

January 1, 2002

Mr. C. Lance Terry
Senior Vice President &
Principal Nuclear Officer
TXU Electric Company
Attn: Regulatory Affairs Department
P. O. Box 1002
Glen Rose, TX 76043

SUBJECT: COMANCHE PEAK STEAM ELECTRIC STATION (CPSES), UNITS 1 AND 2 -
ISSUANCE OF CONFORMING AMENDMENTS RE: TRANSFER OF
OWNERSHIP INTERESTS AND OPERATING AUTHORITY TO TXU
GENERATION COMPANY LP (TAC NOS. MB2203 AND MB2204)

Dear Mr. Terry:

By application dated June 19, 2001, as supplemented by letters dated August 15, August 31, November 20, and December 17, 2001, TXU Electric Company (TXU Electric) requested that the U.S. Nuclear Regulatory Commission (NRC) consent to the direct transfer of control of TXU Electric's operating authority and 100-percent ownership interest in the Comanche Peak Steam Electric Station (CPSES), Units 1 and 2, to a newly formed generating company, TXU Generation Company LP, pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.80. The partners of TXU Generation Company LP will be indirect wholly-owned subsidiaries of TXU Corporation, the parent of TXU Electric. TXU Electric also requested approval of conforming amendments, pursuant to 10 CFR 50.90 and 10 CFR 2.1315. On December 21, 2001, the NRC issued an Order approving the transfers. The Order also approved conforming amendments to be issued at the time the transfers were completed.

In a letter dated December 17, 2001, TXU Electric informed the NRC that the transfer would occur on January 1, 2002.

By letter dated December 17, 2001, TXU Electric provided documentary evidence that it had obtained the appropriate amount of insurance required by 10 CFR Part 140.

Accordingly, the Commission has issued the enclosed Amendment No. 90 to Facility Operating License No. NPF-87 and Amendment No. 90 Facility Operating License No. NPF-89 for CPSES, Units 1 and 2, respectively. The amendments reflect the transfer of control of TXU Electric's operating authority and 100-percent ownership interest in CPSES, Units 1 and 2, to TXU Generation Company LP. The safety evaluation supporting the conforming amendments was enclosed with the Order issued on December 21, 2001.

Mr. C. Lance Terry

- 2 -

Enclosure 3 contains three copies of Amendment No. 12 to Indemnity Agreement No. B-96 for CPSES, Units 1 and 2. Please keep two copies for your records and sign and return the other copy to the NRC.

A Notice of Issuance will be published in the *Federal Register*.

Sincerely,

/RA/

David H. Jaffe, Sr. Project Manager, Section 1
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-445 and 50-446

Enclosures: 1. Amendment No. 90 to NPF-87
 2. Amendment No. 90 to NPF-89
 3. Amendment No. 12 to Indemnity Agreement No. B-96 (three copies)

cc w/encls: See next page

Mr. C. Lance Terry

- 2 -

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A Notice of Issuance will be published in the *Federal Register*.

Sincerely,

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David H. Jaffe, Sr. Project Manager, Section 1
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cc w/encls: See next page

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*See previous concurrence

| | | | |
|--------|-----------|-----------|-----------------------|
| OFFICE | PDIV-1/LA | PDIV-1/PM | PDIV-1/SC* |
| NAME | DJohnson | DJaffe | SDembek for RGramm |
| DATE | 12/31/01 | 12/31/01 | 12/31/2001 |

OFFICIAL RECORD COPY

TXU ELECTRIC

COMANCHE PEAK STEAM ELECTRIC STATION, UNIT NO. 1

DOCKET NO. 50-445

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 90
License No. NPF-87

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by TXU Electric dated June 19, 2001, as supplemented by letters dated August 15, 2001, August 31, 2001, November 20, 2001, and December 17, 2001, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment 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;
 - D. The issuance of this license amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, the license is amended as indicated in the attachment to this license amendment.
3. The license amendment is effective as of its date of issuance and shall be implemented within 30 days from the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Brian W. Sheron, Acting Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the Facility Operating License

Date of Issuance: January 1, 2002

TXU ELECTRIC

COMANCHE PEAK STEAM ELECTRIC STATION, UNIT NO. 2

DOCKET NO. 50-446

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 90
License No. NPF-89

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by TXU Electric dated June 19, 2001, as supplemented by letters dated August 15, 2001, August 31, 2001, November 20, 2001 and December 17, 2001, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment 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;
 - D. The issuance of this license amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, the license is amended as indicated in the attachment to this license amendment.
3. This license amendment is effective as of its date of issuance and shall be implemented within 30 days from the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Brian W. Sheron, Acting Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the Facility Operating License

Date of Issuance: January 1, 2002

ATTACHMENT TO LICENSE AMENDMENT NOS. 90 AND 90

TO FACILITY OPERATING LICENSE NOS. NPF-87 AND NPF-89

DOCKET NOS. 50-445 AND 50-446

Replace the following pages of the Unit 1 Facility Operating License. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

| <u>Remove</u> | <u>Insert</u> |
|-----------------------|-----------------------|
| 1 | 1 |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | 6 |
| 7 | 7 |
| 8 | 8 |
| Appendix B cover page | Appendix B cover page |
| Appendix C cover page | Appendix C cover page |

Replace the following pages of the Unit 2 Facility Operating License. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

| <u>Remove</u> | <u>Insert</u> |
|-----------------------|-----------------------|
| 1 | 1 |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | 6 |
| 7 | 7 |
| Appendix B cover page | Appendix B cover page |
| Appendix C cover page | Appendix C cover page |

ENCLOSURE 3

AMENDMENT TO INDEMNITY AGREEMENT

Comanche Peak Steam Electric Station

cc:

Senior Resident Inspector
U.S. Nuclear Regulatory Commission
P. O. Box 2159
Glen Rose, TX 76403-2159

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

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

Mr. Roger D. Walker
Regulatory Affairs Manager
TXU Electric
P. O. Box 1002
Glen Rose, TX 76043

George L. Edgar, Esq.
Morgan, Lewis & Bockius
1800 M Street, N.W.
Washington, DC 20036-5869

Honorable Dale McPherson
County Judge
P. O. Box 851
Glen Rose, TX 76043

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

Arthur C. Tate, Director
Division of Compliance & Inspection
Bureau of Radiation Control
Texas Department of Health
1100 West 49th Street
Austin, TX 78756-3189

April 2001

TXU GENERATION COMPANY LP

DOCKET NO. 50-445

COMANCHE PEAK STEAM ELECTRIC STATION, UNIT NO. 1

FACILITY OPERATING LICENSE

License No. NPF-87

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for a license filed by TXU Generation Company LP (licensee), 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 Comanche Peak Steam Electric Station, Unit No. 1 (the facility), has been substantially completed in conformity with Construction Permit No. CPPR-126 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;

- E. TXU Generation Company LP is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - F. The licensee has satisfied the applicable provisions of 10 CFR 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 Facility Operating License No. NPF-87 subject to the conditions for protection of the environment set forth herein, 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, except that an exemption to the provisions of 70.24 is granted as described in paragraph 2.D below.
2. Based on the foregoing findings regarding this facility, Facility Operating License No. NPF-87 is hereby issued to the licensee, to read as follows:
- A. This license applies to the Comanche Peak Steam Electric Station, Unit No. 1, a pressurized-water nuclear reactor and associated equipment (the facility), owned by the licensee. The facility is located on Squaw Creek Reservoir in Somervell County, Texas about 5 miles north-northwest of Glen Rose, Texas, and about 40 miles southwest of Fort Worth in north-central Texas and is described in the licensee's Final Safety Analysis Report, as supplemented and amended, and the licensee's Environmental Report, as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Pursuant to Section 103 of the Act and 10 CFR Part 50, "Domestic Licensing and Production and Utilization Facilities," TXU Generation Company LP to possess, use, and operate the facility at the designated location in Somervell County, Texas in accordance with the procedures and limitations set forth in this license;
 - (2) NOT USED

- (3) TXU Generation Company LP, 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, and described in the Final Safety Analysis Report, as supplemented and amended;
- (4) TXU Generation Company LP, 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) TXU Generation Company LP, 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) TXU Generation Company LP, 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.

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

TXU Generation Company LP is authorized to operate the facility at reactor core power levels not in excess of 3458 megawatts thermal in accordance with the conditions specified herein.

(2) Technical Specifications and Environmental Protection Plan

The Technical Specifications contained in Appendix A as revised through Amendment No. 89, and the Environmental Protection Plan contained in Appendix B, are incorporated into this license. TXU Generation Company LP shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Applicants as defined in Appendix C shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

(4) License Transfer

The TXU Generation Company LP Decommissioning Master Trust Agreement for the facility at the time the license transfers are effected and thereafter, is subject to the following:

- (a) The decommissioning trust agreement must be in a form acceptable to the NRC.
- (b) With respect to the decommissioning trust funds, investments in the securities or other obligations of TXU Generation Company LP, or its affiliates, successors, or assigns shall be prohibited; except for investments tied to market indices or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants are prohibited;
- (c) The appropriate section of the decommissioning trust agreement must state that investments made in trust by the trustee, investment advisor, or anyone else directing the investments made in the trusts shall adhere to investment guidelines established by the PUCT (e.g., 16 Texas Administration Code 25.301);
- (d) The decommissioning trust agreement must provide that except for ordinary administrative costs, no disbursements or payments from the trusts shall be made by the trustee unless the trustee has first provided 30 days prior written notice of such disbursement or payment to the NRC and the trustee has not received prior written notice of objection from the Director, Office of Nuclear Reactor Regulation; and
- (e) The decommissioning trust agreement must provide that the agreement cannot be modified in any material respect without first providing 30 days prior written notice to the Director, Office of Nuclear Reactor Regulation.

(5) License Transfer

TXU Generation Company LP shall provide decommissioning funding assurance, to be held in a decommissioning trust for the facility upon the direct transfer of the facility license to TXU Generation Company LP, in an amount equal to or greater than the balance in the facility decommissioning trusts immediately prior to the transfer. In addition, TXU Generation Company LP shall ensure that all contractual arrangements referred to in the application for approval of the transfer of the facility license to TXU Generation Company LP, to obtain necessary decommissioning funds for the facility through a non-bypassable charge are executed and will be maintained until the decommissioning trusts are fully funded, or shall ensure that other mechanisms that provide equivalent assurance of decommissioning funding in accordance with the Commission's regulations are maintained.

(6) License Transfer

TXU Generation Company LP shall take all necessary steps to ensure that the decommissioning trusts are maintained in accordance with the application for approval of the transfer of the facility license to TXU Generation Company LP, the requirements of this Order approving the transfer, and the related safety evaluation.

(7) License Transfer

TXU Generation Company LP and its subsidiaries agree to provide the Director, Office of Nuclear Reactor Regulation, a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from TXU Generation Company LP or its subsidiaries to its proposed parent, or to any other affiliated company, facilities for the production of electric energy having a depreciated book value exceeding ten percent (10%) of such licensee's consolidated net utility plant, as recorded on TXU Generation Company LP's book of accounts.

D. The following exemptions are authorized by law and will not endanger life or property or the common defense and security. Certain special circumstances are present and these exemptions are otherwise in the public interest. Therefore, these exemptions are hereby granted pursuant to 10 CFR 50.12.

- (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 6.2.5 of Supplement 22 to the Safety Evaluation Report dated January 1990. The staff's environmental assessment was published on November 14, 1989 (54 FR 47430).

Therefore, pursuant to 10 CFR 50.12(a)(1), and 10 CFR 50.12(a)(2)(ii) and (iii), the Comanche Peak Steam Electric Station, Unit 1 is hereby granted an exemption from the cited 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 an exemption from the criticality monitoring requirements of 10 CFR 70.24 (see Materials License No. SNM-1912 dated December 1, 1988 and Section 9.1.1 of Supplement 22 to the Safety Evaluation Report dated January 1990). The staff's environmental assessment was published on November 14, 1989 (54 FR 47432). The Comanche Peak Steam Electric Station, Unit 1 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 10 CFR 50.33(k) and 10 CFR 50.75. The justification for this exemption is contained in Section 20.6 of Supplement 22 to the Safety Evaluation Report dated January 1990. The staff's environmental assessment was published on November 14, 1989 (54 FR 47431). Therefore, pursuant to 10 CFR 50.12(a)(1), 50.12(a)(2)(iii) and 50.12(a)(2)(v), the Comanche Peak Steam Electric Station, Unit 1 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 a decommissioning funding report for Comanche Peak Steam Electric Station, Unit 1 on or before July 26, 1990.

E. With the exception of 2.C(2) and 2.C(3), TXU Generation Company LP shall report any violations of the requirements contained in Section 2.C of this license within 24 hours. Initial notification shall be made in accordance with the provisions of 10 CFR 50.72 with written follow-up in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

F. In order to ensure that TXU Generation Company LP will exercise the authority as the surface landowner in a timely manner and that the requirements of 10 CFR Part 100.3 (a) are satisfied, this license is subject to the additional conditions specified below: (Section 2.1.1, SER)

- (1) For that portion of the exclusion area which is within 2250 ft of any seismic Category I building or within 2800 ft of either reactor containment building, TXU Generation Company LP must prohibit the exploration and/or exercise of subsurface mineral rights, and if the subsurface mineral rights owners attempt to exercise their rights within this area, TXU Generation Company LP must immediately institute immediately effective condemnation proceedings to obtain the mineral rights in this area.

- (2) For the unowned subsurface mineral rights within the exclusion area not covered in item (1), TXU Generation Company LP will prohibit the exploration and/or exercise of mineral rights until and unless the licensee and the owners of the mineral rights enter into an agreement which gives TXU Generation Company LP absolute authority to determine all activities -- including times of arrival and locations of personnel and the authority to remove personnel and equipment -- in event of emergency. If the mineral rights owners attempt to exercise their rights within this area without first entering into such an agreement, TXU Generation Company LP must institute immediately effective condemnation proceedings to obtain the mineral rights in this area.
 - (3) TXU Generation Company LP shall promptly notify the NRC of any attempts by subsurface mineral rights owners to exercise mineral rights, including any legal proceeding initiated by mineral rights owners against TXU Generation Company LP.
- G. TXU Generation Company LP shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment 78 and as approved in the SER (NUREG-0797) and its supplements through SSER 24, subject to the following provision:
 - TXU Generation Company LP 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.
- H. TXU Generation Company LP 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 made pursuant to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain safeguards information protected under 10 CFR 73.21, are entitled: "Comanche Peak Steam Electric Station Physical Security Plan" with revisions submitted through August 30, 2000, with limited approvals as provided for in the Safety Evaluation by the Office of Nuclear Reactor Regulation dated December 5, 2000; "Comanche Peak Steam Electric Station Security Training and Qualification Plan" with revisions submitted through May 18, 2000; and "Comanche Peak Steam Electric Station Safeguards Contingency Plan" with revisions submitted through April 9, 1999.
- I. The licensee 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.
- J. NOT USED

- K. This license is effective as of the date of issuance and shall expire at Midnight on February 8, 2030.

FOR THE NUCLEAR REGULATORY COMMISSION

original signed by:

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Attachments/Appendices:

1. Appendix A - Technical Specifications (NUREG-1399)
2. Appendix B - Environmental Protection Plan
3. Appendix C - Antitrust Conditions

Date of Issuance: April 17, 1990

APPENDIX B
TO FACILITY OPERATING LICENSE NO. NPF-87

TXU GENERATION COMPANY LP
COMANCHE PEAK STEAM ELECTRIC STATION UNIT 1
DOCKET NO. 50-445

ENVIRONMENTAL PROTECTION PLAN
(NON RADIOLOGICAL)

APPENDIX C

TO

FACILITY OPERATING LICENSE NO. NPF-87
COMANCHE PEAK STEAM ELECTRIC STATION

UNIT 1

TXU GENERATION COMPANY LP

DOCKET NO. 50-445

ANTITRUST CONDITIONS*

LICENSE CONDITIONS FOR COMANCHE PEAK STEAM ELECTRIC STATION, UNIT NO. 1

*These are the Conformed Settlement License Conditions filed in December 1980 which were approved May 6, 1982 by the administrative law judge presiding over the consolidated antitrust proceedings for Comanche Peak Steam Electric Station. Although the text is identical, the sections have been renumbered for convenience.

Amendment No. 68; 90

TXU GENERATION COMPANY LP

DOCKET NO. 50-446

COMANCHE PEAK STEAM ELECTRIC STATION, UNIT NO. 2

FACILITY OPERATING LICENSE

License No. NPF-89

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for a license filed by TXU Generation Company LP (licensee), 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 Comanche Peak Steam Electric Station, Unit No. 2 (the facility), has been substantially completed in conformity with Construction Permit No. CPPR-127 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;
 - E. TXU Generation Company LP is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

