

Mr. William T. Cottle
 Executive Vice-President &
 General Manager, Nuclear
 Houston Lighting & Power Company
 South Texas Project Electric
 Generating Station
 P. O. Box 289
 Wadsworth, TX 77483

November 1, 1996

SUBJECT: NOTICE OF CONSIDERATION OF APPROVAL OF TRANSFER OF LICENSES AND
 ISSUANCE OF AMENDMENTS - SOUTH TEXAS PROJECT, UNITS 1 AND 2 (STP)
 (TAC NOS. M96411 AND M96412)

Dear Mr. Cottle:

The Commission has requested the Office of the Federal Register to publish the enclosed "Notice of Consideration of Approval of Transfer of Licenses and Issuance of Amendments to Facility Operating Licenses, Proposed No Significant Hazards Consideration Determination, and Opportunity for a Hearing." This notice relates to your application dated August 23, 1996, as supplemented by letters dated October 1 and 15, 1996, pursuant to 10 CFR 50.80 and 10 CFR 50.90, seeking approval of the transfer of the authority to operate STP under the licenses to a new operating company, and the issuance of conforming amendments to the licenses.

Sincerely,
 ORIGINAL SIGNED BY:
 Thomas W. Alexion, Project Manager
 Project Directorate IV-1
 Division of Reactor Projects III/IV
 Office of Nuclear Reactor Regulation

Docket Nos. 50-498 and 50-499

Enclosure: Notice

cc w/encl: See next page

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| DATE | 10/22/96 | 10/22/96 | 10/24/96 | 11/1/96 |
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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

November 1, 1996

Mr. William T. Cottle
Executive Vice-President &
General Manager, Nuclear
Houston Lighting & Power Company
South Texas Project Electric
Generating Station
P. O. Box 289
Wadsworth, TX 77483

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ISSUANCE OF AMENDMENTS - SOUTH TEXAS PROJECT, UNITS 1 AND 2 (STP)
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Sincerely,

A handwritten signature in cursive script that reads "Thomas W. Alexion".

Thomas W. Alexion, Project Manager
Project Directorate IV-1
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

Docket Nos. 50-498 and 50-499

Enclosure: Notice

cc w/encl: See next page

Mr. William T. Cottle
Houston Lighting & Power Company

South Texas, Units 1 & 2

cc:

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San Antonio, TX 78296

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

UNITED STATES NUCLEAR REGULATORY COMMISSION
HOUSTON LIGHTING AND POWER COMPANY
CITY PUBLIC SERVICE BOARD OF SAN ANTONIO
CENTRAL POWER AND LIGHT COMPANY
CITY OF AUSTIN, TEXAS
DOCKET NOS. 50-489 AND 50-499
NOTICE OF CONSIDERATION OF APPROVAL OF
TRANSFER OF LICENSES AND ISSUANCE OF AMENDMENTS
TO FACILITY OPERATING LICENSES, PROPOSED NO SIGNIFICANT HAZARDS
CONSIDERATION DETERMINATION, AND OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (the Commission) is considering approval under 10 CFR 50.80 of the transfer of Facility Operating License Nos. NPF-76 and NPF-80, issued to Houston Lighting & Power Company, et al., (HL&P, the licensee) with respect to operating authority thereunder for the South Texas Project, located in Matagorda County, Texas, and considering issuance of conforming amendments under 10 CFR 50.90.

The proposed transfer of operating authority under the licenses would authorize a new operating company to use and operate South Texas Project Units 1 and 2 (STP) and to possess and use related licensed nuclear materials in accordance with the same conditions and authorizations included in the current operating licenses. The operating company would be formed by the owners to become the licensed operator for STP and would have exclusive control over the operation and maintenance of the facility. The licenses would be amended to reflect the transfer of authority under the licenses.

Under the proposed arrangement, ownership of STP will remain unchanged with each owner retaining its current ownership interest. The new operating company will not own any portion of STP. Likewise, the owners' entitlement to capacity and energy from STP will not be affected by the proposed change in operating responsibility for STP from HL&P to the new operating company. The owners will continue to provide all funds for the operation, maintenance, and decommissioning by the operating company of STP. The responsibility of the owners will include funding for any emergency situations that might arise at STP.

