$2 billion per year, provides assurance that Texas Genco will have an adequate source of funds to its *pro rata* share of STPEGS's ongoing operating expenses. Even after Texas Genco begins to sell its generation in the wholesale power markets, Regco is committed to funding Texas Genco's external capital needs until the IPO of approximately 20% of the common stock of Texas Genco, Inc., in mid-2002. This will provide an additional source of funds during the period leading up to the IPO.

#### **B. Decommissioning Funding**

The financial qualifications of HL&P and Texas Genco to own a 30.8% undivided ownership interest in STPEGS are further demonstrated by the fact that HL&P and then Texas Genco will provide financial assurance for decommissioning funding in accordance with 10 CFR 50.75. HL&P currently maintains and will continue to maintain decommissioning trust funds that have been established to provide funding for decontamination and decommissioning of HL&P's 30.8% undivided ownership interest in STPEGS. When HL&P's 30.8% undivided

ownership interest in STPEGS is transferred to Texas Genco LP, HL&P will also transfer its decommissioning trust funds to Texas Genco LP. Texas Genco LP will later transfer these trust funds to Texas Genco, Inc., along with the interest in STPEGS. These entities will at all times maintain these external sinking funds segregated from their assets and outside their administrative control in accordance with the requirements of 10 CFR 50.75(e)(1)(i) and (ii).

In addition, HL&P or its successor will collect from its electric utility ratepayers costs associated with the decommissioning of the 30.8% interest in STPEGS “pursuant to a non-bypassable charge” (within the meaning of 10 CFR 50.75(e)(1)(ii)(B)), and transfer all such funds to Texas Genco or to the decommissioning trust for the benefit of Texas Genco. Texas Genco, in turn, will deposit the amounts received from HL&P for this purpose into the decommissioning trust. These decommissioning funding arrangements were specifically approved by the Texas PUC. *See* Texas PUC Order, Docket 21956 (March 15, 2001). These arrangements assure that Texas Genco will have the total amount of funds estimated to be needed for decommissioning pursuant to 10 CFR 50.75(c), 50.75(f) and 50.82.

In addition, the Texas Genco Nuclear Decommissioning Master Trust Fund Agreement will be in a form that is acceptable to the NRC and will provide, in addition to other required clauses, that: (a) investments in the securities or other obligations of Reliant Energy, Reliant Resources, Regco, their affiliates, or their successors or assigns will be prohibited, except for investments in funds tied to market indices or other non-nuclear sector collective, commingled or mutual funds; (b) investments in any entity owning one or more nuclear power plants shall be prohibited, except for investments in funds tied to market indices or other non-nuclear sector collective, commingled or mutual funds; (c) investments made in the trust shall adhere to the standards for such investments established by the Texas PUC (*e.g.*, 16 Texas Admin. Code §

25.301); (d) except for taxes and administrative costs, no disbursements or payments from the trust shall be made by the trustee unless the trustee has first provided thirty (30) days' prior written notice of such disbursement or payment to the NRC Director, Office of Nuclear Reactor Regulation, and the trustee has not received prior written notice of an objection from the NRC Director, Office of Nuclear Reactor Regulation by the later of (1) the date that is thirty days after the giving of such notice, or (2) the date of disbursement; and (e) the NRC Director, Office of Nuclear Reactor Regulation, shall be given thirty (30) days' prior written notice of any material modification to the trust agreement. Texas Genco will take all necessary steps to ensure that the decommissioning trust is maintained in accordance with this Application. A copy of a form of Nuclear Decommissioning Master Trust Fund Agreement for Texas Genco is provided as Attachment 12.

As is amply demonstrated above, in accordance with 10 CFR 50.75, reasonable assurance exists that Texas Genco will obtain the funds necessary to cover its share of the estimated decommissioning costs of STPEGS at the end of licensed operation.

#### **IX. ANTITRUST INFORMATION**

This Application post-dates the issuance of the STP operating licenses, and therefore no antitrust review is required or authorized. Based upon the Commission's decision in *Kansas Gas and Electric Co., et al.* (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999), the Atomic Energy Act of 1954, as amended, does not require or authorize antitrust reviews of post-operating license transfer applications.

#### **X. RESTRICTED DATA AND CLASSIFIED NATIONAL SECURITY INFORMATION**

The proposed transfers do not contain any Restricted Data or other Classified National Security Information or any change in access to such Restricted Data or Classified National

Security Information. STPNOC's existing restrictions on access to Restricted Data and Classified National Security Information are unaffected by the proposed transfers.

## **XI. ENVIRONMENTAL CONSIDERATIONS**

The requested consent to transfers of the STPEGS licenses and accompanying administrative amendments are exempt from environmental review because they fall within the categorical exclusion contained in 10 CFR 51.22(c)(21), for which neither an Environmental Assessment nor an Environmental Impact Statement is required. Moreover, the proposed transfers do not involve any amendment to the facility operating licenses or other change that would directly affect the actual operation of STPEGS in any substantive way. The proposed transfers and changes to the facility operating licenses do not involve an increase in the amounts, or a change in the types, of any radiological effluents that may be allowed to be released off-site, and involve no increase in the amounts or change in the types of non-radiological effluents that may be released off-site. Further, there is no increase in the individual or cumulative operational radiation exposure, and the proposed transfers and facility operating license changes have no environmental impact.

## **XII. PRICE-ANDERSON INDEMNITY AND NUCLEAR INSURANCE**

In accordance with 10 CFR 140.92, Art. IV.2, HL&P requests NRC consent to the assignments and transfers of HL&P's interest in the Price-Anderson indemnity agreement for STPEGS to Texas Genco LP and Texas Genco, Inc. in connection with its consent to the proposed transfers of licenses to these entities. The Projected Income Statement of Texas Genco provides adequate assurance that Texas Genco LP and Texas Genco, Inc. will be able to pay their *pro rata* share of the total retrospective premium of \$10 million per STPEGS unit (\$20 million total), pursuant to 10 CFR 140.21(e)-(f). Prior to the transfers of licenses, Texas Genco LP or

Texas Genco, Inc. will obtain, and/or STPNOC will obtain on their behalf, all required nuclear property damage insurance pursuant to 10 CFR 50.54(w) and nuclear energy liability insurance pursuant to Section 170 of the Atomic Energy Act of 1954, as amended, and 10 CFR Part 140.

### **XIII. OTHER REQUIRED REGULATORY APPROVALS**

Other major regulatory approvals and rulings that may be required in connection with the Business Separation Plan involving the proposed transfers of HL&P's STPEGS ownership interest include approvals and rulings from the Texas PUC, the SEC, and the Internal Revenue Service. The Texas PUC has already approved the Business Separation Plan, and it is anticipated that other required approvals and rulings will be obtained by the fourth quarter of 2001.

### **XIV. EFFECTIVE DATES**

Under Texas law, and the terms of the Business Separation Plan approved by the Texas PUC, Reliant Energy has committed to complete the separation of HL&P's generation assets by January 1, 2002. HL&P requests that the NRC review this Application on a schedule that will permit the issuance of NRC consent to the transfers of licenses, and approval of the conforming administrative license amendments, as promptly as possible, and in any event by October 31, 2001. HL&P also requests that NRC consent to the transfers of HL&P's interest in STPEGS be made immediately effective upon issuance, and permit the transfers and the implementation date of the conforming amendments for each step of the restructuring to occur at any time until December 31, 2002. Furthermore, HL&P requests that the conforming amendments be made effective upon the date of the transfers. STPNOC will inform NRC if there are any significant changes in the status of the other required approvals or any other developments that have an impact on the schedule.

## **XV. CONCLUSION**

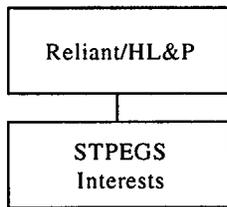
Based upon the foregoing information, STPNOC respectfully requests, on behalf of HL&P, that the NRC issue an Order consenting to the transfers of the Facility Operating Licenses, Nos. NPF-76 and NPF-80, for HL&P's 30.8% undivided ownership interest in STPEGS, and approving the associated conforming administrative amendments.

Figure 1

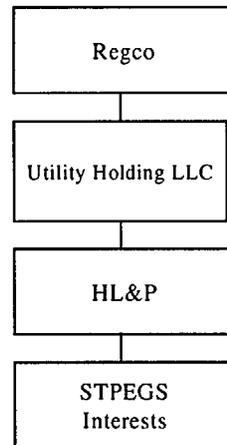
**Simplified Organizational Diagrams**

Set forth below are simplified organizational diagrams depicting the corporate structure associated with each step in the restructuring involving the transfer of HL&P's interest in STPEGS for which NRC consent is being sought in the Application.

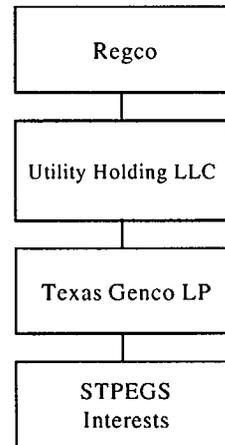
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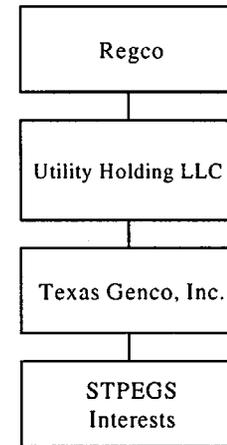
STEP 1



STEP 2



STEP 3



Note: Regco's ownership interest in HL&P Texas Genco LP and Texas Genco, Inc. will be held indirectly through Utility Holding LLC (and possibly other wholly-owned subsidiaries of Utility Holding LLC in steps 2 and 3).

**ATTACHMENT 1**

**SAFETY ANALYSIS (TEXAS GENCO LP)**

## SAFETY ANALYSIS

### 1.0 INTRODUCTION

1.1 The proposed change is a request to delete references to Houston Lighting & Power Company (HL&P) as owner of an undivided 30.8% interest in South Texas Project Electric Generating Station Units 1 and 2 (STPEGS), and the authorization of Texas Genco LP to own that 30.8% interest in STPEGS, under essentially the same conditions and authorizations included in the existing licenses.

### 1.2 ANNOTATED CHANGES TO THE EXISTING OPERATING LICENSES

Unit 1	See Application Attachment 2
Unit 2	See Application Attachment 3

### 1.3 PROPOSED CHANGES INCORPATED INTO THE OPERATING LICENSES

Unit 1	See Application Attachment 4
Unit 2	See Application Attachment 5

### 1.4 FINAL SAFETY ANALYSIS REPORT (FSAR) SECTION

The evaluations performed in support of this License Amendment Request do not result in any required changes to the FSAR per 10 CFR 50.71(e), the guidance provided by Regulatory Guide 1.181 "Content of the Updated Final Safety Analysis Report in Accordance with 10 CFR 50.71(e)," and NEI 98-03, "Guidelines for Updating Final Safety Analysis Reports."

### 2.0 DESCRIPTION

The proposed change will delete "HL&P" and replace with "Texas Genco LP" to reflect change in ownership of STPEGS.

### 3.0 BACKGROUND

The requested amendment would conform the licenses to reflect the transfer action for which NRC consent has been requested pursuant to 10 CFR 50.80 and 50.92.

### 4.0 TECHNICAL ANALYSIS

There will be no changes in the day-to-day operations of STPEGS. It is anticipated that STP Nuclear Operating Company (STPNOC) will at all times remain the licensed operator of the facility. The proposed change will have no impact on the design, function, or operation of any plant structure, system, or component, either technically or

administratively, nor will it have a programmatic effect on the South Texas Project Operational Quality Assurance Program.

## 5.0 REGULATORY ANALYSIS

### 5.1 NO SIGNIFICANT HAZARDS DETERMINATION

The amendment of the STPEGS licenses “does no more than conform the license[s] to reflect the transfer action,” and therefore is subject to the NRC’s generic determination of no significant hazards consideration in accordance with 10 CFR 2.1315. Pursuant to 10 CFR 50.92, it also has been determined independently that this request involves no significant hazards consideration. The determination of no significant hazards was made by applying the standards contained in 10 CFR 50.92. These standards assure that any changes to the operation of STPEGS in accordance with this request consider the following:

- 1) Will the change involve a significant increase in the probability or consequences of an accident previously evaluated?

Response: No

This request involves an administrative change only. No actual plant equipment or accident analyses will be affected by the proposed changes. Therefore, this request will have no impact on the possibility of any type of accident: new, different, or previously evaluated.

- 2) Will the change create the possibility of a new or different kind of accident from any accident previously evaluated?

Response: No

This request involves an administrative change only. No actual plant equipment or accident analyses will be affected by the proposed changes and no failure modes not bounded by previously evaluated accidents will be created. Therefore, this request will have no impact on the possibility of any type of accident: new, different, or previously evaluated.

- 3) Will the change involve a significant reduction in a margin of safety?

Response: No

Margin of safety is associated with confidence in the ability of the fission product barriers (i.e., fuel and fuel cladding, Reactor Coolant System pressure boundary, and containment structure) to limit the level of radiation dose to the public. This request involves an administrative change only.

No actual plant equipment or accident analyses will be affected by the proposed changes. Additionally, the proposed changes will not relax any criteria used to establish safety limits, will not relax any safety system settings, or will not relax the bases for any limiting conditions of operation. Therefore, these proposed changes will not impact the margin of safety.

## 5.2 REGULATORY SAFETY ANALYSIS

### Applicable Regulatory Requirements/Criteria

10 CFR 2.1315	Generic Determination Regarding License Amendments to Reflect Transfers
10 CFR 50.80	Transfer of Licenses
10 CFR 50.92	Issuance of Amendment

### Analysis

The proposed license changes are administrative in nature. These changes identify the new owner of an undivided 30.8% interest in STPEGS. These changes are considered administrative since the proposed changes ensure an equivalent level of authority and independence where appropriate. No physical changes will be made and there will be no significant change in the day-to-day operations of STPEGS. Therefore, these changes do not adversely affect nuclear safety or safe plant operations.

### Conclusion

In conclusion, based upon the analysis provided herein, the proposed license amendments will neither have any adverse impact on the public health and safety, nor be inimical to the common defense and security. Therefore, the proposed license amendments meet the requirements of 10 CFR 2.1315, 10 CFR 50.80, and 10 CFR 50.92 and do not involve a significant hazards consideration.

## 6.0 ENVIRONMENTAL EVALUATION

Pursuant to 10 CFR 51.22, an evaluation of this request has been performed to determine whether or not it meets the criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21) of the regulations.

This request does not individually or cumulatively have a significant effect on the human environment. It has been determined that the proposed changes involve “approvals of direct or indirect transfers of any license issued by NRC and any associated amendments of license required to reflect the approval of a direct or indirect transfer of an NRC license.”

Therefore, this request for revision of the Facility Operating Licenses meets the criteria of 10 CFR 51.22 for categorical exclusion from the requirement for an environmental assessment.

## **7.0 REFERENCES**

10 CFR 2.1315	Generic Determination Regarding License Amendments to Reflect Transfers
10 CFR 50.80	Transfer of Licenses
10 CFR 50.92	Issuance of Amendment
10 CFR 51.22	Criterion for Categorical Exclusion; Identification of Licensing and Regulatory Actions Eligible for Categorical Exclusion or Otherwise not Requiring Environmental Review

## **8.0 PRECEDENTS**

There is precedent for approving conforming amendments in connection with transfers of interests in nuclear plants to affiliated companies in connection with electric industry restructuring. NRC has approved amendments to the Peach Bottom Atomic Power Station, Unit 2 and 3 licenses in connection with the transfer of Public Service Electric & Gas Company's interests to PSEG Nuclear, LLC, and it has approved amendments to the Susquehanna Steam Electric Station, Unit 1 and 2 licenses in connection with the transfer of PP&L, Inc.'s interests to PPL Susquehanna, LLC.

**ATTACHMENT 2**

**ANNOTATED CHANGES TO UNIT 1 LICENSE  
(TEXAS GENCO LP)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

~~HOUSTON LIGHTING & POWER COMPANY~~ TEXAS GENCO LP

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-498

SOUTH TEXAS PROJECT, UNIT 1

FACILITY OPERATING LICENSE

License No. NPF-76

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by ~~the Houston Lighting & Power~~ **STP Nuclear Operating** Company ~~{(HL&P)}~~(STPNOC)\*, acting on behalf of itself and for **Texas Genco LP**, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as of 1954 as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the South Texas Project, Unit 1, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-128 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

\* STPNOC is authorized to act for Texas Genco LP, the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

Amendment No. 93

- E. ~~{STP Nuclear Operating Company (STPNOC)\*}~~STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-76, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 21, 1988, the License for Fuel Loading and Low Power Testing, License No. NPF-71 issued on August 21, 1987 is superseded by Facility Operating License NPF-76, hereby issued to STPNOC, ~~{Houston Lighting & Power Company}~~ **Texas Genco LP**, City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 1, a pressurized water reactor, and associated equipment (the facility) owned by ~~{Houston Lighting & Power Company}~~ **Texas Genco LP**, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

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~~\* STPNOC is authorized to act for Houston Lighting & Power Company, the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.~~

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
  - (2) ~~{Houston Lighting & Power Company (HL&P)}~~ **Texas Genco LP**, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
  - (3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
  - (4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
  - (5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
  - (6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.
- C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:
- (1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 93, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

~~[Houston Lighting & Power Company]~~ **Texas Genco LP**, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 1. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 1 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SER)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

(5) Safety Parameter Display System (Section 18, SSER No. 4)\*

Before startup after the first refueling outage, HL&P\*\* shall perform the necessary activities, provide acceptable responses, and implement all proposed corrective actions related to issues as described in Section 18.2 of SER Supplement 4.

(6) Supplementary Containment Purge Isolation (Section 11.5, SSER No. 4)

HL&P shall provide, prior to startup from the first refueling outage, control room indication of the normal and supplemental containment purge sample line isolation valve position.

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\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

\*\* The original licensee authorized to possess, use and operate the facility was HL&P.

Consequently, historical references to certain obligations of HL&P remain in the license conditions.

<p style="text-align: center;"><b>NO CHANGES ON THIS PAGE</b></p>
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D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a technical exemption from the requirements of 10 CFR Part 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on July 2, 1987 (52 FR 25094). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 1 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure  $P_a$  prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.
- (2) The facility requires a schedular exemption from the requirements of General Design Criterion 57, Appendix A to 10 CFR 50. The staff has described in detail in Supplement 4 to the Safety Evaluation Report the technical bases associated with this exemption. The staff's environmental assessment was published on June 18, 1987 (52 FR 23217). Therefore, pursuant to 10 CFR 50.12(a)(1) and 10 CFR 50.12(a)(2)(v) the South Texas Project Unit 1 is hereby granted an exemption from the requirements of GDC-57 applicable to the essential component cooling water (CCW) piping which is also used by the non-essential reactor containment building chilled water system in providing cooling to the Reactor Containment Fan Coolers (RCFC). This exemption will expire at the end of the first refueling outage.
- (3) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1972 dated December 29, 1986 and Section 9.1.2 of SSER No. 3). The South Texas Project Unit 1 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (4) The facility has been granted a schedular exemption from Section 50.71(e)(3)(i) of 10 CFR 50 to extend the date for submittal of the updated Final Safety Analysis Report to no later than one year after the date of issuance of a low power license for the South Texas Project, Unit 2. This exemption is effective until August 1990. The staff's environmental assessment was published on December 16, 1987 (52 FR 47805).

<p>NO CHANGES ON THIS PAGE</p>
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E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 55 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25 and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provision:

STPNOC may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, guard training and qualification, and safeguards contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p).

The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through March 4, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 24, 1987.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, STPNOC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

The Owners shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

**NO CHANGES  
ON THIS PAGE**

I. Effective Date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on August 20, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1305)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 22, 1988

**ATTACHMENT 3**

**ANNOTATED CHANGES TO UNIT 2 LICENSE  
(TEXAS GENCO LP)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

~~HOUSTON LIGHTING & POWER COMPANY~~ TEXAS GENCO LP

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-499

SOUTH TEXAS PROJECT, UNIT 2

FACILITY OPERATING LICENSE

License No. NPF-80

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by ~~the Houston Lighting & Power~~ **STP Nuclear Operating Company** ~~(HL&P)~~ **(STPNOC)\***, acting on behalf of itself and for **Texas Genco LP**, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the South Texas Project, Unit 2, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-129 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

**\* STPNOC is authorized to act for Texas Genco LP, the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.**

- E. ~~{STP Nuclear Operating Center (STPNOC)\*~~ STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-80, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 28, 1989, the License for Fuel Loading and Low Power Testing, License No. NPF-78 issued on December 16, 1988 is superseded by Facility Operating License NPF-80, hereby issued to STPNOC, ~~{Houston Lighting & Power Company}~~ **Texas Genco LP**, City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 2, a pressurized water reactor, and associated equipment (the facility) owned by ~~{Houston Lighting & Power Company}~~ **Texas Genco LP**, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - C. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

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~~\*STPNOC is authorized to act for Houston Lighting & Power Company, the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.~~

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (2) ~~[Houston Lighting & Power Company (HL&P)]~~ **Texas Genco LP**, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
- (4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40, and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
- (6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 80, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

~~[Houston Lighting & Power Company]~~ **Texas Genco LP**, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 2. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 2 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SR)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a technical exemption from the requirements of 10 CFR Part 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1986 (53 FR 50605). Therefore, pursuant to 10 CFR 50.12(a)(1),

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\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

**NO CHANGES  
ON THIS PAGE**

10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 2 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure  $P_a$  prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.

- (2) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1983 dated August 30, 1988 and Section III.E. of the SER dated August 30, 1988). The South Texas Project Unit 2 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (3) The facility requires a temporary exemption from the schedular requirements of the decommissioning planning rule, 10 CFR 50.33(k) and 10 CFR 50.75. The justification for this exemption is contained in Section 22.2 of Supplement 6 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1988 (53 FR 50604). Therefore, pursuant to 10 CFR 50.12(a)(1), 50.12(a)(2)(ii) and 50.12(a)(2)(v), the South Texas Project, Unit 2 is hereby granted a temporary exemption from the schedular requirements of 10 CFR 50.33(k) and 10 CFR 50.75 and is required to submit the decommissioning plan for both South Texas Project, Units 1 and 2 on or before July 26, 1990.

E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 62 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25, and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provisions:

STPNOC may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, training and qualification, and safeguards

contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through September 30, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 18, 1988.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, STPNOC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

The Owners shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Effective date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on December 15, 2028.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By: James H. Sniezek/for

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1346)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 28, 1989

**ATTACHMENT 4**

**UNIT 1 LICENSE WITH  
PROPOSED CHANGES INCORPORATED  
(TEXAS GENCO LP)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

TEXAS GENCO LP

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-498

SOUTH TEXAS PROJECT, UNIT 1

FACILITY OPERATING LICENSE

License No. NPF-76

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by STP Nuclear Operating Company (STPNOC)\*, acting on behalf of itself and for Texas Genco LP, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as of 1954 as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the South Texas Project, Unit 1, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-128 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

\* STPNOC is authorized to act for Texas Genco LP, the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

- E. STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-76, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 21, 1988, the License for Fuel Loading and Low Power Testing, License No. NPF-71 issued on August 21, 1987 is superseded by Facility Operating License NPF-76, hereby issued to STPNOC, Texas Genco LP, City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 1, a pressurized water reactor, and associated equipment (the facility) owned by Texas Genco LP, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (2) Texas Genco LP, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;  
  
STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
- (6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 93, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Texas Genco LP, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 1. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 1 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SER)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

(5) Safety Parameter Display System (Section 18, SSER No. 4)\*

Before startup after the first refueling outage, HL&P\*\* shall perform the necessary activities, provide acceptable responses, and implement all proposed corrective actions related to issues as described in Section 18.2 of SER Supplement 4.

(6) Supplementary Containment Purge Isolation (Section 11.5, SSER No. 4)

HL&P shall provide, prior to startup from the first refueling outage, control room indication of the normal and supplemental containment purge sample line isolation valve position.

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\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

\*\* The original licensee authorized to possess, use and operate the facility was HL&P. Consequently, historical references to certain obligations of HL&P remain in the license conditions.

D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a technical exemption from the requirements of 10 CFR Part 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on July 2, 1987 (52 FR 25094). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 1 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure  $P_a$  prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.
- (2) The facility requires a schedular exemption from the requirements of General Design Criterion 57, Appendix A to 10 CFR 50. The staff has described in detail in Supplement 4 to the Safety Evaluation Report the technical bases associated with this exemption. The staff's environmental assessment was published on June 18, 1987 (52 FR 23217). Therefore, pursuant to 10 CFR 50.12(a)(1) and 10 CFR 50.12(a)(2)(v) the South Texas Project Unit 1 is hereby granted an exemption from the requirements of GDC-57 applicable to the essential component cooling water (CCW) piping which is also used by the non-essential reactor containment building chilled water system in providing cooling to the Reactor Containment Fan Coolers (RCFC). This exemption will expire at the end of the first refueling outage.
- (3) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1972 dated December 29, 1986 and Section 9.1.2 of SSER No. 3). The South Texas Project Unit 1 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (4) The facility has been granted a schedular exemption from Section 50.71(e)(3)(i) of 10 CFR 50 to extend the date for submittal of the updated Final Safety Analysis Report to no later than one year after the date of issuance of a low power license for the South Texas Project, Unit 2. This exemption is effective until August 1990. The staff's environmental assessment was published on December 16, 1987 (52 FR 47805).

E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 55 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25 and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provision:

STPNOC may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, guard training and qualification, and safeguards contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p).

The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through March 4, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 24, 1987.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, STPNOC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

The Owners shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Effective Date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on August 20, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1305)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 22, 1988

**ATTACHMENT 5**

**UNIT 2 LICENSE WITH  
PROPOSED CHANGES INCORPORATED  
(TEXAS GENCO LP)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

TEXAS GENCO LP

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-499

SOUTH TEXAS PROJECT, UNIT 2

FACILITY OPERATING LICENSE

License No. NPF-80

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by STP Nuclear Operating Company (STPNOC)\*, acting on behalf of itself and for Texas Genco LP, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the South Texas Project, Unit 2, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-129 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

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\* STPNOC is authorized to act for Texas Genco LP, the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

Amendment No. \_\_\_

- E. STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-80, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 28, 1989, the License for Fuel Loading and Low Power Testing, License No. NPF-78 issued on December 16, 1988 is superseded by Facility Operating License NPF-80, hereby issued to STPNOC, Texas Genco LP, City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 2, a pressurized water reactor, and associated equipment (the facility) owned by Texas Genco LP, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (2) Texas Genco LP, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
- (4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40, and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
- (6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 80, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Texas Genco LP, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 2. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 2 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SR)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a technical exemption from the requirements of 10 CFR Part 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1986 (53 FR 50605). Therefore, pursuant to 10 CFR 50.12(a)(1),

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\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 2 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure  $P_a$  prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.

- (2) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1983 dated August 30, 1988 and Section III.E. of the SER dated August 30, 1988). The South Texas Project Unit 2 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (3) The facility requires a temporary exemption from the schedular requirements of the decommissioning planning rule, 10 CFR 50.33(k) and 10 CFR 50.75. The justification for this exemption is contained in Section 22.2 of Supplement 6 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1988 (53 FR 50604). Therefore, pursuant to 10 CFR 50.12(a)(1), 50.12(a)(2)(ii) and 50.12(a)(2)(v), the South Texas Project, Unit 2 is hereby granted a temporary exemption from the schedular requirements of 10 CFR 50.33(k) and 10 CFR 50.75 and is required to submit the decommissioning plan for both South Texas Project, Units 1 and 2 on or before July 26, 1990.

E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 62 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25, and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provisions:

STPNOC may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, training and qualification, and safeguards

contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through September 30, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 18, 1988.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, STPNOC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

The Owners shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Effective date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on December 15, 2028.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By: James H. Sniezek/for

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1346)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 28, 1989

**ATTACHMENT 6**

**SAFETY ANALYSIS (TEXAS GENCO, INC.)**

## **SAFETY ANALYSIS**

### **1.0 INTRODUCTION**

1.1 The proposed change is a request to delete references to Texas Genco LP as owner of an undivided 30.8% interest in South Texas Project Electric Generating Station Units 1 and 2 (STPEGS), and the authorization of Texas Genco, Inc. to own that 30.8% interest in STPEGS, under essentially the same conditions and authorizations included in the existing licenses.

### **1.2 ANNOTATED CHANGES TO THE EXISTING OPERATING LICENSES**

Unit 1	See Application Attachment 7
Unit 2	See Application Attachment 8

### **1.3 PROPOSED CHANGES INCORPORATED INTO THE OPERATING LICENSES**

Unit 1	See Application Attachment 9
Unit 2	See Application Attachment 10

### **1.4 FINAL SAFETY ANALYSIS REPORT (FSAR) SECTION**

The evaluations performed in support of this License Amendment Request do not result in any required changes to the FSAR per 10 CFR 50.71(e), the guidance provided by Regulatory Guide 1.181 "Content of the Updated Final Safety Analysis Report in Accordance with 10 CFR 50.71(e)," and NEI 98-03, "Guidelines for Updating Final Safety Analysis Reports."

### **2.0 DESCRIPTION**

The proposed change will delete "Texas Genco LP" and replace with "Texas Genco, Inc." to reflect change in ownership of STPEGS.

### **3.0 BACKGROUND**

The requested amendment would conform the licenses to reflect the transfer action for which NRC consent has been requested pursuant to 10 CFR 50.80 and 50.92.

### **4.0 TECHNICAL ANALYSIS**

There will be no changes in the day-to-day operations of STPEGS. It is anticipated that STP Nuclear Operating Company (STPNOC) will at all times remain the licensed operator of the facility. The proposed change will have no impact on the design, function, or operation of any plant structure, system, or component, either technically or administratively, nor will it have a programmatic effect on the South Texas Project Operational Quality Assurance Program.

## 5.0 REGULATORY ANALYSIS

### 5.1 NO SIGNIFICANT HAZARDS DETERMINATION

The amendment of the STPEGS licenses “does no more than conform the license[s] to reflect the transfer action,” and therefore is subject to the NRC’s generic determination of no significant hazards consideration in accordance with 10 CFR 2.1315. Pursuant to 10 CFR 50.92, it also has been determined independently that this request involves no significant hazards consideration. The determination of no significant hazards was made by applying the standards contained in 10 CFR 50.92. These standards assure that any changes to the operation of STPEGS in accordance with this request consider the following:

- 1) Will the change involve a significant increase in the probability or consequences of an accident previously evaluated?

Response: No

This request involves an administrative change only. No actual plant equipment or accident analyses will be affected by the proposed changes. Therefore, this request will have no impact on the possibility of any type of accident: new, different, or previously evaluated.

- 2) Will the change create the possibility of a new or different kind of accident from any accident previously evaluated?

Response: No

This request involves an administrative change only. No actual plant equipment or accident analyses will be affected by the proposed changes and no failure modes not bounded by previously evaluated accidents will be created. Therefore, this request will have no impact on the possibility of any type of accident: new, different, or previously evaluated.

- 3) Will the change involve a significant reduction in a margin of safety?

Response: No

Margin of safety is associated with confidence in the ability of the fission product barriers (i.e., fuel and fuel cladding, Reactor Coolant System pressure boundary, and containment structure) to limit the level of radiation dose to the public. This request involves an administrative change only.

No actual plant equipment or accident analyses will be affected by the proposed changes. Additionally, the proposed changes will not relax any criteria used to establish safety limits, will not relax any safety system settings, or will not relax the bases for any limiting conditions of operation. Therefore, these proposed changes will not impact the margin of safety.

## 5.2 REGULATORY SAFETY ANALYSIS

### Applicable Regulatory Requirements/Criteria

10 CFR 2.1315	Generic Determination Regarding License Amendments to Reflect Transfers
10 CFR 50.80	Transfer of Licenses
10 CFR 50.92	Issuance of Amendment

### Analysis

The proposed license changes are administrative in nature. These changes identify the new owner of an undivided 30.8% interest in STPEGS. These changes are considered administrative since the proposed changes ensure an equivalent level of authority and independence where appropriate. No physical changes will be made and there will be no significant change in the day-to-day operations of STPEGS. Therefore, these changes do not adversely affect nuclear safety or safe plant operations.

### Conclusion

In conclusion, based upon the analysis provided herein, the proposed license amendments will neither have any adverse impact on the public health and safety, nor be inimical to the common defense and security. Therefore, the proposed license amendments meet the requirements of 10 CFR 2.1315, 10 CFR 50.80, and 10 CFR 50.92 and do not involve a significant hazards consideration.

## 6.0 ENVIRONMENTAL EVALUATION

Pursuant to 10 CFR 51.22, an evaluation of this request has been performed to determine whether or not it meets the criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21) of the regulations.

This request does not individually or cumulatively have a significant effect on the human environment. It has been determined that the proposed changes involve “approvals of direct or indirect transfers of any license issued by NRC and any associated amendments of license required to reflect the approval of a direct or indirect transfer of an NRC license.”

Therefore, this request for revision of the Facility Operating Licenses meets the criteria of 10 CFR 51.22 for categorical exclusion from the requirement for an environmental assessment.

## 7.0 REFERENCES

- |               |  |
|---------------|--|
| 10 CFR 2.1315 | Generic Determination Regarding License Amendments to Reflect Transfers  |
| 10 CFR 50.80  | Transfer of Licenses   |
| 10 CFR 50.92  | Issuance of Amendment  |
| 10 CFR 51.22  | Criterion for Categorical Exclusion; Identification of Licensing and Regulatory Actions Eligible for Categorical Exclusion or Otherwise not Requiring Environmental Review |

## 8.0 PRECEDENTS

There is precedent for approving conforming amendments in connection with transfers of interests in nuclear plants to affiliated companies in connection with electric industry restructuring. NRC has approved amendments to the Peach Bottom Atomic Power Station, Unit 2 and 3 licenses in connection with the transfer of Public Service Electric & Gas Company's interests to PSEG Nuclear, LLC, and it has approved amendments to the Susquehanna Steam Electric Station, Unit 1 and 2 licenses in connection with the transfer of PP&L, Inc.'s interests to PPL Susquehanna, LLC.

**ATTACHMENT 7**

**ANNOTATED CHANGES TO UNIT 1 LICENSE  
(TEXAS GENCO, INC.)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

TEXAS GENCO [LP], INC.

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-498

SOUTH TEXAS PROJECT, UNIT 1

FACILITY OPERATING LICENSE

License No. NPF-76

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by STP Nuclear Operating Company (STPNOC)\*, acting on behalf of itself and for Texas Genco [LP], Inc., the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as of 1954 as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the South Texas Project, Unit 1, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-128 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

\* STPNOC is authorized to act for Texas Genco [LP], Inc., the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

Amendment No. \_\_

- E. STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-76, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 21, 1988, the License for Fuel Loading and Low Power Testing, License No. NPF-71 issued on August 21, 1987 is superseded by Facility Operating License NPF-76, hereby issued to STPNOC, Texas Genco ~~[LP]~~, **Inc.**, City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 1, a pressurized water reactor, and associated equipment (the facility) owned by Texas Genco ~~[LP]~~, **Inc.**, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (2) Texas Genco ~~{LP}~~, Inc., the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
- (4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
- (6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 93, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Texas Genco [LP], Inc., City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 1. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 1 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SER)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

(5) Safety Parameter Display System (Section 18, SSER No. 4)\*

Before startup after the first refueling outage, HL&P\*\* shall perform the necessary activities, provide acceptable responses, and implement all proposed corrective actions related to issues as described in Section 18.2 of SER Supplement 4.

(6) Supplementary Containment Purge Isolation (Section 11.5, SSER No. 4)

HL&P shall provide, prior to startup from the first refueling outage, control room indication of the normal and supplemental containment purge sample line isolation valve position.

\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

\*\* The original licensee authorized to possess, use and operate the facility was HL&P. Consequently, historical references to certain obligations of HL&P remain in the license conditions.

<p style="text-align: center;"><b>NO CHANGES ON THIS PAGE</b></p>
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D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a technical exemption from the requirements of 10 CFR Part 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on July 2, 1987 (52 FR 25094). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 1 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure  $P_a$  prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.
- (2) The facility requires a schedular exemption from the requirements of General Design Criterion 57, Appendix A to 10 CFR 50. The staff has described in detail in Supplement 4 to the Safety Evaluation Report the technical bases associated with this exemption. The staff's environmental assessment was published on June 18, 1987 (52 FR 23217). Therefore, pursuant to 10 CFR 50.12(a)(1) and 10 CFR 50.12(a)(2)(v) the South Texas Project Unit 1 is hereby granted an exemption from the requirements of GDC-57 applicable to the essential component cooling water (CCW) piping which is also used by the non-essential reactor containment building chilled water system in providing cooling to the Reactor Containment Fan Coolers (RCFC). This exemption will expire at the end of the first refueling outage.
- (3) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1972 dated December 29, 1986 and Section 9.1.2 of SSER No. 3). The South Texas Project Unit 1 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (4) The facility has been granted a schedular exemption from Section 50.71(e)(3)(i) of 10 CFR 50 to extend the date for submittal of the updated Final Safety Analysis Report to no later than one year after the date of issuance of a low power license for the South Texas Project, Unit 2. This exemption is effective until August 1990. The staff's environmental assessment was published on December 16, 1987 (52 FR 47805).

<b>NO CHANGES ON THIS PAGE</b>
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E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 55 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25 and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provision:

STPNOC may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, guard training and qualification, and safeguards contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p).

The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through March 4, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 24, 1987.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, STPNOC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

The Owners shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

**NO CHANGES  
ON THIS PAGE**

I. Effective Date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on August 20, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1305)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 22, 1988

**ATTACHMENT 8**

**ANNOTATED CHANGES TO UNIT 2 LICENSE  
(TEXAS GENCO, INC.)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

TEXAS GENCO {LP}, INC.

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-499

SOUTH TEXAS PROJECT, UNIT 2

FACILITY OPERATING LICENSE

License No. NPF-80

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by STP Nuclear Operating Company (STPNOC)\*, acting on behalf of itself and for Texas Genco {LP}, Inc., the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the South Texas Project, Unit 2, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-129 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

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\* STPNOC is authorized to act for Texas Genco {LP}, Inc., the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

- E. STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-80, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 28, 1989, the License for Fuel Loading and Low Power Testing, License No. NPF-78 issued on December 16, 1988 is superseded by Facility Operating License NPF-80, hereby issued to STPNOC, Texas Genco ~~[LP]~~, Inc., City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 2, a pressurized water reactor, and associated equipment (the facility) owned by Texas Genco ~~[LP]~~, Inc., City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (2) Texas Genco ~~LLP~~, Inc., the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
- (4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40, and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
- (6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 80, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Texas Genco [LP], Inc., City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 2. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 2 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SR)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a technical exemption from the requirements of 10 CFR Part 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1986 (53 FR 50605). Therefore, pursuant to 10 CFR 50.12(a)(1),

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\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 2 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure  $P_a$  prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.

- (2) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1983 dated August 30, 1988 and Section III.E. of the SER dated August 30, 1988). The South Texas Project Unit 2 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (3) The facility requires a temporary exemption from the schedular requirements of the decommissioning planning rule, 10 CFR 50.33(k) and 10 CFR 50.75. The justification for this exemption is contained in Section 22.2 of Supplement 6 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1988 (53 FR 50604). Therefore, pursuant to 10 CFR 50.12(a)(1), 50.12(a)(2)(ii) and 50.12(a)(2)(v), the South Texas Project, Unit 2 is hereby granted a temporary exemption from the schedular requirements of 10 CFR 50.33(k) and 10 CFR 50.75 and is required to submit the decommissioning plan for both South Texas Project, Units 1 and 2 on or before July 26, 1990.

E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 62 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25, and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provisions:

STPNOC may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, training and qualification, and safeguards

contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through September 30, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 18, 1988.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, STPNOC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

The Owners shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Effective date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on December 15, 2028.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By: James H. Sniezek/for

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1346)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 28, 1989

**ATTACHMENT 9**

**UNIT 1 LICENSE WITH  
PROPOSED CHANGES INCORPORATED  
(TEXAS GENCO, INC.)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

TEXAS GENCO, INC.

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-498

SOUTH TEXAS PROJECT, UNIT 1

FACILITY OPERATING LICENSE

License No. NPF-76

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by STP Nuclear Operating Company (STPNOC)\*, acting on behalf of itself and for Texas Genco, Inc., the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as of 1954 as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the South Texas Project, Unit 1, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-128 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

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\* STPNOC is authorized to act for Texas Genco, Inc., the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

- E. STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-76, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 21, 1988, the License for Fuel Loading and Low Power Testing, License No. NPF-71 issued on August 21, 1987 is superseded by Facility Operating License NPF-76, hereby issued to STPNOC, Texas Genco, Inc., City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 1, a pressurized water reactor, and associated equipment (the facility) owned by Texas Genco, Inc., City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
  - (2) Texas Genco, Inc., the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
  - (3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
  - (4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
  - (5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
  - (6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.
- C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:
- (1) Maximum Power Level  
STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 93, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Texas Genco, Inc., City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 1. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 1 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SER)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

(5) Safety Parameter Display System (Section 18, SSER No. 4)\*

Before startup after the first refueling outage, HL&P\*\* shall perform the necessary activities, provide acceptable responses, and implement all proposed corrective actions related to issues as described in Section 18.2 of SER Supplement 4.

(6) Supplementary Containment Purge Isolation (Section 11.5, SSER No. 4)

HL&P shall provide, prior to startup from the first refueling outage, control room indication of the normal and supplemental containment purge sample line isolation valve position.

\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

\*\* The original licensee authorized to possess, use and operate the facility was HL&P. Consequently, historical references to certain obligations of HL&P remain in the license conditions.

D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a technical exemption from the requirements of 10 CFR Part 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on July 2, 1987 (52 FR 25094). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 1 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure  $P_a$  prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.
- (2) The facility requires a schedular exemption from the requirements of General Design Criterion 57, Appendix A to 10 CFR 50. The staff has described in detail in Supplement 4 to the Safety Evaluation Report the technical bases associated with this exemption. The staff's environmental assessment was published on June 18, 1987 (52 FR 23217). Therefore, pursuant to 10 CFR 50.12(a)(1) and 10 CFR 50.12(a)(2)(v) the South Texas Project Unit 1 is hereby granted an exemption from the requirements of GDC-57 applicable to the essential component cooling water (CCW) piping which is also used by the non-essential reactor containment building chilled water system in providing cooling to the Reactor Containment Fan Coolers (RCFC). This exemption will expire at the end of the first refueling outage.
- (3) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1972 dated December 29, 1986 and Section 9.1.2 of SSER No. 3). The South Texas Project Unit 1 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (4) The facility has been granted a schedular exemption from Section 50.71(e)(3)(i) of 10 CFR 50 to extend the date for submittal of the updated Final Safety Analysis Report to no later than one year after the date of issuance of a low power license for the South Texas Project, Unit 2. This exemption is effective until August 1990. The staff's environmental assessment was published on December 16, 1987 (52 FR 47805).

E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 55 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25 and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provision:

STPNOC may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, guard training and qualification, and safeguards contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p).

The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through March 4, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 24, 1987.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, STPNOC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

The Owners shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Effective Date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on August 20, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1305)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 22, 1988

**ATTACHMENT 10**

**UNIT 2 LICENSE WITH  
PROPOSED CHANGES INCORPORATED  
(TEXAS GENCO, INC.)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

TEXAS GENCO, INC.

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-499

SOUTH TEXAS PROJECT, UNIT 2

FACILITY OPERATING LICENSE

License No. NPF-80

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by STP Nuclear Operating Company (STPNOC)\*, acting on behalf of itself and for Texas Genco, Inc., the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the South Texas Project, Unit 2, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-129 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

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\* STPNOC is authorized to act for Texas Genco, Inc., the City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

- E. STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-80, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 28, 1989, the License for Fuel Loading and Low Power Testing, License No. NPF-78 issued on December 16, 1988 is superseded by Facility Operating License NPF-80, hereby issued to STPNOC, Texas Genco, Inc., City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 2, a pressurized water reactor, and associated equipment (the facility) owned by Texas Genco, Inc., City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (2) Texas Genco, Inc., the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (3) STPNOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
- (4) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40, and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
- (6) STPNOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 80, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Texas Genco, Inc., City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 2. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 2 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SR)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a technical exemption from the requirements of 10 CFR Part 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1986 (53 FR 50605). Therefore, pursuant to 10 CFR 50.12(a)(1),

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\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 2 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure  $P_a$  prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.

- (2) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1983 dated August 30, 1988 and Section III.E. of the SER dated August 30, 1988). The South Texas Project Unit 2 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (3) The facility requires a temporary exemption from the schedular requirements of the decommissioning planning rule, 10 CFR 50.33(k) and 10 CFR 50.75. The justification for this exemption is contained in Section 22.2 of Supplement 6 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1988 (53 FR 50604). Therefore, pursuant to 10 CFR 50.12(a)(1), 50.12(a)(2)(ii) and 50.12(a)(2)(v), the South Texas Project, Unit 2 is hereby granted a temporary exemption from the schedular requirements of 10 CFR 50.33(k) and 10 CFR 50.75 and is required to submit the decommissioning plan for both South Texas Project, Units 1 and 2 on or before July 26, 1990.

E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 62 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25, and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provisions:

STPNOC may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, training and qualification, and safeguards

contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through September 30, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 18, 1988.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, STPNOC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

The Owners shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Effective date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on December 15, 2028.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By: James H. Sniezek/for

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1346)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 28, 1989

**ATTACHMENT 11**

**PROJECTED INCOME STATEMENT  
AND PROJECTED OPENING BALANCE SHEET OF  
TEXAS GENCO'S ANTICIPATED ASSETS, LIABILITIES  
AND CAPITAL STRUCTURE AT CLOSING  
(NON-PROPRIETARY VERSION)**

**TEXAS GENCO**  
**PROJECTED OPENING BALANCE SHEET**  
**As of December 31, 2001**  
**(in millions)**

**ASSETS****Current Assets**

Cash and Temporary Cash Investments  
Accounts Receivable  
Inventories  
Other Current Assets  
Total Current Assets

**Fixed Assets**

Net Property, Plant and Equipment  
Total Fixed Assets

**Other Long Term Assets**

Decommissioning Funds  
Goodwill  
Other Long Term Assets  
Total Other Assets

**Total Assets****LIABILITIES****Current Liabilities**

Accounts Payable  
Other Current Liabilities  
Total Current Liabilities

**Non-Current Liabilities**

DOE Spent Fuel Assessment  
Decommissioning Liability  
Other Long Term Liabilities  
Total Non-Current Liabilities

**Capitalization**

Debt  
Equity  
Total Capitalization

**Total Liabilities & Capitalization**

**TEXAS GENCO**  
**Projected Income Statement**  
**(in millions)**

	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Power Sales Revenues					
Other Revenues					
Total Revenues					
Operating Expenses					
Fuel					
Operation & Maintenance					
Depreciation & Amortization					
Administrative & General					
Decommissioning Expense					
Taxes Other than Income					
Other					
Total Operating Expenses					
Operating Income (Loss)					
Other Income (Deductions)					
Income before Income Taxes					
Income Taxes					
Net Income (Loss)					

**STP EXPENSE PROJECTIONS**  
(in Millions)

	2002	2003	2004	2005	2006
<b>Operating Expenses</b>					
O&M (includes A&G)					
Fuel					
Taxes Other Than Income					
<b>OTHER EXPENSES:</b>					
Depreciation					
Property Taxes					
Decommissioning					
Corporate Overhead & Shared Services					
<b>TOTAL</b>					

---

HL&P's 30.8% share of total STP projected expenses.  
Amounts are included in Texas Genco proforma income statements.

