

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 RELIANT ENERGY INCORPORATED (FORMERLY KNOWN AS HOUSTON LIGHTING & POWER COMPANY) REGARDING TRANSFER OF FACILITY OPERATING LICENSES AND CONFORMING AMENDMENTS, AND OPPORTUNITY FOR A HEARING (TAC NOS. MB2140 AND MB2141)

Dear Mr. Cottle:

Enclosed is a copy of a "Notice of Consideration of Approval of Application of Reliant Energy Incorporated (Formerly Known as Houston Lighting & Power Company) Regarding Transfer of Facility Operating Licenses, and Opportunity for a Hearing" related to the application dated May 31, 2001, as supplemented by letters dated June 14, 2001 and August 13, 2001. The application was filed by STP Nuclear Operating Company (STPNOC) acting on behalf of Reliant Energy Incorporated (Reliant), formerly known as Houston Lighting and Power Company. The application seeks approval pursuant to 10 CFR 50.80 of the indirect transfer of control of Reliant's 30.8 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 parent holding company for Reliant ("Regco"); and, to the extent that an indirect transfer of control of the license as held by STPNOC would result, Reliant's 30.8 percent interest in STPNOC, (the licensed operator of STPEGS under the licenses), to Regco. The application also seeks approval of the proposed direct transfer of Reliant's 30.8 percent ownership interest in STPEGS to an as yet unnamed new Texas partnership ("Texas Genco LP"), which will be indirectly wholly owned by Regco, and, to the extent a direct transfer of control would result, Reliant's 30.8 percent ownership interest in STPNOC to Texas Genco LP. The transfer of Reliant's ownership interests to Texas Genco LP would occur either contemporaneously with Regco becoming the parent holding company of Reliant or some time thereafter. Following the proposed transfers, Texas Genco LP would possess a 30.8 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.

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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

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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

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ACCESSION NO: ML012270395 *SEE PREVIOUS CONCURRENCE

OFFICE	PDIV-1/PM	PDIV-1/LA	OGC*	PDIV-1/SC
NAME	MThadani	MMcAllister	GHKim	RGramm
DATE	09/21/01	09/21/01	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
RELIANT ENERGY INCORPORATED
(FORMERLY KNOWN AS HOUSTON LIGHTING & POWER 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 indirect transfer of control of the 30.8 percent undivided ownership interest of Reliant Energy, Incorporated (Reliant)¹ 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 parent holding company (referred to in the application as Regco); and, to the extent an indirect transfer would result, Reliant's 30.8 percent interest in STP Nuclear Operating Company (STPNOC), the licensed operator of STPEGS under the licenses, to Regco. Reliant is one of four joint owners of STPEGS under the licenses.

The Commission is also considering approving the direct transfer of Reliant's 30.8 percent ownership interest in STPEGS to an as yet unnamed new Texas partnership

¹Reliant was formerly known as Houston Lighting & Power Company (HL&P). HL&P changed its name to Reliant Energy Incorporated in 1999.

(referred to in the application as Texas Genco LP), which will be indirectly wholly owned by Regco, and, to the extent that a direct transfer of Reliant's interest will result, Reliant's 30.8 percent interest in STPNOC to Texas Genco LP. The Commission is further considering amending the licenses for administrative purposes to reflect the proposed direct transfer of Reliant's interest in STPEGS, including reflecting the company now referred to as Texas Genco LP as the licensee. According to an application for approval filed by STPNOC, acting on behalf of Reliant, NRC will be provided with the actual name of the new company before the Commission can issue conforming administrative amendments. The applicant states that the transfer of Reliant's ownership interests to Texas Genco LP would occur either contemporaneously with Regco becoming the parent holding company of Reliant or some time thereafter.

According to the application, following the proposed transfers, Texas Genco LP would possess a 30.8 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 direct transfer of a license, if the Commission determines that the proposed transferee is qualified to be the holder of the license; and an application for indirect transfer, if the Commission determines that the proposed transfer of control will not affect the qualifications of the licensee. With respect to both direct and indirect transfers, the Commission must also determine 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 John E. Mathews, Morgan, Lewis and Bakius, LLP; 1800 M Street, NW, Washington DC 20036-5869 (telephone: 202-467-7524; fax: 202-467-7176; email: jmathews@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 May 31, 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

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