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CPSES-200101394
Log # TXX-01099
File # 236

Ref. # 10CFR50.80
10CFR50.92

June 19, 2001

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555-0001

**SUBJECT: COMANCHE PEAK STEAM ELECTRIC STATION
DOCKET NOS. 50-445 AND 50-446
APPLICATION FOR ORDER AND CONFORMING
ADMINISTRATIVE AMENDMENTS FOR TRANSFER OF
LICENSES**

Gentlemen:

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended ("Act"), and 10 CFR § 50.80, TXU Electric Company ("TXU Electric") hereby requests that the Nuclear Regulatory Commission ("NRC") consent to the direct transfer of control of TXU Electric's operating authority and 100% ownership interest in the Comanche Peak Steam Electric Station, Units 1 and 2 ("CPSES") on January 1, 2002, to a Texas limited partnership. The name of the new licensee has not yet been established, but is referred to herein as "TXU Genco, TLP." The partners of TXU Genco, TLP will be indirect wholly-owned subsidiaries of TXU Corp. ("TXU"), the parent of TXU Electric. The transfer to TXU Genco, TLP will require conforming administrative license amendments to replace TXU Electric on the licenses. TXU Electric will provide NRC with the actual name of this entity no later than seven days prior to issuance of any conforming amendments.

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TXU Electric is a wholly-owned subsidiary of TXU. For various tax, regulatory, and business reasons, and in order to comply with Texas law requiring the restructuring of the electric utility industry, TXU Electric is proceeding with the restructuring of its generation assets, including its interest in CPSES, in accordance with a Business Separation Plan filed with the Public Utility Commission of Texas (“PUCT”). The Texas legislation requires that transmission and distribution, generation, and retail electric service be separated into at least three separate activities. TXU Electric is still in the process of determining the method by which it will achieve the objectives of the Texas legislation. However, regardless of the method selected, pursuant to the Business Separation Plan, TXU Genco, TLP will own substantially all of the electric generating assets now owned by TXU Electric, including CPSES, by January 1, 2002.

Through the attached Application for Order and Conforming Administrative Amendments for Transfer of Licenses (“Application”), TXU Electric requests that NRC consent to this transfer, and authorize TXU Genco, TLP to operate and own a 100% undivided ownership interest in CPSES under essentially the same conditions and authorizations as included in TXU Electric’s existing NRC licenses for CPSES. No physical changes will be made to CPSES as a result of this transfer, and there will be no changes in the day-to-day operation or management of CPSES. The existing CPSES management, operating organization and technical support organizations will be transferred intact contemporaneously with the ownership transfer. TXU Electric also requests NRC consent to certain conforming administrative amendments to the CPSES licenses to reflect the proposed transfer.¹

The information contained in this Application demonstrates that TXU Genco, TLP will possess the requisite qualifications to own and operate CPSES. As discussed in the Application, the proposed transfer and conforming administrative amendments will not involve any changes to CPSES’s current licensing basis.

In summary, the proposed transfer will be consistent with the requirements set forth in the Act, NRC regulations, and the relevant NRC licenses and orders. It will neither have any adverse impact on the public health and safety, nor be inimical to the common defense and security. TXU Electric therefore respectfully requests that NRC consent to the transfer in accordance with 10 CFR § 50.80 and approve the conforming administrative amendments pursuant to 10 CFR § 50.92 and 10 CFR § 2.1315.

¹ In the Application, TXU Electric also requests that the antitrust conditions be removed from the CPSES licenses because they are not applicable to TXU Genco, TLP and inconsistent with the competitive regime established by the Texas restructuring legislation.

TXX-01099

Page 3 of 4

The timely transfer of TXU Electric's interest in CPSES to TXU Genco, TLP is dependent upon receipt of all required regulatory approvals and rulings. Texas legislation requires disaggregation of generation, transmission and distribution, and retail electric services no later than January 1, 2002. On June 5, 2001, the PUCT issued an Interim Order approving the TXU Electric Business Separation Plan. TXU expects final approval from the PUCT by August 31, 2001. Therefore, TXU Electric requests that NRC review this Application on a schedule that will permit the issuance of NRC consent to the transfer of the CPSES licenses, and approval of the conforming administrative license amendments, as promptly as possible, and in any event no later than December 15, 2001. Such consent should be immediately effective upon issuance and should permit the transfer and the implementation date of the conforming amendments to occur at any time on or before January 1, 2002. Furthermore, TXU Electric requests that the conforming amendments be made effective upon the date of transfer. TXU Electric 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.

To facilitate clear identification of the conforming license amendment changes requested, the Application's Attachments 2 through 5 are provided with other pending license changes incorporated. This representation was discussed in a meeting with the NRC staff on May 21, 2001. The other license changes were previously submitted to the NRC in TXU Electric letter TXX-01042 dated April 4, 2001 and proposed raising the maximum reactor power level to 3458 megawatts thermal and deleting Texas Municipal Power Agency as a licensee. These changes are expected to be approved by the NRC and be incorporated in the CPSES Operating Licenses prior to the changes requested herein.

The Application contains a proprietary, separately bound Addendum with Attachment 6A of the Application. Because this Attachment contains confidential commercial or financial information, TXU Electric requests that Attachment 6A be withheld from public disclosure pursuant to 10 CFR § 2.790, as described in the Affidavit of Roger D. Walker, provided as Attachment 8 to the Application. Non-proprietary versions of these documents suitable for public disclosure are provided as Attachment 6 to the Application.

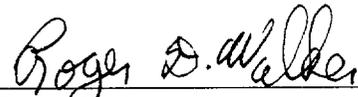
TXX-01099

Page 4 of 4

If NRC requires additional information concerning this license transfer request, please contact Roger D. Walker at TXU Electric, Comanche Peak Steam Electric Station, Post Office Box 1002, A08, Glen Rose, Texas 76043 (Tel: 254-897-8233; fax 254-897-6573; e-mail: rwalker5@txu.com). Service on TXU Electric of comments, hearing requests or intervention petitions, or other pleadings, if applicable, should be made to George L. Edgar at Morgan, Lewis and Bockius, LLP, 1800 M Street, NW, Washington, DC 20036-5869 (Tel: 202-467-7459; fax 202-467-7176; e-mail: gedgar@morganlewis.com).

Sincerely,

C. L. Terry

By: 

Roger D. Walker
Regulatory Affairs Manager

CLW/clw

Enclosure (1): Application

c - E. W. Merschoff, Region IV (1 copy)

D. N. Graves, Region IV (Cover Letter & Application w/o Attachments)

D. H. Jaffe, NRR (4 copies)

Resident Inspectors, CPSES (Cover Letter & Application w/o Attachments)

Mr. Arthur C. Tate (Cover Letter & Application w/Attachments 1,2,3 & 8 only)

Division of Compliance and Inspection

Bureau of Radiation Control

Texas Department of Public Health

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