**ATTACHMENT 12**

**SECOND AMENDED AND RESTATED  
DECOMMISSIONING MASTER TRUST AGREEMENT  
FOR THE SOUTH TEXAS PROJECT**

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SECOND AMENDED AND RESTATED  
DECOMMISSIONING MASTER TRUST AGREEMENT  
FOR THE SOUTH TEXAS PROJECT

THIS TRUST AGREEMENT originally made July 2, 1990, amended and restated as of the 1<sup>st</sup> day of October, 1991, and further amended by the First Amendment dated as of December 30, 1996, is further amended and restated as of \_\_\_\_\_, 2001 by and between Texas Genco LP, a Delaware limited partnership (the "Company"), and Mellon Bank, N.A., a national banking association having trust powers (the "Trustee");

WHEREAS, the Trust was originally established by Houston Lighting & Power Company, assumed by Reliant Energy, Incorporated ("Reliant Energy") and later assigned to the Company;

WHEREAS, the Company is the owner of: (1) a 30.8 percent undivided interest in Unit No. One of the South Texas Project Electric Generating Station ("STP Unit No. 1"); (2) a 30.8 percent undivided interest in Unit No. Two of the South Texas Project Electric Generating Station (STP Unit No. 2"); and (3) a 30.8 percent undivided interest in certain facilities serving both STP Unit No. 1 and STP Unit No. 2 (the "Common Facilities"); and

WHEREAS, the Company for purposes of this Trust is subject to regulation by the Public Utility Commission of Texas (the "PUC"), an agency of the State of Texas, and by the Nuclear Regulatory Commission (the "NRC"), an agency of the United States government; and

WHEREAS, the NRC has promulgated regulations in Title 10, Chapter 1 of the Code of Federal Regulations, Part 50, requiring the Company, as a holder of a license issued pursuant to 10 C.F.R., Part 50, to provide assurance that funds will be available when needed for required decommissioning activities; and

WHEREAS, pursuant to Section 468A of the Internal Revenue Code of 1986, certain Federal income tax benefits are available to the Company by creating and funding qualified decommissioning funds associated with the South Texas Project Electric Generating Station; and

WHEREAS, the PUC has permitted [WiresCo, a Texas \_\_\_\_\_ (“WiresCo”),] on behalf of the Company to include in its cost of service for ratemaking purposes certain amounts to be contributed by the Company or by WiresCo on behalf of the Company to decommissioning funds in order to provide monies for the Company’s share of decommissioning costs with respect to the South Texas Project; and

WHEREAS, the Company wishes to maintain the qualified trust fund originally established with respect to each of STP Unit No. 1 and STP Unit No. 2 and one or more non-qualified trust funds with respect to STP Unit No. 1 and STP Unit No. 2 to accumulate monies with which to pay the Company’s share of decommissioning costs for such Units and the Common Facilities;

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Company hereby agrees to deliver or have delivered to the Trustee, and the Trustee hereby agrees to continue to receive, the Contributions of monies to the Master Trust made by or on behalf of the Company;

TO HAVE AND TO HOLD such monies and such additional monies as may from time to time be added thereto as provided herein, together with the proceeds and reinvestments thereof (hereinafter collectively called the “Master Trust”);

IN TRUST NEVERTHELESS, for the uses and purposes and upon the terms and conditions hereinafter set forth:

## ARTICLE I

### DEFINITIONS, PURPOSE AND NAME

1.01 Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “Accounting Period” shall mean a tax year, as interpreted in accordance with the Code; Accounting Periods shall end on December 31 of each year.

(b) “Administrative Costs” shall mean all ordinary and necessary expenses and other incidental costs incurred in connection with the operation of the Funds, including, but not limited to, taxes, Trustee fees, Investment Manager fees and the fees and/or compensation of any professional advisors, legal counsel or administrative support hired by the Company as provided in Section 3.01 or incurred in the discharge of the Trustee’s fiduciary obligations under this Agreement.

(c) “Agreement” shall mean and include this Decommissioning Master Trust Agreement as the same may from time to time be amended, modified or supplemented.

(d) “Authorized Representative” shall mean the Chief Executive Officer, the President, any Vice President or the Treasurer of the Company.

(e) “Certificate” shall mean a written certificate signed by the Company.

(f) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

(g) “Common Facilities” shall mean facilities at the South Texas Project Electric Generating Station designed to serve both STP Unit No. 1 and STP Unit No. 2.

(h) “Company” shall have the meaning set forth in the preamble hereto and shall include any successor thereto. The actions of the Company may be performed by an Authorized Representative as provided in Sections 1.01(d) and 2.03 hereof.

(i) “Contributions” shall mean all Non-Qualified Contributions and all Qualified Contributions.

(j) “Decommissioning Costs” shall mean all costs incurred in connection with the entombment, decontamination, dismantlement, removal and disposal of the structures, systems and components of a Unit or Common Facilities, including all costs incurred in connection with the preparation for decommissioning, such as engineering and other planning expenses, and all expenses incurred with respect to the Unit or Common Facilities after actual decommissioning occurs, such as physical security and radiation monitoring expenses.

(k) “Disbursement Certificate” shall mean a document properly completed and executed by the Company and substantially in the form of Exhibit A hereto.

(l) “Eligible Investments” shall mean such securities, bank deposits, collective, commingled or mutual funds or other investments that are permitted to be purchased and held for the account of the Fund in which the investment is proposed to be acquired under (1) applicable federal, state and other governmental laws, rules and regulations, including without limitation PUC Substantive Rule 25.301, and (2) the Investment Guidelines then in effect with respect to the Fund for which the investment is proposed to be acquired. Except for investments in funds tied to market indices or other non-nuclear sector collective, commingled or mutual funds, the assets of the Funds shall not be invested in the securities or other obligations of Reliant Energy, WiresCo, the

Company or any affiliates thereof, or their successors or assigns, or in any entity owning one or more nuclear power plants.

(m) “Excess Contribution” shall have the meaning set forth in Section 2.02 hereof.

(n) “Funds” shall mean the Qualified Funds and the Non-Qualified Funds.

(o) “Investment Guidelines” shall mean any written statement or statements of the Company in effect at a given time that details investment criteria and standards with respect to one or more Funds or portions thereof. The Company may at any time, or from time to time, adopt new or additional Investment Guidelines, or amend, supersede, or terminate effective Investment Guidelines by delivering a copy of the new or additional Investment Guidelines or notice of amendment, supersession or termination to the Trustee and any affected Investment Manager.

(p) “Investment Manager” shall mean a fiduciary specified in an Investment Manager Agreement:

(i) which has been retained by the Company to manage, acquire or dispose of any asset belonging to the Master Trust; and

(ii) which is:

(A) registered as an investment adviser under the Investment Advisers Act of 1940, or

(B) a bank as defined in that Act, or

(C) an insurance company qualified to perform services described in subsection (i) above, under the laws of more than one state, and

(iii) which has acknowledged, in writing, that it is a fiduciary with respect to the Master Trust, that it is qualified to act under subsection (ii) above, and has agreed to be bound by all of the terms, provisions and covenants of this Agreement applicable to it.

(q) "Investment Manager Agreement" shall mean an agreement between the Company and an Investment Manager selected by the Company, which agreement governs the management of all or a portion of the assets of the Master Trust.

(r) "Master Trust" shall consist of all contributions to any Fund together with investments and reinvestments thereof and any income earnings and appreciation thereon.

(s) "Non-Qualified Contributions" shall mean all amounts contributed to the Non-Qualified Funds.

(t) "Non-Qualified Funds" shall mean the Fund or Funds, as determined by the Trustee and the Company, established and maintained under the Master Trust for decommissioning STP Unit No. 1, STP Unit No. 2, and the Common Facilities to which monies are contributed, which Funds are not subject to the conditions and limitations of Section 468A.

(u) "NRC" shall mean the Nuclear Regulatory Commission, an agency of the United States of America, or its successor.

(v) "PUC" shall mean the Public Utility Commission of Texas, as authorized pursuant to the PURA, or its successor.

(w) "PUC Substantive Rule 25.301" shall mean the rules and regulations adopted by the PUC, effective June 18, 1998, published in the Texas Register as Tex.

Public Utility Comm'n, 23 Tex. Reg. 6222 et seq. (1998) and codified at 16 Tex. Admin. Code § 25.301, as such section may be amended, and any successors thereto.

(x) "PURA" shall mean the Public Utility Regulatory Act, Texas Utilities Code, Title 2 (1997), as amended from time to time.

(y) "Qualified Contributions" shall mean all amounts contributed to the Qualified Funds for Decommissioning Costs and Administrative Costs of the Units collected by WiresCo as part of the Company's cost of service as approved by the PUC.

(z) "Section 468A" shall mean Section 468A of the Code, and any regulations and rulings of the Service thereunder, as such section and regulations may be amended, and any successors thereto.

(aa) "Service" shall mean the Internal Revenue Service.

(bb) "STP Unit No. 1" shall mean Unit No. One of the South Texas Project Electric Generating Station.

(cc) "STP Unit No. 1 Qualified Fund" shall mean the Fund established and maintained under the Master Trust for decommissioning STP Unit No. 1 and Common Facilities to which monies are contributed subject to the conditions and limitations of Section 468A.

(dd) "STP Unit No. 2" shall mean Unit No. Two of the South Texas Project Electric Generating Station.

(ee) "STP Unit No. 2 Qualified Fund" shall mean the Fund established and maintained under the Master Trust for decommissioning STP Unit No. 2 and Common Facilities to which monies are contributed subject to the conditions and limitations of Section 468A.

(ff) "Trustee" shall mean Mellon Bank, N.A., or its successors.

(gg) "Units" shall mean STP Unit No. 1, STP Unit No. 2 and the Common Facilities, collectively.

(hh) "WiresCo" shall have the meaning set forth in the preamble hereto and shall include its successors and assigns.

1.02 Authorization. Each of the Trustee and the Company hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Agreement, and has taken all action necessary to authorize the execution of this Agreement by the officers and persons signing it.

1.03 Master Trust Purpose. The exclusive purpose of this Master Trust is to provide funds for the decommissioning of the Units, and in that regard this Master Trust shall accumulate, invest, reinvest and hold monies for the decommissioning of the Units, and to disburse monies for that purpose. The Qualified Funds shall constitute qualified nuclear decommissioning funds for the Units within the meaning of Section 468A. The assets of the Qualified Funds must be used as authorized by Section 468A. It is not contemplated that the Non-Qualified Funds shall constitute qualified nuclear decommissioning funds for the Units within the meaning of Section 468A.

1.04 Establishment of Master Trust. By execution of this Agreement, the Company irrevocably:

(a) establishes the Master Trust, which shall consist of all Contributions as may now or hereafter be delivered by or on behalf of the Company to the Trustee, investments and reinvestments thereof, and earnings and appreciation thereon;

(b) establishes the Funds, each of which shall constitute a trust consisting of all Contributions as may now or hereafter be delivered to the Trustee by or on behalf of the Company and designated for such Fund, together with investments and reinvestments thereof and earnings and appreciation thereon; and

(c) appoints Mellon Bank, N.A. as Trustee of the Master Trust and each of the Funds.

It is the intention of the Company and the Trustee that this Agreement create an express trust under the laws of the State of Texas.

1.05 Company to Be Beneficiary. The beneficial ownership of the Funds, subject to the purpose of the Master Trust, shall be at all times in the Company.

1.06 Name of Master Trust. The Master Trust created by this Agreement shall be known as the “Texas Genco Decommissioning Master Trust for the South Texas Project.”

## ARTICLE II

### DISPOSITIVE PROVISIONS

2.01 Additions to Master Trust. From time to time after the initial Contribution to the Master Trust, additional Contributions may be made by or on behalf of the Company and the Trustee shall accept additional Contributions.

2.02 Adjustments for Excess Contributions. The Trustee and the Company understand and agree that the Contributions made by or on behalf of the Company to any of the Qualified Funds from time to time may exceed the amount permitted to be paid into such Fund(s) pursuant to Section 468A based upon changes in estimates, subsequent developments or any other event or occurrence which could not reasonably have been foreseen by the Company at the time such Contribution was made (an “Excess Contribution”). Upon certification of the

Company, setting forth the amount of the Excess Contribution, the Trustee shall transfer to a Non-Qualified Fund, the amount of any Excess Contribution (together with any income accrued thereon) as specified by the Company in such Certificate.

2.03 Authorized Representatives. Each of the Authorized Representatives is authorized and empowered to perform all acts (including the negotiation, execution and delivery of agreements, instruments, certificates and amendments to the Master Trust Agreement and other documents and the delegation of any duties as evidenced in writing) as the Authorized Representative in his sole discretion may deem necessary or appropriate in connection with the activities of the Master Trust.

2.04 Disbursements from the Funds. The Trustee shall make payments from the Funds in accordance with the following procedures:

(a) Use of Assets. Except for Administrative Costs, the assets in the decommissioning trust funds, in the first instance, shall be used to pay the expenses related to decommissioning the Units as defined by the NRC in its regulations and issuances, and as provided in the South Texas Project Electric Generating Station licenses and any amendments thereto.

(b) Disbursement Certificates. Requests for payments of Decommissioning Costs or Administrative Costs (including the fees and expenses of the Trustee) actually incurred and paid or payable by the Company for goods provided or labor or other services rendered in connection with the decommissioning of the Units or the administration of this Master Trust shall be submitted to the Trustee on a Disbursement Certificate executed by the Company.

(c) Payment of Costs. Subject to the requirements of Section 2.04(d) below, the Trustee shall pay Decommissioning Costs or Administrative Costs when a Disbursement Certificate is filed with the Trustee. The Disbursement Certificate shall include the following:

- (i) the amount of money to be paid;
- (ii) the Fund or Funds from which payment is to be made;
- (iii) the purpose for which the obligation to be paid or reimbursed was incurred and whether the payment is of Decommissioning Costs or Administrative Costs; and
- (iii) the party to which the payment shall be made.

(d) Notice to NRC. 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 notice of such disbursement or payment to the NRC and the Trustee has not received written notice of an objection from the NRC Director, Office of Nuclear Reactor Regulation, by the later of (1) the date that is thirty days after the giving of such notice, or (2) the date of disbursement.

(e) Payment of Taxes. To the extent one or more Funds file separate tax returns, the Trustee shall pay income and other taxes with respect to the Funds to the Service or other appropriate governmental authority. If income from one or more Funds is includable in the consolidated assets, revenues or income of the Company for tax purposes, the Trustee shall pay the Company the amount of tax on such assets, revenue or income allocable to such Funds when a Disbursement Certificate is filed with the Trustee

directing payment from one or more Funds. All of such taxes, whether paid directly or indirectly, shall constitute Administrative Costs.

(f) Distribution of Master Trust Upon Termination. Upon complete or partial termination of this Master Trust or of any one or more of the Fund(s) pursuant to Section 2.08 or 2.09 hereof, the Trustee shall assist in liquidating the assets of the Master Trust, or Fund(s), and distributing the then-existing assets of the Master Trust, or Fund(s) (including accrued, accumulated and undistributed net income) to the Company; provided, however, if a Qualified Fund is terminated in whole or in part pursuant to Section 2.09(a) because of the Qualified Fund's disqualification from the applicability of Section 468A, the funds or securities withdrawn from the Qualified Fund shall be transferred to one or more of the Non-Qualified Funds.