Pursuant to 10 CFR 50.80, the Commission may approve the transfer of a license, or any right thereunder, after notice to interested persons. Such approval is contingent upon the Commission's determination that the proposed transferee is qualified to hold the license and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders of the Commission.

Before issuance of the proposed 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.

The Commission has made a proposed determination that the amendment request involves no significant hazards consideration. Under the Commission's regulations in 10 CFR 50.92, this means that operation of the facilities in accordance with the proposed amendments would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated; or (2) create the possibility of a new or different kind of accident from any accident previously evaluated; or (3) involve a significant

reduction in a margin of safety. As required by 10 CFR 50.91(a), the licensee has provided its analysis of the issue of no significant hazards consideration, which is presented below:

1. The proposed amendments will not increase the probability or consequences of any accident previously evaluated.

The employees of HL&P presently engaged in the operation of STP will become employees of OPCO [the operating company]. Personnel qualifications, therefore, will remain the same as those discussed in the Technical Specifications and the UFSAR [Updated Final Safety Analysis Report]. The organizational structure of OPCO will continue to provide for clear management control and effective lines of authority and communication among the organizational units involved in the management, operation, and technical support of the facility. Accordingly, the technical qualifications of OPCO will be at least equivalent to those of HL&P presently.

As a result of the proposed amendments, there will not be physical changes to the facility, and all Limiting Conditions for Operation, Limiting Safety System Settings, and Safety Limits specified in the Technical Specifications will remain unchanged. With the exception of administrative changes to reflect the role of OPCO, the Quality Assurance Program, the Emergency Plan, Security Plan, and Training Program are unaffected. The Operating Agreement will ensure continued compliance with GDC [General Design Criterion] 17 as well as OPCO control over all activities within the exclusion area.

Therefore, the proposed changes will not increase the probability or consequences of any accident previously evaluated.

2. The proposed amendments will not create the possibility of a new or different kind of accident from any accident previously evaluated.

The design and design bases of STP will remain the same. Therefore, the current plant safety analyses which address the licensing basis events and analyze plant response and consequences, will not be affected. The Limiting Conditions for Operation, Limiting Safety System Settings, and Safety Limits are not affected by the proposed amendments. With the exception of administrative changes to reflect the role of OPCO, plant procedures are unaffected. As such, the plant conditions for which the design basis accident analyses have been performed will

not be changed. Therefore, the proposed amendments cannot create the possibility of a new or different kind of accident than previously evaluated.

3. The proposed amendments will not involve a reduction in a margin of safety.

Plant safety margins are established through Limiting Conditions for Operation, Limiting Safety System Settings, and Safety Limits specified in the Technical Specifications. There will be no change to the physical design or operation of the plant or to any of these margins. The proposed amendments, therefore, will not involve a reduction in a margin of safety.

The NRC staff has reviewed the licensee's analysis and, based on this review, it appears that the three standards of 10 CFR 50.92(c) are satisfied. Therefore, the NRC staff proposes to determine that the amendment request involves no significant hazards consideration.

The Commission is seeking public comments on this proposed determination. Any comments received within 30 days after the date of publication of this notice will be considered in making any final determination.

Normally, the Commission will not issue the amendments until the expiration of the 30-day notice period. However, should circumstances change during the notice period such that failure to act in a timely way would result, for example, in derating or shutdown of the facilities, the Commission may issue the license amendments before the expiration of the 30-day notice period, provided that its final determination is that the amendments involve no significant hazards consideration. The final determination will consider all public and State comments received. Should the Commission take this

action, it will publish in the FEDERAL REGISTER a notice of issuance and provide for opportunity for a hearing after issuance. The Commission expects that the need to take this action will occur very infrequently.

Written comments may be submitted by mail to the Chief, Rules Review and Directives Branch, Division of Freedom of Information and Publications Services, Office of Administration, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and should cite the publication date and page number of this FEDERAL REGISTER notice. