

September 21, 2001

Mr. William T. Cottle
President and Chief Executive Officer
STP Nuclear Operating Company
South Texas Project Electric
Generating Station
P. O. Box 289
Wadsworth, TX 77483

SUBJECT: SOUTH TEXAS PROJECT, UNITS 1 AND 2 - NOTICE OF
CONSIDERATION OF APPROVAL OF APPLICATION OF CENTRAL
POWER & LIGHT COMPANY REGARDING TRANSFER OF FACILITY
OPERATING LICENSES AND CONFORMING AMENDMENTS, AND
OPPORTUNITY FOR A HEARING (TAC NOS. MB2140 AND 2141)

Dear Mr. Cottle:

Enclosed is a copy of a "Notice of Consideration of Approval of Application of Central Power and Light Company Regarding Transfer of Facility Operating Licenses, and Opportunity for a Hearing" related to the application dated June 28, 2001, filed by STP Nuclear Operating Company (STPNOC) acting on behalf of Central Power and Light Company (CPL). The application seeks approval pursuant to 10 CFR 50.80 of the direct transfer of control of CPL's 25.2 percent undivided ownership interest in the South Texas Project Electric Generating Station (STPEGS), Units 1 and 2, under Facility Operating License Nos. NPF-76 and NPF-80, to an as yet unnamed new Texas partnership ("CPL Genco LP"); and, to the extent that a direct transfer of control of the license as held by STPNOC would result, CPL's 25.2 percent interest in STPNOC, (the licensed operator of STPEGS under the licenses), to CPL Genco LP. CPL Genco LP will be indirectly wholly owned by American Electric Power Company, the parent company of CPL. Following the proposed transfers, CPL Genco LP would possess a 25.2 percent undivided ownership interest in STPEGS under essentially the same conditions and authorizations as included in the existing NRC licenses for STPEGS, including the antitrust conditions, which would be retained. No physical or operational changes to STPEGS are being proposed, and STPNOC would at all times remain the licensed operator of the facility.

W. Cottle

- 2 -

The application also seeks (pursuant to 10 CFR 50.90 and 10 CFR 2.1315) the issuance of conforming amendments to the license to reflect the transfer.

This notice is being forwarded to the Office of the Federal Register for publication.

Sincerely,

/RA/

Mohan C. Thadani, Senior Project Manager, Section 1
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-498 and 50-499

Enclosure: Notice

cc w/encl: See next page

W. Cottle

- 2 -

The application also seeks (pursuant to 10 CFR 50.90 and 10 CFR 2.1315) the issuance of conforming amendments to the license to reflect the transfer.

This notice is being forwarded to the Office of the Federal Register for publication.

Sincerely,

/RA/

Mohan C. Thadani, Senior Project Manager, Section 1
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-498 and 50-499

Enclosure: Notice

cc w/encl: See next page

DISTRIBUTION:

PUBLIC

PDIV-1 R/F

RidsNrrDlpmLpdiv (SRichards)

RidsNrrDlpmLpdiv1 (RGramm)

RidsNrrPMMThadani

RidsAcrcAcnwMailCenter

RidsRgn4MailCenter(D.Graves, L.Hurley, D.Bujol)

RidsNrrLAMMcAllister

RidsOgcRp

RidsNrrPMDWrona

ACCESSION NO: ML012200081

*with comments

OFFICE	PDIV-1/PM	PDIV-1/LA	OGC	PDIV-1/SC
NAME	MThadani	MMcAllister	GKim*	RGramm
DATE	09/21/01	09/19/01	09/20/01	09/21/01

OFFICIAL RECORD COPY

UNITED STATES NUCLEAR REGULATORY COMMISSION

STP NUCLEAR OPERATING COMPANY

SOUTH TEXAS PROJECT, UNITS 1 AND 2

DOCKET NOS. 50-498 AND 50-499

NOTICE OF CONSIDERATION OF APPROVAL OF APPLICATION OF

CENTRAL POWER AND LIGHT COMPANY

REGARDING TRANSFER OF FACILITY OPERATING LICENSES AND CONFORMING

AMENDMENTS AND OPPORTUNITY FOR A HEARING

The Nuclear Regulatory Commission (the Commission) is considering the issuance of an order under 10 CFR 50.80, approving the direct transfer of control of the 25.2 percent undivided ownership interest of Central Power and Light Company (CPL) in the South Texas Project Electric Generating Station (STPEGS), Units 1 and 2, under Facility Operating License Nos. NPF-76 and NPF-80, to an as yet unnamed Texas partnership (referred to in the application as CPL Genco LP); and, to the extent a direct transfer would result, CPL's 25.2 percent interest in STP Nuclear Operating Company (STPNOC), the licensed operator of STPEGS under the licenses, to CPL Genco LP. CPL is one of four joint owners of STPEGS under the licenses. CPL Genco LP will be indirectly wholly owned by American Electric Power Company, the parent company of CPL.

The Commission is further considering amending the licenses for administrative purposes to reflect the proposed direct transfer of CPL's interest in STPEGS, including reflecting the company now referred to as CPL Genco LP as the licensee. According to an application for approval filed by STPNOC, acting on behalf of CPL, NRC will be provided

with the actual name of the new company before the Commission can issue conforming administrative amendments.

According to the application, following the proposed transfer, CPL Genco LP would possess a 25.2 percent undivided ownership interest in STPEGS under essentially the same conditions and authorizations as included in the existing NRC licenses for STPEGS, including the antitrust conditions, which would be retained. No physical or operational changes to STPEGS are being proposed, and STPNOC would at all times remain the licensed operator of the facility.