(g) Insufficiency of Funds. Notwithstanding the foregoing, the Trustee shall take no action that would cause a Qualified Fund to become disqualified from the application of Section 468A. If the Assets of any Fund are insufficient to permit the payment in full of amounts to be paid pursuant to this Section, the Trustee, in the absence of liability for such deficiency pursuant to the other provisions of this Agreement, shall have no liability with respect to such insufficiency and no obligation to use its own funds to pay the same. The Trustee shall, however, give the Company immediate notice of any such insufficiency.

2.05 Transfers Between Funds. The Trustee and the Company further understand and agree that it is of the essence that no transfer of monies is to occur between Funds except when such transfer is not contrary to the requirements of Section 468A and is

either (a) in accordance with Section 2.02 hereof or (b) pursuant to the direct instructions contained in a Certificate of the Company.

2.06 Designation of Funds. Upon: (a) remittance of Contributions to the Master Trust; (b) any disbursement from the Master Trust; or (c) any adjustment to the Funds pursuant to Section 2.02 or Section 2.05, the Company shall designate, by Certificate, the appropriate Fund(s) which are to be credited or debited by such Contribution, disbursement or adjustment, and the Trustee shall credit or debit the appropriate Fund(s) in accordance with such designation.

2.07 No Transferability of Interest in Master Trust; Exception. The interest of the Company in the Master Trust is not transferable by the Company, whether voluntarily or involuntarily, nor subject to the claims of creditors of the Company. Notwithstanding the foregoing, however, if the Company sells or transfers all or part of its ownership interest in any Unit or Units, including without limitation a sale or transfer to an affiliate of the Company, the Company may transfer a proportionate part of its interest in the Master Trust or any Fund.

2.08 Termination of Master Trust. Subject to the right of the parties to amend this Agreement as provided in Section 7.01, this Master Trust shall be irrevocable and will terminate upon the earliest of:

(a) receipt by the Trustee of a Certificate from the Company stating that the NRC has terminated the licenses of both Units pursuant to 10 C.F.R. § 50.82(f), or any successor regulation;

(b) except for any sale or transfer permitted under Section 2.07, receipt by the Trustee of a Certificate from the Company stating that the Company has sold, transferred or otherwise disposed of all of its ownership interest in both Units; or

(c) the twentieth anniversary of the date of the death of the survivor from among a class consisting of all of the descendants of John D. Rockefeller, late of New York, New York, born on or prior to January 1, 1990.

2.09 Termination of Funds of Master Trust. Subject to the right of the parties to amend this Agreement as provided in Section 7.01 hereof, one or more of the Funds (in whole or in part) shall terminate upon the earliest of:

(a) with respect to a Qualified Fund only, the Fund's disqualification from the application of Section 468A, whether pursuant to an administrative action on the part of the Service or the decision of any court of competent jurisdiction, but in no event earlier than the date on which all available appeals have been either prosecuted or abandoned and the period of time for making any further appeals has elapsed;

(b) with respect to a Qualified Fund only, the sale, transfer or other disposition by the Company of any interest in the related Unit, to the extent provided by Section 468A; or

(c) with respect to a Non-Qualified Fund only, the disposition by the Company of any interest in the related Unit, in the same proportion of the Non-Qualified Fund as the Contributions to such Fund are to be used to decommission such Unit.

### ARTICLE III

#### MASTER TRUST MANAGEMENT AND ADMINISTRATION

3.01 Duties of Management. The Trustee shall manage the Master Trust and perform all duties attendant thereto, including the execution of whatever contracts, agreements or other documents necessary to manage and invest such assets, subject to the terms and provisions of this Agreement. In performing its duties under this agreement, the Trustee shall exercise the

same care and diligence that it would devote to its own property in like circumstances. The Trustee is authorized to purchase, enter, sell, hold, and generally deal in any manner in and with contracts for the immediate or future delivery of financial instruments and foreign exchange or foreign exchange contracts; to grant, purchase, sell, exercise, permit to expire, permit to be held in escrow, and otherwise to acquire, dispose of, hold and generally deal in any manner with and in all forms of options in any combinations. The Trustee, with the consent of the Company, or the Company may retain the services of such professional advisors, legal counsel and administrative support as may be necessary to administer the Master Trust. The reasonable fees and/or compensation of any party so retained shall, to the extent not already included in the Trustee's compensation, be regarded as appropriate Administrative Costs payable in accordance with Section 2.04 hereof.

3.02 Limitations on Trustee Actions. The Trustee shall not take any action or participate in any transaction which would violate the terms and conditions of this Agreement. Further, the Trustee shall not take any action or participate in any transaction inconsistent with any instructions provided in a Certificate of the Company so long as the terms and conditions of the Certificate are consistent with this Agreement.

#### ARTICLE IV

##### ACCOUNTS AND REPORTS

4.01 Establish Fund Accounts. In accordance with the provisions of Section 2.06 hereof, the Trustee shall maintain separate accounts for each Fund established by this Agreement to account for Contributions made to each Fund, and all income and other increments to each Fund and disbursements from each Fund.

4.02 Accounts; Quarterly and Annual Reports. The Trustee shall keep accurate and detailed accounts of all Contributions, investments, receipts and disbursements, Administrative Costs and other transactions hereunder, and all accounts, books and records relating thereto shall be open at all reasonable times to inspection by the Company or by any other person designated by the Company and may be audited not more frequently than once in each fiscal year by the Company or an independent certified public accountant engaged by the Company. Such accounts shall be maintained on an accrual basis and in such a manner as to enable the Trustee to furnish separate accounts and reports for each Fund. Within forty-five days following the close of each fiscal quarter or year, the Trustee shall prepare and furnish to the Company a written report setting forth with respect to each Fund all Contributions, investments, receipts and disbursements and other transactions effected by it during the preceding fiscal quarter, or year with respect to year-end statements, including a description of all securities and investments purchased and sold, with the cost and net proceeds of such purchases or sales, showing all cash, securities and other property held by each Fund at the end of such fiscal quarter or year and providing a valuation of the cash, securities and other property held by each Fund at the end of such fiscal quarter or year. Within ninety days following the removal or resignation of the Trustee as provided in Article VI hereof, the Trustee shall prepare and furnish to the Company and to any Successor Trustee a written report containing all of the information required for fiscal year-end statements pursuant to this Section with respect to the period from the close of the previous fiscal year to the date of such removal or resignation. The Trustee shall also provide a valuation of the cash, securities and other property held by each Fund on such other dates as may be specified by the Company. Copies of all records relating to the Master Trust and each of the Funds shall be maintained by the Trustee until the termination of the

Master Trust and distribution of all of the assets of the Master Trust. Before destruction of any such records, the Trustee shall offer them to the Company. Such copies may be maintained on microfilm or microfiche.

4.03 Tax Returns and Monthly Reports.

(a) Tax Returns. The Trustee and the Company shall cooperate in the preparation of income or franchise tax returns or other reports as may be required from time to time. If deemed necessary or appropriate, the Trustee, with the Company's prior written consent, or the Company may employ independent certified public accountants or other tax counsel to prepare or review such returns and reports. The Trustee agrees to sign all tax returns or other reports where required by law to do so or arising out of the Trustee's responsibilities hereunder. The Trustee shall prepare and submit to the Company in a timely manner all information requested by the Company regarding the Funds required to be included in the Company's federal, state and local income tax returns or other reports. Any interest or penalty charges assessed against the Master Trust or any Fund pursuant to Chapters 67 or 68 of the Code or pursuant to any similar state or local tax provisions shall be an Administrative Cost unless caused by the Trustee's negligence or willful misconduct, in which case such interest or penalty charges shall be borne by the Trustee and not the Master Trust. The Trustee agrees to notify the Company immediately of the commencement of the audit of any Fund's federal, state or local tax return, and to participate with the Company on behalf of the Fund in such audits and related inquiries. The Trustee shall provide the Company with any additional information in its possession regarding the Funds which may be required by the Company to be furnished in an audit of the Company's federal, state or local tax returns.

(b) Monthly Investment Activity Reports. The Trustee shall present to the Company on a monthly basis a report setting forth all investments purchased and sold by the Investment Manager(s) or by the Trustee during the previous month.

## ARTICLE V

### INVESTMENTS

5.01 Investments in Eligible Investments. The Funds shall be invested solely in Eligible Investments, regardless of whether the Trustee, an Investment Manager or the Company is making the investment decision. The Trustee shall have the duty to review all proposed investments and to inform the Company and any Investment Manager if, in the Trustee's opinion, the proposed investment falls within the parameters set forth on Exhibit B attached hereto. The Trustee, Investment Manager, or anyone else directing the investments made in the trust shall adhere to the investment guidelines provided by the Company incorporating the standards for such investments as set forth in PUC Substantive Rule 25.301 (16 Tex. Admin. Code 25.301), as such section may be amended, and any successors thereto.

5.02 Investment Authority; Investment Managers.

(a) Trustee, Investment Manager (s) or Both to Manage Investments. The Company shall from time to time specify by Certificate to the Trustee whether the investment of the Funds shall be managed solely by the Trustee, or shall be directed by one or more Investment Managers appointed by the Company, or whether both the Trustee and one or more Investment Managers are to participate in investment management and if so how the investment responsibility is to be divided with respect to assets, classes of assets, separate Funds or sub-funds specified and defined in such Certificate. In the event that the Company shall fail to specify pursuant to this Section the

person or persons who are to manage the investment of the Funds or any portion thereof, the Trustee shall promptly give notice of this fact to the Company. With the consent of the Trustee, the Company may designate the Trustee as Investment Manager of that portion of the Funds. If the Company does not designate an Investment Manager and the Trustee is unable or unwilling to serve as Investment Manager, the Company shall be Investment Manager of that portion of the Funds. If the Trustee is managing the investment of the Funds or any portion thereof, it shall follow any instructions issued by the Company in a Certificate unless those instructions are contrary to the Trustee's fiduciary duties under this Agreement. If investment of all or a portion of any Fund is to be directed in whole or in part by an Investment Manager, the Trustee shall be given written notification of the appointment of the Investment Manager and his acceptance of such appointment and acknowledgment that he is a fiduciary of this Master Trust. The Investment Manager shall also provide the Trustee a certificate identifying, with specimen signatures, the persons authorized to give instructions or directions to the Trustee on its behalf. The Trustee may continue to rely upon such instruments and certificates until otherwise notified in writing by the Company or the Investment Manager.

(b) Trustee to Follow Investment Manager Directions; Exceptions. The Trustee shall follow the directions of the Investment Manager regarding the investment and reinvestment of the portion of the Funds as shall be under management by the Investment Manager, provided that the Trustee shall not follow such directions if to do so would result in a violation of Section 5.03 . Except as stated in the foregoing sentences, the Trustee shall be under no duty or obligation, with respect to Funds or portions thereof

managed by an Investment Manager, to (i) review any investment to be acquired, held or disposed of pursuant to directions from an Investment Manager or (ii) make any recommendations with respect to the disposition or continued retention of any such investment. The Trustee, if it is managing any investments for any of the Funds or portions thereof, and each Investment Manager, if any, shall have a continuing duty to review the Funds under its management to determine the appropriateness of such assets, investments and funds. With respect to Funds or portions thereof managed by an Investment Manager, the Trustee shall have no liability or responsibility for acting without question on the direction of, or failing to act in the absence of any direction from, the Investment Manager, unless (i) such action or inaction would be contrary to the provisions of this Section 5.02(b); (ii) the Trustee knows that by such action or failure to act it will be participating in a breach of fiduciary duty by the Investment Manager; or (iii) such action or inaction would result in a violation of the Trustee's fiduciary duties under the terms of this Agreement.

(c) Trades by Investment Manager. An Investment Manager at any time and from time to time may issue orders for the purchase or sale of Eligible Investments directly to a broker, and in order to facilitate such transaction the Trustee upon request shall execute and deliver appropriate trading authorizations. Written notifications of the issuance of each such order shall be given promptly to the Trustee by the Investment Manager, and the execution of each such order shall be confirmed to the Trustee by the broker. Such notification shall be authority for the Trustee to pay for Eligible Investments purchased against receipt thereof and to deliver securities sold against payment therefor, as the case may be. All notifications concerning investments made by

the Investment Manager shall be signed by such person or persons, acting on behalf of the Investment Manager as may be duly authorized in writing; provided, however, that the transmission to the Trustee of such notifications by telecopy with duplicate or facsimile signature or signatures shall be considered a delivery in writing of the aforesaid notifications until the Trustee is notified in writing by the Investment Manager that the use of such devices with duplicate or facsimile signatures is no longer authorized. The Trustee shall be entitled to rely upon such directions which it receives by such means if so authorized by the Investment Manager and shall in no way be responsible for the consequences of any unauthorized use of such device which was not, in fact, known by the Trustee at the time to be unauthorized. The Trustee shall, as promptly as possible, comply with any written directions given by the Investment Manager hereunder, and, where such directions are given by photostatic teletransmission with facsimile signature or signatures, the Trustee shall be entitled to presume that any directions so given are fully authorized.

(d) Removal of Investment Manager. The Company shall have the right to remove any Investment Manager. In the event that an Investment Manager should resign or be removed by the Company, the Company shall appoint another Investment Manager (including with the consent of the Trustee, the Trustee) for the portion of the Funds under management by such Investment Manager at the time of its resignation or removal. If the Company does not designate another Investment Manager, and the Trustee is unable or unwilling to serve as Investment Manager for that portion of the Funds, the Company shall be Investment Manager for that portion of the Funds.

5.03 Limitations on Investment Transactions. Notwithstanding anything contained in this Agreement to the contrary, the Trustee may not authorize or carry out (a) any purchase, sale, exchange or other transaction which would constitute an act of “self-dealing” within the meaning of Section 4951 of the Code, as such section is made applicable to the Funds by Section 468A(e)(5) of the Code or (b) any investment which could result in a Fund’s acquisition of an investment that falls within the parameters set forth on Exhibit B hereto. The Trustee shall not (x) lend monies or securities from any of the Funds to itself, its officers or directors or (y) invest or reinvest monies from the Funds directly in securities issued by the Trustee, except for time deposits, demand deposits or money market accounts of the Trustee. Notwithstanding the foregoing (assuming applicable laws so permit), monies from the Funds may be invested in mutual funds or common trust funds that contain securities issued by the Trustee if the securities of the Trustee constitute no more than five percent of the fair market value of the assets of such mutual funds at the time of the investment; provided, however, that the Trustee shall have no duties under Section 5.02 with respect to the investment in such mutual fund or common trust fund made at the direction of an investment manager or the Company.

5.04 Disposition of Investments. When required to make any payments under Section 2.04 hereof, the Trustee shall sell investments at the best price reasonably obtainable, or present investments for prepayment, and follow directions from the Company or an Investment Manager if such directions are provided. The proceeds of any such sale or liquidation shall be credited pro rata to the Fund or Funds to which such investments were credited prior to such sale or liquidation. The Trustee shall have no liability, except for its own negligence or willful misconduct, with respect to any sale or prepayment of an investment directed by the Company or an Investment Manager or made by an Investment Manager through a broker-dealer.

5.05 Allocation of Income.

(a) Generally. The Trustee shall not be precluded from pooling amounts in the Funds for investment purposes, provided that all investments are to be made only in Eligible Investments. To the extent amounts in more than one Fund are pooled, the Trustee shall allocate the earnings and losses in a manner permitted by Section 468A (if a Qualified Fund is involved) and, if so permitted, may treat each Fund participating in such investment as having received or accrued a ratable portion of the income from such investment for any period.

(b) Principal and Income. All questions relating to the ascertainment of income and principal and the allocation of receipts and disbursements between income and principal shall be resolved by the Trustee in accordance with the terms of Section 113.102 of the Texas Trust Code. For accounting purposes, as of the end of each Accounting Period of the Master Trust, the income of the Master Trust shall, for purposes of all subsequent Accounting Periods, be treated as Master Trust principal. The Trustee and any Investment Manager shall have the same duties with regard to Master Trust income as to Master Trust principal.