- F. The licensee has satisfied the applicable provisions of 10 CFR 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 Facility Operating License No. NPF-89 subject to the conditions for protection of the environment set forth herein, 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, except that an exemption to the provisions of 70.24 is granted as described in paragraph 2.D below.
2. Pursuant to approval by the Nuclear Regulatory Commission at a meeting on April 6, 1993, the License for Fuel Loading and Low Power Testing, License No. NPF-88, issued on February 2, 1993, is superseded by Facility Operating License No. NPF-89 hereby issued to the licensee, to read as follows:
- A. This license applies to the Comanche Peak Steam Electric Station, Unit No. 2, a pressurized-water nuclear reactor and associated equipment (the facility), owned by the licensee. The facility is located on Squaw Creek Reservoir in Somervell County, Texas about 5 miles north-northwest of Glen Rose, Texas, and about 40 miles southwest of Fort Worth in north-central Texas and is described in the licensee's Final Safety Analysis Report, as supplemented and amended, and the licensee's Environmental Report, as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Pursuant to Section 103 of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," TXU Generation Company LP to possess, use, and operate the facility at the designated location in Somervell County, Texas in accordance with the procedures and limitations set forth in this license;
 - (2) NOT USED

- (3) TXU Generation Company LP, 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, and described in the Final Safety Analysis Report, as supplemented and amended;
- (4) TXU Generation Company LP, 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) TXU Generation Company LP, 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) TXU Generation Company LP, 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.

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

TXU Generation Company LP is authorized to operate the facility at reactor core power levels not in excess of 3458 megawatts thermal in accordance with the conditions specified herein.

(2) Technical Specifications and Environmental Protection Plan

The Technical Specifications contained in Appendix A as revised through Amendment No. 89, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated into this license. TXU Generation Company LP shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Applicants as defined in Appendix C shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

(4) License Transfer

The TXU Generation Company LP Decommissioning Master Trust Agreement for the facility at the time the license transfers are effected and thereafter, is subject to the following:

- (a) The decommissioning trust agreement must be in a form acceptable to the NRC.
- (b) With respect to the decommissioning trust funds, investments in the securities or other obligations of TXU Generation Company LP, or its affiliates, successors, or assigns shall be prohibited; except for investments tied to market indices or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants are prohibited;
- (c) The appropriate section of the decommissioning trust agreement must state that investments made in trust by the trustee, investment advisor, or anyone else directing the investments made in the trusts shall adhere to investment guidelines established by the PUCT (e.g., 16 Texas Administration Code 25.301);
- (d) The decommissioning trust agreement must provide that except for ordinary administrative costs, no disbursements or payments from the trusts shall be made by the trustee unless the trustee has first provided 30 days prior written notice of such disbursement or payment to the NRC and the trustee has not received prior written notice of objection from the Director, Office of Nuclear Reactor Regulation; and
- (e) The decommissioning trust agreement must provide that the agreement cannot be modified in any material respect without first providing 30 days prior written notice to the Director, Office of Nuclear Reactor Regulation.

(5) License Transfer

TXU Generation Company LP shall provide decommissioning funding assurance, to be held in a decommissioning trust for the facility upon the direct transfer of the facility license to TXU Generation Company LP, in an amount equal to or greater than the balance in the facility decommissioning trusts immediately prior to the transfer. In addition, TXU Generation Company LP shall ensure that all contractual arrangements referred to in the application for approval of the transfer of the facility license to TXU Generation Company LP, to obtain necessary

decommissioning funds for the facility through a non-bypassable charge are executed and will be maintained until the decommissioning trusts are fully funded, or shall ensure that other mechanisms that provide equivalent assurance of decommissioning funding in accordance with the Commission's regulations are maintained.

(6) License Transfer

TXU Generation Company LP shall take all necessary steps to ensure that the decommissioning trusts are maintained in accordance with the application for approval of the transfer of the facility license to TXU Generation Company LP, the requirements of this Order approving the transfer, and the related safety evaluation.

(7) License Transfer

TXU Generation Company LP and its subsidiaries agree to provide the Director, Office of Nuclear Reactor Regulation, a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from TXU Generation Company LP or its subsidiaries to its proposed parent, or to any other affiliated company, facilities for the production of electric energy having a depreciated book value exceeding ten percent (10%) of such licensee's consolidated net utility plant, as recorded on TXU Generation Company LP's book of accounts.

D. The following exemptions are authorized by law and will not endanger life or property or the common defense and security. Certain special circumstances are present and these exemptions are otherwise in the public interest. Therefore, these exemptions are hereby granted:

- (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 6.2.5.1 of Supplement 26 to the Safety Evaluation Report dated February 1993. The staff's environmental assessment was published on January 19, 1993 (58 FR 5036). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(ii) and (iii), the Comanche Peak Steam Electric Station, Unit 2 is hereby granted an exemption from the cited 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-1986 dated April 24, 1989 and Section 9.1.1 of SSER 26 dated February 1993.) The staff's environmental assessment was published on

January 19, 1993 (58 FR 5035). The Comanche Peak Steam Electric Station, Unit 2 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.