Pursuant to 10 CFR 50.80, no license shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission gives its consent in writing. The Commission will approve an application for the transfer of a license, if the Commission determines that the proposed transferee is qualified to be the holder of the license, and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

Before issuance of the proposed conforming license amendments, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

As provided in 10 CFR 2.1315, unless otherwise determined by the Commission with regard to a specific application, the Commission has determined that any amendment to the license of a utilization facility which does no more than conform the license to reflect the transfer action involves no significant hazards consideration. No contrary determination has been made with respect to this specific license amendment application. In light of the generic determination reflected in 10 CFR 2.1315, no public comments with respect to

significant hazards considerations are being solicited, notwithstanding the general comment procedures contained in 10 CFR 50.91.

The filing of requests for hearing and petitions for leave to intervene, and written comments with regard to the license transfer application, are discussed below.

By October 19, 2001, any person whose interest may be affected by the Commission's action on the application may request a hearing and, if not the applicant, may petition for leave to intervene in a hearing proceeding on the Commission's action.

Requests for a hearing and petitions for leave to intervene should be filed in accordance with the Commission's rules of practice set forth in Subpart M, "Public Notification, Availability of Documents and Records, Hearing Requests and Procedures for Hearings on License Transfer Applications," of 10 CFR Part 2. In particular, such requests and petitions must comply with the requirements set forth in 10 CFR 2.1306, and should address the considerations contained in 10 CFR 2.1308(a). Untimely requests and petitions may be denied, as provided in 10 CFR 2.1308(b), unless good cause for failure to file on time is established. In addition, an untimely request or petition should address the factors that the Commission will also consider, in reviewing untimely requests or petitions, set forth in 10 CFR 2.1308(b)(1)-(2).

Requests for a hearing and petitions for leave to intervene should be served upon George L. Edgar, Morgan, Lewis and Bockius, LLP, 1800 M Street, NW, Washington, DC 20036-5869; telephone: 202-467-7459; fax: 202-467-7176; email: gedgar@morganlewis.com; the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555 (e-mail address for filings regarding license transfer cases only: dgclt@nrc.gov); and the Secretary of the Commission, U.S. Nuclear Regulatory

Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, in accordance with 10 CFR 2.1313.

The Commission will issue a notice or order granting or denying a hearing request or intervention petition, designating the issues for any hearing that will be held and designating the Presiding Officer. A notice granting a hearing will be published in the FEDERAL REGISTER and served on the parties to the hearing.

As an alternative to requests for hearing and petitions to intervene, by October 29, 2001, persons may submit written comments regarding the license transfer application, as provided for in 10 CFR 2.1305. The Commission will consider and, if appropriate, respond to these comments, but such comments will not otherwise constitute part of the decisional record. Comments should be submitted to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, and should cite the publication date and page number of this FEDERAL REGISTER notice.

For further details with respect to this action, see the application dated June 28, 2001, available for public inspection at the Commission's Public Document Room, located at One White Flint North, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible electronically from the Agencywide Documents Access and Management Systems (ADAMS) Public Electronic Reading Room on the internet at the NRC Web site, <http://www.nrc.gov/ADAMS/index.html>. If you do not have access to ADAMS or if there are problems in accessing the documents located in ADAMS, contact the

NRC Public Document Room (PDR) Reference staff at 1-800-397-4209, 301-415-4737 or
by email to pdr@nrc.gov.

Dated at Rockville, Maryland this 21st day of September, 2001.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Mohan C. Thadani, Senior Project Manager, Section 1
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

South Texas, Units 1 & 2

cc:

Mr. Cornelius F. O'Keefe
Senior Resident Inspector
U.S. Nuclear Regulatory Commission
P. O. Box 910
Bay City, TX 77414

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

Mr. M. T. Hardt
Mr. W. C. Gunst
City Public Service Board
P. O. Box 1771
San Antonio, TX 78296

Mr. C. A. Johnson/R. P. Powers
AEP - Central Power and Light Company
P. O. Box 289
Mail Code: N5022
Wadsworth, TX 77483

INPO
Records Center
700 Galleria Parkway
Atlanta, GA 30339-3064

Regional Administrator, Region IV
U.S. Nuclear Regulatory Commission
611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011

D. G. Tees/R. L. Balcom
Houston Lighting & Power Co.
P. O. Box 1700
Houston, TX 77251

Judge, Matagorda County
Matagorda County Courthouse
1700 Seventh Street
Bay City, TX 77414

A. H. Gutterman, Esq.
Morgan, Lewis & Bockius
1800 M Street, N.W.
Washington, DC 20036-5869

Mr. J. J. Sheppard, Vice President
Engineering & Technical Services
STP Nuclear Operating Company
P. O. Box 289
Wadsworth, TX 77483

S. M. Head, Manager, Licensing
Nuclear Quality & Licensing Department
STP Nuclear Operating Company
P. O. Box 289, Mail Code: N5014
Wadsworth, TX 77483

Office of the Governor
ATTN: John Howard, Director
Environmental and Natural
Resources Policy
P. O. Box 12428
Austin, TX 78711

Jon C. Wood
Matthews & Branscomb
112 East Pecan, Suite 1100
San Antonio, TX 78205

Arthur C. Tate, Director
Division of Compliance & Inspection
Bureau of Radiation Control
Texas Department of Health
1100 West 49th Street
Austin, TX 78756

Jim Calloway
Public Utility Commission of Texas
Electric Industry Analysis
P. O. Box 13326
Austin, TX 78711-3326