5.06 Settlement of Transactions. Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Trustee shall have no responsibility for nonreceipt of payment (or late payment) by the counterparty.

5.07 Reimbursement. If the Trustee advances cash or securities to facilitate the settlement of a transaction or in the event that the Trustee shall incur or be assessed taxes, interest, charges, expenses, or assessments in connection with the performance of this Agreement, except such as may arise from its own negligent action, negligent failure to act or willful misconduct, any property at any time held for the Fund or under this Agreement shall be security therefor and the Trustee shall be entitled upon reasonable notice to the Company to collect from the Fund sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the Company held under this Agreement to the extent necessary to obtain reimbursement. To the extent the Trustee advances funds to the Fund for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Fund an amount equal to either (i) with respect to domestic assets, an amount equal to what would have been earned on the sums advanced (an amount approximating the “federal funds” interest rate) or (ii) with respect to nondomestic assets, the rate applicable to the appropriate foreign market.

## ARTICLE VI

### THE TRUSTEE

6.01 General Powers. The Trustee shall have, with respect to the Master Trust, the following fiduciary powers to be exercised in the best interests of the Master Trust, and which are to be exercised as the Trustee, acting in such fiduciary capacity, in its discretion, shall determine and, except as otherwise provided, which are intended in no way to limit the powers of the office, namely:

- (a) Registration of Securities. To cause any investment, either in whole or in part, in the Fund to be registered in, or transferred into, the Trustee's name or the names

of a nominee or nominees, including but not limited to that of the Trustee or an affiliate of the Trustee, a clearing corporation, or a depository, or in book entry form, or to retain any such investment unregistered or in a form permitting transfer by delivery, provided that the books and records of the Trustee shall at all times show that such investments are a part of the Fund; and to cause any such investment, or the evidence thereof, to be held by the Trustee, in a depository, in a clearing corporation, in book entry form, or by any other entity or in any other manner permitted by law; provided that the Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign or domestic clearing facility, book-entry system, centralized custodial depository, or similar organization.

(b) Receipt of Money. To collect and receive any and all money and other property due to the Funds and to give full discharge therefor.

(c) Resolution of Claims. To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Master Trust; to commence or defend suits or legal proceedings to protect any interest of the Master Trust; and to represent the Master Trust in all suits or legal proceedings in any court or before any other body or tribunal.

(d) Voting of Securities. In its discretion, to exercise all voting rights with respect to any investment held in the Funds and to grant proxies, discretionary or otherwise, with respect thereto, except that, at any time when an Investment Manager shall be acting as provided in Section 5.02, the Trustee shall not exercise its discretion with respect to voting any such securities under management of such Investment

Manager but shall vote such securities only upon and in accordance with the direction of the Investment Manager or shall send such Investment Manager all proxies and proxy materials relating to such securities, signed by the Trustee without indication of voting preference, and the Investment Manager shall exercise all voting rights with respect thereto.

(e) Location of Assets. To keep any property belonging to the Master Trust at any place in the United States.

(f) Retention of Professional Services. To execute any of the powers hereof and perform the duties required of it hereunder by or through its employees, agents, attorneys or receivers.

(g) Designation of Ministerial Powers. To delegate to other persons such ministerial powers and duties as the Trustee may deem to be advisable.

(h) Texas Trust Code. To exercise all rights, powers, options and privileges now or hereafter granted to, provided for or vested in, trustees under the Texas Trust Code, except such as conflict with the terms of this Agreement or applicable law.

(i) Powers of Trustee to Continue Until Final Distribution. To exercise any of such powers after the date on which the principal and income of the Master Trust shall have become distributable and until such time as the entire principal of, and income from, the Master Trust shall have been actually distributed by the Trustee. It is intended that distribution of the Master Trust will occur as soon as possible upon termination of the Master Trust, subject, however, to Sections 2.04(d), 2.08 and 2.09.

(j) Discretion in Exercise of Powers. To do any and all other acts, not inconsistent with the Texas Trust Code, which the Trustee shall deem proper to effectuate the powers specifically conferred upon it by this Agreement.

Notwithstanding the foregoing, however, the Trustee may not do any act or knowingly engage in any transaction which would:

(x) Disqualify either of the Qualified Funds from the application of Section 468A;

(y) Violate the Trustee's fiduciary duties under this Agreement; or

(z) Violate the terms and conditions of any instructions provided by Certificate by the Company to the extent such instructions are consistent with the Trustee's fiduciary duties under this Agreement.

6.02 Designation and Qualification of Successor Trustee(s). The Company by this Agreement has appointed the corporate fiduciary named herein having all requisite corporate power and authority to act as the sole original Trustee. The Trustee shall act in accordance with the directions provided to it by the Company under the terms of this Agreement. At any time during the term of this Master Trust, the Company shall have the right to remove the Trustee acting hereunder and appoint another qualified corporation as a Successor Trustee upon thirty days' notice in writing to the Trustee, or upon such shorter notice as may be acceptable to the Trustee. In the event that the Trustee or any Successor Trustee shall: (a) become insolvent or admit in writing its insolvency; (b) be unable or admit in writing its inability to pay its debts as such debts mature; (c) make a general assignment for the benefit of creditors; (d) have an involuntary petition in bankruptcy filed against it; (e) commence a case under or otherwise seek to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt,

dissolution or liquidation law, statute or proceeding; or (f) resign, the Trustee or Successor Trustee shall cease to act as a fiduciary of this Master Trust and the Company shall appoint a Successor Trustee. Any Successor Trustee shall be a bank or trust company incorporated and doing business within the United States of America and having a combined capital and surplus of at least \$50,000,000, if there be such an institution willing, able and legally qualified to perform the duties of Trustee hereunder upon reasonable or customary terms. Any Successor Trustee shall accept its appointment to serve by a duly acknowledged acceptance of this Master Trust, delivered to the Company and the Trustee then serving. The acceptance shall specify the date on which it will assume its duties as Successor Trustee, which date shall be at least ten days after delivery of the acceptance to the Company and the Trustee then serving, unless both such parties agree to an earlier date. Upon acceptance of such appointment by the Successor Trustee, the Trustee shall assign, transfer and pay over to such Successor Trustee the monies and properties then constituting the Master Trust. Any Successor Trustee shall have all the rights, powers, duties and obligations herein granted to the original Trustee.

If for any reason the Company cannot or does not act in the event of the resignation or removal of the Trustee, as provided above, the Trustee may apply to the United States District Court for the Southern District of Texas, Houston Division, for the appointment of a Successor Trustee. Any expenses incurred by the Trustee in connection therewith shall be deemed to be an Administrative Cost.

6.03 Resignation. The Trustee or any Successor Trustee hereof may resign and be relieved as Trustee at any time by a duly acknowledged instrument, which shall be delivered to the Company by the Trustee not less than sixty days prior to the effective date of the Trustee's resignation or upon such shorter notice as may be acceptable to the Company. No such

resignation shall take effect until a successor Trustee shall have been appointed and shall have accepted such appointment.

6.04 Compensation. The Trustee shall be entitled to compensation as may be agreed to from time to time by the Company and the Trustee. Such compensation shall be payable by the Company, shall constitute an Administrative Cost and shall be payable from or reimbursable by the Master Trust.

6.05 Liability. The Trustee shall be liable for the acts, omissions and defaults of its own officers, employees and agents. The Trustee shall not be liable for the failure or default of any bank or depository (other than the Trustee and its affiliates), except to the extent the Trustee was negligent in its selection or continued retention of such entity. Except where the Trustee exercises its investment discretion as provided in this Agreement, the Trustee shall not be liable for the acts or omissions of any Investment Manager(s) acting hereunder. The Trustee shall not be responsible or liable for any losses or damages suffered by the Fund arising as a result of the insolvency of any custodian, subtrustee or subcustodian, except to the extent the Trustee was negligent in its selection or continued retention of such entity, and shall not be liable for any indirect, consequential, or special damages with respect to its role as Trustee.

Notwithstanding the foregoing, the Trustee (and not the Master Trust) shall be liable for (a) any direct damages arising from the failure of the Trustee to comply with the applicable provisions of Section 5.01; (b) any tax imposed pursuant to Section 4951 of the Code (or any applicable successor provision) as such section is made applicable to the Master Trust or the Trustee; and/or (c) any consequences flowing from violation of the restrictions on the investment of Qualified Fund assets outlined in Section 468A or applicable successor Code sections.

The Trustee is prohibited from doing any act or knowingly engaging in any transaction that would violate the terms and conditions of any instructions provided by written Certificate of the Company to the extent that such instructions are consistent with the Trustee's fiduciary duties under this Agreement. Upon receipt of a Certificate of the Company giving the Trustee notice of either (a) instructions of the Company to the Trustee, or (b) acts or transactions the Company believes constitute a violation by the Trustee of the provisions of this Agreement, the Trustee shall follow the instructions of the Company to the extent that such instructions are consistent with the Trustee's fiduciary duties under this Agreement, and/or cease and desist from the acts identified in the Certificate as violating the provisions of this Agreement. To the extent the Trustee fails to follow the instructions of the Company that are consistent with the Trustee's fiduciary duties under this Agreement, or continues with any act identified in the Certificate as violating the provisions of this Agreement, from the date of receipt of the Certificate providing the instructions and/or notice of violation of the provisions of this Agreement, the Trustee (and not the Master Trust) shall be liable for all direct damages arising from its failure to follow such instructions, and/or arising from a breach by the Trustee of this Agreement. Notwithstanding the foregoing, the Trustee (and not the Master Trust) shall be liable for direct damages arising from any breach by the Trustee of its fiduciary duties under the provisions of this Agreement, regardless of whether notice thereof was provided by the Company.

6.06 Indemnity of Trustee. The Company shall indemnify and hold harmless the Trustee from all claims, liabilities, losses, damages and expenses, including reasonable attorneys' fees and expenses, incurred by the Trustee in connection with this Agreement, except as a result of the Trustee's own gross negligence or willful misconduct. This indemnification shall survive the termination of this Agreement.

## ARTICLE VII

### MISCELLANEOUS

7.01 Alterations and Amendments. The Trustee and the Company understand and agree that modifications or amendments may be required to this Agreement from time to time to effectuate the purposes of this Master Trust. This Agreement may be amended by an instrument in writing executed by the Company and the Trustee. Copies of all such amendments shall be provided to the PUC at its address in Austin, Texas. This Agreement may not be amended so as to violate Section 468A with respect to the Qualified Funds. Notwithstanding any provision herein to the contrary, (i) the Company and the Trustee may, by mutual agreement, revise Exhibit B hereto and (ii) this Agreement cannot be modified in any material respect without first providing thirty days' prior written notice to the NRC Director, Office of Nuclear Reactor Regulation.

7.02 Headings. The section headings set forth in this Agreement and the Table of Contents are inserted for convenience of reference only and shall be disregarded in the construction or interpretation of any of the provisions of this Agreement.

7.03 Particular Words. Any word contained in the text of this Agreement shall be read as the singular or plural and as the masculine, feminine or neuter as may be applicable or permissible in the particular context. Unless otherwise specifically stated, the word "person" shall be taken to mean and include an individual, partnership, association, trust, company or corporation.

7.04 Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to any person, other than the Company and the Trustee, any right, remedy or claim under or by reason of this Agreement, or

any covenant, condition or stipulation contained herein. The Company shall be entitled to receive payments for Decommissioning Costs and Administrative Costs which the Company may incur.

7.05 Severability of Provisions. If any provision of this Agreement or its application to any person or entity or in any circumstances shall be invalid and unenforceable, the application of such provision to persons and in circumstances other than those as to which it is invalid or unenforceable and the other provisions of this Agreement shall not be affected by such invalidity or unenforceability.

7.06 Form and Content of Communications. The names of any person authorized to act on behalf of the Company shall be certified, with the specimen signature of such person, to the Trustee by the Company. Until appropriate written evidence to the contrary is received by the Trustee, it shall be fully protected in relying upon or acting in accordance with any written notice, instruction, direction, certificate, resolution or other communication believed by it to be genuine and to be signed and/or certified by any proper person, and the Trustee shall be under no duty to make any investigation or inquiry as to the truth or accuracy of any statement contained therein. Until notified in writing to the contrary, the Trustee shall have the right to assume that there has been no change in the identity or authority of any person previously certified to it hereunder.

7.07 Delivery of Notices Under Agreement. Any notice required by this Agreement to be given to the Company or the Trustee shall be deemed to have been properly given when delivered, or when mailed, postage prepaid, by registered or certified mail, to the person to be notified as set forth below:

If to the Company:

Texas Genco LP  
1111 Louisiana Street  
Houston, Texas 77002  
Attention: Treasurer

If to the Trustee:

Mellon Bank, N.A.  
One Mellon Bank Center  
Pittsburgh, Pennsylvania 15258  
Attention: Glen Metzger, Trust Officer

The Company or the Trustee may change its respective address by delivering notice thereof in writing to the other party.

7.08 Successors and Assigns. Subject to the provisions of Section 2.07 and 6.02, this Agreement shall be binding upon and inure to the benefit of the Company, the Trustee and their respective successors and assigns.

7.09 Governing Jurisdiction. This Master Trust is a Texas trust, and all questions pertaining to its validity, construction and administration shall be determined in accordance with the laws of the State of Texas, including the Texas Trust Code, as if executed in and to be wholly performed within the State of Texas; provided, however, that the Trustee need not be qualified to exercise trust powers in the State of Texas.

7.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

7.11 Compliance with Laws, Rules and Regulations. The Company and the Trustee intend that this Agreement, all investments made for the Funds and all action taken hereunder shall comply in all respects with federal, state and other laws, rules and regulations applicable to the Funds and this Agreement, including without limitation, rules and regulations

promulgated by the NRC and the PUC. Therefore, each of the Trustee, the Company and any Investment Manager shall each comply with all federal, state and other laws, rules and regulations that may be applicable to it in connection with the performance of its duties under this Agreement.

7.12 Force majeure. Notwithstanding anything in this Agreement to the contrary, the Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Fund resulting from any event beyond the reasonable control of the Trustee, its agents or subcustodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Fund's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event. This Section shall survive the termination of this Agreement.

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IN WITNESS WHEREOF, the Company and the Trustee have set their hands and seals to this Agreement as of the day and year first above written.

TEXAS GENCO LP

By \_\_\_\_\_  
Title:

MELLON BANK, N.A.

By \_\_\_\_\_  
Title: Vice President

Acknowledged as of this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

RELIANT ENERGY, INCORPORATED,  
as successor to Houston Lighting & Power Company

By: \_\_\_\_\_  
Title:

DISBURSEMENT CERTIFICATE

The undersigned, being an Authorized Representative of Texas Genco LP (the "Company"), a Texas limited partnership, and, in such capacity, being authorized and empowered to execute and deliver this certificate, hereby certify to the Trustee of the Texas Genco Decommissioning Master Trust for the South Texas Project, pursuant to Section 2.04 of that certain Second Amended and Restated Decommissioning Master Trust Agreement, dated as of \_\_\_\_\_, 2001, between the Trustee and Company as follows:

- (1) the Company has incurred Decommissioning Costs in connection with the decommissioning of STP Unit No. [1] [2] or Administrative Costs relating to the Master Trust in the amounts and for the purposes provided on the schedule attached hereto; and
- (2) all such amounts constitute Decommissioning Costs or Administrative Costs.