- E. With the exception of 2.C(2) and 2.C(3), TXU Generation Company LP shall report any violations of the requirements contained in Section 2.C of this license within 24 hours. Initial notification shall be made in accordance with the provisions of 10 CFR 50.72 with written followup in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

- F. In order to ensure that TXU Generation Company LP will exercise the authority as the surface landowner in a timely manner and that the requirements of 10 CFR 100.3 (a) are satisfied, this license is subject to the additional conditions specified below: (Section 2.1, SER)
 - (1) For that portion of the exclusion area which is within 2250 ft of any seismic Category I building or within 2800 ft of either reactor containment building, TXU Generation Company LP must prohibit the exploration and/or exercise of subsurface mineral rights, and if the subsurface mineral rights owners attempt to exercise their rights within this area, TXU Generation Company LP must immediately institute immediately effective condemnation proceedings to obtain the mineral rights in this area.
 - (2) For the unowned subsurface mineral rights within the exclusion area not covered in item (1), TXU Generation Company LP will prohibit the exploration and/or exercise of mineral rights until and unless the licensee and the owners of the mineral rights enter into an agreement which gives TXU Generation Company LP absolute authority to determine all activities - including times of arrival and locations of personnel and the authority to remove personnel and equipment - in event of emergency. If the mineral rights owners attempt to exercise their rights within this area without first entering into such an agreement, TXU Generation Company LP must immediately institute immediately effective condemnation proceedings to obtain the mineral rights in this area.
 - (3) TXU Generation Company LP shall promptly notify the NRC of any attempts by subsurface mineral rights owners to exercise mineral rights, including any legal proceeding initiated by mineral rights owners against TXU Generation Company LP.

- G. TXU Generation Company LP shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment 87 and as approved in the SER (NUREG-0797) and its supplements through SSER 27, subject to the following provision:

TXU Generation Company LP 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.

- H. TXU Generation Company LP 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 made pursuant to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain safeguards information protected under 10 CFR 73.21, are entitled: "Comanche Peak Steam Electric Station Physical Security Plan" with revisions submitted through August 30, 2000, with limited approvals as provided for in the Safety Evaluation by the Office of Nuclear Reactor Regulation dated December 5, 2000; "Comanche Peak Steam Electric Station Security Training and Qualification Plan" with revisions submitted through May 18, 2000; and "Comanche Peak Steam Electric Station Safeguards Contingency Plan" with revisions submitted through April 9, 1999.
- I. The licensee 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.
- J. NOT USED
- K. This license is effective as of the date of issuance and shall expire at Midnight on February 2, 2033.

FOR THE NUCLEAR REGULATORY COMMISSION

Original signed by:

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Attachments/Appendices:

- 1. Appendix A - Technical Specifications (NUREG-1468)
- 1. Appendix B - Environmental Protection Plan
- 3. Appendix C - Antitrust Conditions

Date of Issuance: April 6, 1993

Amendment No. ~~68, 82, 89, 90~~

APPENDIX B
TO FACILITY OPERATING LICENSE NO. NPF-89

TXU GENERATION COMPANY LP
COMANCHE PEAK STEAM ELECTRIC STATION UNITS 1 & 2
DOCKET NOS. 50-445 AND 50-446

ENVIRONMENTAL PROTECTION PLAN
(NON RADIOLOGICAL)

APRIL 6, 1993

APPENDIX C

TO

FACILITY OPERATING LICENSE NO. NPF-89
COMANCHE PEAK STEAM ELECTRIC STATION

UNIT 2

TXU GENERATION COMPANY LP

DOCKET NO. 50-446

ANTITRUST CONDITIONS*

LICENSE CONDITIONS FOR COMANCHE PEAK STEAM ELECTRIC STATION, UNIT NO. 2

*These are the Conformed Settlement License Conditions filed in December 1980 which were approved May 6, 1982 by the administrative law judge presiding over the consolidated antitrust proceedings for Comanche Peak Steam Electric Station. Although the text is identical, the sections have been renumbered for convenience.

Amendment No. 68, 90