Accordingly, you are hereby authorized to withdraw \$\_\_\_\_\_ from the [STP Unit No. [1] [2] [Non-]Qualified Fund of the Master Trust and to pay such amount to the Company for such purpose. You are further authorized to disburse such sum, once withdrawn, directly to such Payees in the following manner: [Describe: CHECK, WIRE TRANSFER, ETC.] on or before \_\_\_\_\_, \_\_\_\_\_.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

By

\_\_\_\_\_

Authorized Representative

INVESTMENT PARAMETERS FOR WHICH  
TRUSTEE OBLIGATED TO SCREEN

1. Investments shall not be made in securities having the following CUSIP numbers:

**Related Parties**

Mellon Bank or its Affiliates

Security Description	CUSIP Stem	Ticker
MELLON	585509, 585515, 585907, 58551B, 585510	MEL

Reliant Energy or its  
Affiliates

Security Description	CUSIP Stem	Ticker
RELIANT ENERGY	442164, 75953G, 655419, 75952J, 442161, 404202	REI

*Affiliates*

NORAM FINANCING I	655419	REI
REI TRUST	749490	REI

Central and South West Corporation or its Successors or  
Affiliates

Security Description	CUSIP Stem	Ticker
CSW , CENTRAL AND SOUTHWEST	155033, 126399	CSWPP, CSW
AMERICAN ELEC PWR INC	025537, 454889, 491386, 744533, 67741M, 19958L	AEP

*Affiliates*

C3 INC	229420	CTHR
CENTRAL POWER AND LIGHT	155033	CSR
SEEBOARD	006035	SBD
SOUTHWESTERN ELECTRIC	845437	CSR
WEST TEXAS UTIL	956279	CSR

## Entities Having an Ownership or Leasehold Interest in a Nuclear Power Plant

Security Description	CUSIP Stem	Ticker
ALABAMA POWER	010392	AL
ALLIANT CORP	018802	LNT
AMEREN CORP	023608	AEE
AMERICAN ELEC	025537	AEP
ARIZONA PUBLIC	040555	AZD
AUSTIN TEXAS	052393, 052394	AUS
BANGOR HYDRO	060077	BGR
ELEC CO		
BAYCORP HLDGS	072728	MWH
CORP		
BERKSHIRE	084670	BRK/B
HATHAWAY CL B		
BRITISH ENERG	110793	BGY
CENTRAL & SOUTH	152357	CSR
CENTRAL VERMONT	155771	CV
PUB		
CH ENERG	12541M	CHG
CLEVELAND ELEC	186108	CVX
CMP GROUP	125887	CTP
CMS ENERG	125896	CMS
COMMONWEALTH	202795	UCM1
CONECTIV	206829	CIV
CONECTIV INC	206829	CIV/A
CONSOLIDATED	209115	ED
EDISON		
CONSTELLATION	210371	CEG
CONSUMERS ENER	210518	CMS1
CP&L ENERGY	144141	CPL
DETROIT EDIS	250847	DTA
DOMINION RES	25746U	D
DTE ENERG	233331	DTE
DUKE ENERG	264399	DUK
EDISON INT	281020	EIX
EL PASO ELEC	283677	EE
ENDESA	29258N	ELE
ENERGY EAST	29266M	NEG
ENERGY EAST CORP	29266M	EAS
ENTERGY ARKANSAS	29364D	EG
ENTERGY CORP	29364G	ETR
ENTERGY GULF	29364L	GSU
ENTERGY LOUIS	29364M	
EXELON CORP	30161N	EXC
FIRSTENERGY	337932	FE

FLORIDA POWER	341099	FPC1
FLORIDA PROGRESS	341109	FPC
FPL GROUP	302571	FPL
GEORGIA POWER	373334	SO2
GPU INC	36225X	GPU
GREEN MOUNTAIN	393154	GMP
INDIANA MICHIGAN	454889	IM
KANSAS CITY POWER	485134	KLT
KOREA ELEC	500631	KEP
MADISON GAS	557497	MSDN
MIDAMERICAN ENERG	59562E	MEC
NATIONAL GRID	636274	NGG
NIAGRA MOHAWK	653520	NMK
NORTHEAST UTIL	664397	NU
NORTHERN STATES	665772	NSP
NSTAR	67019E	NST
PECO ENERG	693304	PE
PG&E, PACIFIC GAS	69331C	PCG
PINNACLE WEST	723484	PNW
PPL CORP	69351T	PPL
PROGRESS ENERGY	743263	PGN
INC		
PUBLIC SERVICE CO	744480	PUSN
OF NEW HAMP		
PUBLIC SERVICE CO	744499	PNM
OF NEW MEXICO		
PUBLIC SERVICE	744573	PEG
ENTR		
RELIANT ENERG	75952J	REI
RGS ENERG	74956K	RGS
SAN ANTONIO TEXAS	796235, 796236	SAN
SCANA CORP	80589M	SCG
SEMPRA ENERG	816851	SRE
SOUTH CAROLINA	837004	SAC
ELEC		
SOUTHERN	842400	SCE
CALIFORNIA		
SOUTHERN CO	842587	SO
SYSTEM ENERG	871911	SYER
TOLEDO EDISON	889175	TED
TXU CORP	873168	TXU
UIL HLDG CORP	902748	UIL
UNICOM CORP	904911	UCM
UNION ELEC	906548	UEP
UNITED ILLUMINAT	902748	UIL
UNITIL CORP	913259	UTL

VERMONT YANKEE	924282	VYN
VIRGINIA ELEC	927804	D1
WESTERN RESOURCE	959425	WR
WISCONSIN ELEC	976656	WEC2
WISCONSIN ENERG	976657	WEC
WISCONSIN PUBLIC	976843	WIP
WPS RESOURCES	92931B	WPS
XCEL ENERGY INC	98389B	XEL

2. Investments shall not be made in the following types of securities:

A15	FOREIGN CURRENCY TRADING
A17	FOREIGN CURRENCY OPTIONS
A19	CURRENCY MARGIN ACCOUNT
A21	SAVINGS ACCOUNTS
A212	KODAK RESERVE FUND
A217	CURRENCY FUNDS - UK
A221	CERTIFICATES OF DEPOSIT - UK
A222	CERTIFICATES OF DEPOSIT - EUROCLEAR
A224	BANKERS ACCEPTANCE - EDGE ACT
A225	CERTIFICATES OF DEPOSIT - YANKEE
A226	BANKERS ACCEPTANCE - YANKEE
A235	INWARD NOTES - WEEKLY
A236	INWARD NOTES - MONTHLY
A238	BUILDING SOCIETY DEPOSITS - UK
A239	LOCAL AUTHORITY DEPOSITS - UK
A253	FIC BK - LESS THAN 1 YEAR -
A254	BANK FOR COOPS - LESS THAN 1 YEAR
A262	EURODOLLAR TIME DEPOSITS
A263	BSDT RESERVE ACCOUNT DEPOSITS -
A264	FOREIGN CURRENCY (CALL)
A266	BSDT RESERVE INCOME DEPOSIT ACCOUNTS
A29	OTHER MANAGED ASSETS -
A291	SHORT TERM PUTS
A293	CANADIAN GOVERNMENTS SHORT TERM
A294	CANADIAN TREASURY BILLS
A295	DISCOUNTED BILLS - UK
A5	CASH EQUIVALENTS (CANADIAN)
A50	GOVERNMENTS (CANADIAN)
A500	CANADAS (FED) - SHORT TERM (CDN)
A501	PROVINCIALS - SHORT TERM (CDN)
A502	MUNICIPALS - SHORT TERM (CDN)
A51	CHARTERED BANKS (CANADIAN)
A510	DIRECT (CANADIAN) -
A511	GUARANTEE (CANADIAN) -
A52	TRUST & MORTGAGE COMPANIES (CDN)

A53 CORPORATIONS (CANADIAN)  
A54 FINANCE CO'S (CANADIAN)  
A55 FOREIGN ISSUES - OTHER (CANADIAN)  
A9 FOREIGN EXCHANGE CONTRACTS  
A91 FOREIGN EXCHANGE CONTRACTS  
A910 FOREIGN EXCHANGE CONTRACTS  
B0 BONDS (CANADIAN)  
B01 GOVERNMENT (CANADIAN)  
B010 GOVT OF CANADA - DIRECT  
B011 GOVT OF CANADA - AGENCIES  
B012 GOVT OF CANADA - OTHER  
B02 PROVINCIALS (CANADIAN)  
B020 PROVINCIALS (CANADIAN)  
B021 PROVINCIALS - AGENCIES (CANADIAN)  
B03 MUNICIPALS (CANADIAN)  
B030 MUNICIPALS (CANADIAN)  
B04 CORPORATES (CANADIAN)  
B040 \*DISCONTINUED\* - AAA - CORPORATES (CANADIAN)  
B041 \*DISCONTINUED\* - AA- CORPORATES (CANADIAN)  
B042 \*DISCONTINUED\* - A CORPORATES (CANADIAN)  
B043 \*DISCONTINUED\* - BBB - CORPORATES (CANADIAN)  
B044 \*DISCONTINUED\* - OTHER CORPORATES (CANADIAN)  
B045 \*DISCONTINUED\* - TELEPHONE (CANADIAN)  
B046 \*DISCONTINUED\* - GAS & ELECTRIC (CANADIAN)  
B047 \*DISCONTINUED\* - PIPELINES (CANADIAN)  
B048 \*DISCONTINUED\* - BANKS (CANADIAN)  
B049 \*DISCONTINUED\* - OTHER FINANCIAL SERVICES (CANADIAN)  
B05 OTHER (CANADIAN)  
B050 OTHER (CANADIAN)  
B051 CANADIAN BOND FUND  
B06 ASSET BACKED SECURITIES (CANADIAN)  
B060 ASSET BACKED SECURITIES (CANADIAN)  
B07 \*DISCONTINUED\* - CORPORATES (CANADIAN CONT'D)  
B070 \*DISCONTINUED\* - CONSUMER PRODUCTS & MERCHANDISING  
(CANADIAN)  
B071 \*DISCONTINUED\* - OIL & GAS (CANADIAN)  
B072 \*DISCONTINUED\* - PAPER & FOREST PRODUCTS (CANADIAN)  
B073 \*DISCONTINUED\* - COMMUNICATIONS & PUBLISHING  
(CANADIAN)  
B074 \*DISCONTINUED\* - INDUSTRIAL PRODUCTS (CANADIAN)  
B075 \*DISCONTINUED\* - REAL ESTATE (CANADIAN)  
B08 CORPORATES (CANADIAN)  
B080 CONSUMER PRODUCTS & MERCHANDISING (CANADIAN)  
B081 NATURAL RESOURCES (CANADIAN)  
B082 COMMUNICATIONS & PUBLISHING (CANADIAN)  
B083 INDUSTRIAL PRODUCTS (CANADIAN)

B084 REAL ESTATE (CANADIAN)  
 B085 TELEPHONE (CANADIAN)  
 B086 OTHER UTILITIES (CANADIAN)  
 B087 BANKS (CANADIAN)  
 B088 OTHER FINANCIAL SERVICES (CANADIAN)  
 B089 OTHER CORPORATES (CANADIAN)  
 B09 OPTIONS  
 B090 OPTIONS  
 B34 INTEREST RATE SWAP  
 B465 EMERGING DEBT MUTUAL FUND  
 B47 FIXED INCOME - LIMITED PARTNERSHIP  
 B70 MORTGAGES (CANADIAN)  
 B700 CONVENTIONAL (CANADIAN)  
 B701 RES MULTI FAMILY RENTAL (CANADIAN)  
 B702 RES MULTI FAMILY PACKAGE (CANADIAN)  
 B703 RES SINGLE FAMILY PACKAGE (CANADIAN)  
 B704 COMERCIAL (CANADIAN)  
 B705 NHA (CANADIAN)  
 B706 RES MULTI FAMILY RENTAL (CANADIAN)  
 B707 RES MULTI FAMILY PACKAGE (CANADIAN)  
 B708 RES SINGLE FAMILY PACKAGE (CANADIAN)  
 B709 OTHER MTGS (CANADIAN)  
 B71 S.F. WHOLE LOAN - MHLP  
 B72 S.F. MBS/PC'S  
 B73 S.F. PC'S - MHLP  
 B74 FHA APT PROJECT LNS  
 B75 COMM MBS/PC'S  
 B76 COMM MBS/PC'S/OTHER  
 B77 COMM WHOLE LOANS  
 B8 INTERNATIONAL BONDS  
 B81 CANADIAN GOVT BONDS  
 B82 INTERNATIONAL GOVT BONDS  
 B821 YANKEE BONDS  
 B825 SUPRANATIONAL ISSUES  
 B83 INTERNATIONAL CORP BONDS  
 B831 DEBENTURES - UK  
 B832 DISCONTINUED - BONDS - UK  
 B833 INTERNATIONAL GOVERNMENT - UK  
 B84 FIXED INTEREST - UNITED KINGDOM  
 B840 BRITISH FUNDS - UK  
 B841 UK CORPORATE BONDS  
 B842 UK LOCAL AUTHORITY  
 B843 GOVERNMENTS - UK  
 B844 INTERNATIONAL CORPORATION - UK  
 B845 DISCONTINUED - FIXED INTEREST SECURITIES - UK  
 B846 OTHER - UK

B847 DISCONTINUED - UK LOCAL AUTHORITY SHARES  
 B848 DISCONTINUED - UK CORPORATE BONDS  
 B849 DISCONTINUED - PIBS (PERMANENT INTEREST BEARER  
 SHARES)  
 B85 INSURANCE CONTRACTS  
 B851 INSURANCE CONTRACTS SEPARATE ACCOUNT POOLED  
 B852 INSURANCE CONTRACTS ACCOUNT NONPOOLED  
 B853 INSURANCE CONTRACTS GENERAL ACCOUNT  
 B86 UK GOVERNMENT  
 B860 UK GOVERNMENT - ILG  
 B861 UK GOVERNMENT - SHORT  
 B862 UK GOVERNMENT - MEDIUM  
 B863 UK GOVERNMENT - LONG  
 B864 NON-GOVERNMENT INDEX LINKED - UK  
 B866 DISCONTINUED - UK GOVERNMENT - FOREIGN CURRENCY  
 B870 DISCONTINUED - OTHER AUTHORITIES BONDS - UK  
 B871 DISCONTINUED - COMMONWEALTH BONDS - UK  
 B872 DISCONTINUED - COMMONWEALTH CORPORATIONS &  
 RAILWAYS  
 B873 DISCONTINUED - OVERSEAS BORROWERS - UK  
 B874 DISCONTINUED - FOREIGN CORPORATIONS & RAILWAYS - UK  
 B875 DISCONTINUED - BUILDING SOCIETY - UK  
 B876 DISCONTINUED - NONGOVERNMENT INDEX LINKED - UK  
 B877 DISCONTINUED - WATERWORKS  
 B9 OTHER FIXED INCOME  
 B90 BOND WARRANTS - UK  
 B91 LOANS TO PARTICIPANTS  
 B92 BOND INDEX SWAP  
 B93 DOUBTFUL AND DISTRESSED  
 C010 BANKING & FINANCE  
 C10 PREFERENCE SHARES - UK  
 C140 C140  
 C900 C900  
 C910 CLOSELY HELD PREFERRED STOCK  
 E001 EQUITY INDEX SWAP  
 E133 CLOSELY HELD STOCK  
 E135 103-12 INVESTMENT  
 E140 SHORT SALE INVESTMENT  
 E150 EMPLOYER RELATED COMMON STOCK  
 E151 LIMITED PARTNERSHIP - PUBLIC EQUITY  
 E3 EQUITY - REAL ESTATE INVESTMENT TRUST  
 E5 COMMON STOCK (CANADIAN)  
 E50 METALS & MINERALS (CANADIAN)  
 E500 INTEGRATED MINES (CANADIAN)  
 E501 MINING (CANADIAN)  
 E502 \*DISCONTINUED\* - NON-BASE METAL MINING

E51 GOLD & PRECIOUS MINERALS (CANADIAN)  
 E510 GOLD & PRECIOUS MINERALS CANADIAN  
 E511 \*DISCONTINUED\* - PRECIOUS METAL FUNDS  
 E52 OIL & GAS (CANADIAN)  
 E520 INTEGRATED OILS (CANADIAN)  
 E521 OIL & GAS PRODUCERS (CANADIAN)  
 E522 OIL & GAS SERVICES CANADIAN  
 E53 PAPER & FOREST PRODUCTS (CANADIAN)  
 E530 PAPER & FOREST PRODUCTS CANADIAN  
 E54 CONSUMER PRODUCTS (CANADIAN)  
 E540 FOOD PROCESSING (CANADIAN)  
 E541 TOBACCO (CANADIAN)  
 E542 DISTILLERIES (CANADIAN)  
 E543 BREWERIES & BEVERAGES (CANADIAN)  
 E544 HOUSEHOLD GOODS (CANADIAN)  
 E545 \*DISCONTINUED\* - AUTO & PARTS  
 E546 \*DISCONTINUED\* - PACKAGING PRODUCTS  
 E547 BIOTECHNOLOGY/PHARMACEUTICALS (CANADIAN)  
 E55 INDUSTRIAL PRODUCTS (CANADIAN)  
 E550 STEEL (CANADIAN)  
 E551 FABRICATING & ENGINEERING CANADIAN  
 E552 AUTOS AND PARTS (CANADIAN)  
 E553 TRANSPORTATION EQUIPMENT (CANADIAN)  
 E554 \*DISCONTINUED\* - ELECTRICAL/ELECTRONIC  
 E555 BUILDING MATERIALS CANADIAN  
 E556 CHEMICALS AND FERTILIZERS CANADIAN  
 E557 \*DISCONTINUED\* - BUSINESS SERVICES  
 E558 TECHNOLOGY - HARDWARE CANADIAN  
 E559 TECHNOLOGY - SOFTWARE CANADIAN  
 E56 REAL ESTATE (CANADIAN)  
 E560 REAL ESTATE CANADIAN  
 E561 \*DISCONTINUED\* - PROPERTY MANAGERS  
 E57 TRANSPORTATION & ENVIRONMENTAL SERVICES (CANADIAN)  
 E570 TRANSPORTATION & ENVIRONMENTAL SERVICES CANADIAN  
 E58 PIPELINES (CANADIAN)  
 E580 PIPELINES (CANADIAN)  
 E581 \*DISCONTINUED\* - OIL PIPELINES  
 E59 UTILITIES (CANADIAN)  
 E590 GAS & ELECTRIC UTILITIES (CANADIAN)  
 E591 \*DISCONTINUED\* - GAS AND ELECTRICITY  
 E592 TELEPHONE UTILITIES (CANADIAN)  
 E60 COMMUNICATIONS & MEDIA (CANADIAN)  
 E600 BROADCASTING (CANADIAN)  
 E601 CABLE & ENTERTAINMENT (CANADIAN)  
 E602 PUBLISHING & PRINTING (CANADIAN)  
 E61 MERCHANDISING (CANADIAN)

E610 WHOLESALE DISTRIBUTORS (CANADIAN)  
 E611 FOOD STORES (CANADIAN)  
 E612 DEPARTMENT STORES (CANADIAN)  
 E613 \*DISCONTINUED\* - CLOTHING STORES  
 E614 SPECIALTY STORES (CANADIAN)  
 E615 HOSPITALITY (CANADIAN)  
 E62 FINANCIAL SERVICES (CANADIAN)  
 E620 BANKS AND TRUSTS CANADIAN  
 E621 \*DISCONTINUED\* - TRUSTS, SAVINGS & LOANS  
 E622 INVESTMENT COS & FUNDS (CANADIAN)  
 E623 INSURANCE (CANADIAN)  
 E624 FINANCIAL MANAGEMENT CO'S (CANADIAN)  
 E63 CONGLOMERATES (CANADIAN)  
 E630 CONGLOMERATES (CANADIAN)  
 E64 OTHER (CANADIAN)  
 E65 EQUITY POOL FUND (CANADIAN)  
 E66 INTERNATIONAL EQUITY POOL FUND (CANADIAN)  
 E7 COMMON STOCK - UNITED KINGDOM  
 E70 RESOURCES  
 E700 EXTRACTIVE INDUSTRIES - UK  
 E701 OIL, INTEGRATED - UK  
 E702 OIL EXPLORATION AND PRODUCTION - UK  
 E71 GENERAL INDUSTRIALS - UK  
 E710 CONSTRUCTION - UK  
 E711 BUILDING MATERIALS AND MERCHANTS - UK  
 E712 CHEMICALS - UK  
 E713 DIVERSIFIED INDUSTRIALS - UK  
 E714 ELECTRONIC AND ELECTRICAL EQUIPMENT - UK  
 E715 ENGINEERING - UK  
 E716 ENGINEERING VEHICLES - UK  
 E717 PAPER, PACKAGING & PRINTING - UK  
 E718 TEXTILES AND APPARELS - UK DISCONTINUED  
 E719 AEROSPACE & DEFENCE -  
 E72 CONSUMER GOODS - UK  
 E720 BREWERIES - UK DISCONTINUED  
 E721 ALCOHOLIC BEVERAGES - UK  
 E722 FOOD PRODUCERS - UK  
 E723 HOUSEHOLD GOODS - UK DISCONTINUED  
 E724 HEALTH CARE - UK  
 E725 PHARMACEUTICALS - UK  
 E726 TOBACCO - UK  
 E727 HOUSEHOLD GOODS AND TEXTILES - UK  
 E728 HOUSEHOLD GOODS & TEXTILES  
 E73 SERVICES - UK  
 E730 DISTRIBUTORS - UK  
 E731 LEISURE AND HOTELS - UK

E732 MEDIA – UK  
 E733 RETAILERS, FOOD - UK  
 E734 RETAILERS, GENERAL - UK  
 E735 SUPPORT SERVICES - UK  
 E736 TRANSPORT – UK  
 E737 OTHER SERVICES AND BUSINESS - UK DISCONTINUED  
 E738 BREWERIES, PUBS & RESTAURANTS - UK  
 E739 TELECOMMUNICATIONS - UK DISCONTINUED  
 E74 UTILITIES – UK  
 E740 ELECTRICITY – UK  
 E741 GAS DISTRIBUTION - UK  
 E742 TELECOMMUNICATIONS - UK  
 E743 WATER – UK  
 E75 NON-FINANCIALS - UK DISCONTINUED  
 E750 BASIC INDUSTRIES  
 E751 FORESTRY & PAPER  
 E752 STEEL & OTHER METALS  
 E755 NON CYCLICAL CONSUMER GOODS  
 E76 FINANCIALS – UK  
 E760 BANKS, RETAIL – UK  
 E761 INSURANCE – UK  
 E762 LIFE ASSURANCE - UK  
 E763 MERCHANTS BANKS - UK DISCONTINUED  
 E764 OTHER FINANCIALS - UK  
 E765 PROPERTY – UK  
 E766 INVESTMENT COMPANIES - UK  
 E77 INVESTMENT TRUSTS - UK  
 E770 INVESTMENT TRUSTS SPLIT CAPITAL - UK  
 E771 VCT'S (VENTURE CAPITAL TRUSTS) - UK  
 E772 OEIC'S (OPEN-ENDED INVESTMENT COMPANIES)  
 E773 OTHER INVESTMENT TRUSTS - UK  
 E774 OTHER S.842 INVESTMENT TRUSTS - UK  
 E775 UNIT TRUSTS  
 E78 INFORMATION TECHNOLOGY  
 E781 INFORMATION TECHNOLOGY & HARDWARE  
 E782 SOFTWARE & COMPUTER SERVICES  
 E786 NON - CYCLICAL SERVICES  
 E79 OTHER – UK  
 E791 OTHER EQUITIES - UK  
 E792 UNQUOTED EQUITIES - UK  
 E793 SUSPENDED EQUITIES - UK  
 F1 INSURANCE CONTRACTS  
 F12 103-12 INVESTMENT  
 F14 COMMERCIAL PROPERTY  
 F15 REAL ESTATE – BUILDING LOAN  
 F21 LIMITED PARTNERSHIP

F3 OTHER REAL ESTATE  
 F31 HIBERNIA PETRODATA REAL ESTATE  
 F32 OTHER FIXED  
 F39 R/E FOCUSED  
 F61 REAL ESTATE HOLDING COMPANY  
 F7 PARTICIPATING EQUITY  
 F8 TRIPLE NET EQUITY  
 F91 REAL ESTATE (CANADIAN)  
 F910 OFFICE (CANADIAN)  
 F911 RETAIL (CANADIAN)  
 F912 DEVELOPMENT (CANADIAN)  
 F913 INDUSTRIAL (CANADIAN)  
 F914 MORTGAGES (CANADIAN)  
 F915 OTHER REAL ESTATE (CANADIAN)  
 F92 REAL ESTATE – UK  
 F921 FREEHOLD PROPERTY - UK  
 F922 LEASEHOLD PROPERTY - UK  
 F923 PROPERTY INDEX CERTIFICATES - UK  
 F924 MORTGAGES – UK  
 G1 CASH EQUIVALENTS  
 G11 CASH EQUIVALENT - UK  
 G111 CASH EQUIVALENT - UK UNIT TRUSTS  
 G112 CASH EQUIVALENT - INTERNAL UNIT TRUSTS  
 G113 CASH EQUIVALENT - OFF-SHORE UNIT TRUSTS  
 G2 FIXED INCOME  
 G21 FIXED INCOME – UK  
 G211 FIXED INCOME – UK UNIT TRUSTS  
 G212 FIXED INCOME – INTERNAL UNIT TRUSTS  
 G213 FIXED INCOME – OFF-SHORE UNIT TRUSTS  
 G3 BALANCED (FIXED INCOME)  
 G31 BALANCED (FIXED INCOME) - UK  
 G311 BALANCED (FIXED INCOME) -UK UNIT TRUSTS  
 G312 BALANCED (FIXED INCOME) - INTERNAL UNIT TRUSTS  
 G313 BALANCED (FIXED INCOME) - OFF-SHORE UNIT TRUST  
 G4 BALANCED (EQUITY)  
 G41 BALANCED (EQUITY) - UK  
 G411 BALANCED (EQUITY) - UK UNIT TRUSTS  
 G412 BALANCES (EQUITY ) - INTERNAL UNIT TRUSTS  
 G413 BALANCED (EQUITY) - OFF-SHORE UNIT TRUSTS  
 G51 EQUITY - UK  
 G511 EQUITY - UK UNIT TRUSTS  
 G512 EQUITY - INTERNAL UNIT TRUSTS  
 G513 EQUITY - OFF-SHORE UNIT TRUSTS  
 G514 EQUITY - INTERNATIONAL  
 G515 EQUITY - EMERGING MARKETS  
 G61 OTHER - UK

G611	OTHER - UK UNIT TRUSTS
G612	OTHER - INTERNAL UNIT TRUSTS
G613	OTHER - OFF-SHORE UNIT TRUSTS
G660	ALPHA FUND
G661	BETA FUND
G662	GAMMA FUND
G663	EPSILON FUND
G664	ZETA FUND
G665	THETA FUND
G666	IOTA BETA FUND
G667	KAPPA FUND
G668	OMICRON FUND
G669	LAMBDA I FUND
G670	LAMBDA II FUND
G671	IOTA ALPHA FUND
G7	REAL ESTATE
G71	REAL ESTATE - UK
G711	REAL ESTATE - UK UNIT TRUSTS
G712	REAL ESTATE - INTERNAL UNIT TRUSTS
G713	REAL ESTATE - OFF-SHORE UNIT TRUSTS
G8	ALTERNATIVE INVESTMENTS
H007	NYSE COMPOSITE FUTURES
H008	VALUE LINE
H009	FINANCIAL TIMES 100 INDEX
H010	BCH MAJOR MARKET
H012	BCJ MAJOR MARKET
H013	CURRENCY FUTURE
H014	COMMODITY FUTURE
H015	OTHER FUTURE
H016	INTERNATIONAL EQUITY FUTURES
H017	INTERNATIONAL BOND FUTURES
H018	U.S. BOND INDEX FUTURES
H019	U.S. EQUITY INDEX FUTURES
H020	S+P 500 OPTION
H100	EQUITY FUTURES
H110	INTEREST RATE FUTURES - UK
H111	FIXED INTEREST FUTURES - UK
H112	REAL COMMODITIES - UK
J065	EMERGING MARKET EQUITY
J130	OTHER
J160	INTERNATIONAL FIXED INCOME
J165	EMERGING DEBT
J170	MUTUAL FUND / GLOBAL EQUITY
J180	MUTUAL FUND / REAL ESTATE
K	OIL AND GAS INVESTMENTS
K010	NET PROFIT INTEREST

K1	OTHER: OIL & GAS
K2	OTHER FIXED
K3	HIBERNIA PETRODATA OIL AND GAS
K4	103-12 INVESTMENT
L	VENTURE CAPITAL
L1	LIMITED PARTNERSHIP
L2	OTHER FIXED
L3	VENTURE CAPITAL-LOANS
L4	LIMITED PARTNERSHIP - COLLECTIVE TRUST FUND
L5	PRIVATE EQUITY
L6	VENTURE CAPITAL-INTERNATIONAL
L7	HEDGE FUND
M	ALTERNATIVE INVESTMENTS
M01	LOANS (CANADIAN)
M010	CORPORATE LOANS (CANADIAN)
M02	PRIVATE PLACEMENTS (CANADIAN)
M020	PRIVATE PLACEMENTS CDN\$
M021	PRIVATE PLACEMENTS US\$
M03	PRIVATE PLACEMENTS (U.S)
M030	PRIVATE PLACEMENTS CDN\$
M031	PRIVATE PLACEMENTS US\$
M10	PERS VENTURE CAPITAL
M20	PERS CORPORATE RESTRUCTURING
M30	PERS SPECIAL SITUATIONS
M40	PERS FIXED INCOME SECURITIES (CORP BDS)
M45	PERS INDUSTRIAL REVENUE BONDS
M50	PERS PROMISSORY NOTES
M60	PERS PREFERRED STOCK
M70	PERS EQUITY (COMMON STOCK)
M8	ALTERNATIVE INVESTMENTS - LIFE INSURANCE
N001	LBO
O	OTHER
Z	UNCLASSIFIED

3. Investments shall not be denominated in any currency except US Dollars.

**ATTACHMENT 13**

**10 CFR 2.790 AFFADAVIT OF DAVID G. TEES**

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
	)	
STP Nuclear Operating Company	)	Docket Nos. 50-498
	)	50-499
South Texas Project Units 1 and 2	)	

AFFIDAVIT

I, David G. Tees, Senior Vice President, Generation Operations, of Houston Lighting & Power Company (HL&P), do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of HL&P.
2. HL&P is providing information in support of its Application for Order and Conforming Administrative Amendments for Transfers of Licenses. The documents being provided in Attachment 11A contain financial projections related to the ownership and operation of HL&P's generation assets, including the South Texas Project Electric Generating Station. These documents constitute proprietary commercial and financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 CFR §§ 2.790(a)(4) and 9.17(a)(4), because:
  - i. This information is and has been held in confidence by HL&P.
  - ii. This information is of a type that is customarily held in confidence by HL&P, and there is a rational basis for doing so because the information contains sensitive financial information concerning projected revenues and operating expenses of HL&P and its successors and affiliates.
  - iii. This information is being transmitted to the NRC in confidence.
  - iv. This information is not available in public sources and could not be gathered readily from other publicly available information.
  - v. Public disclosure of this information would create substantial harm to the competitive position of HL&P and its successors and affiliates by disclosing their internal financial projections.

3. Accordingly, HL&P requests that the designated documents be withheld from public disclosure pursuant to the policy reflected in 10 CFR §§ 2.790(a)(4) and 9.17(a)(4).



David G. Tees  
Senior Vice President,  
Generation Operations

STATE OF TEXAS )  
 )  
COUNTY OF HARRIS )

Subscribed and sworn to me, a Notary Public, in and for the State of Texas, this 25th day of MAY, 2001.



Notary Public in and for the  
State of Texas

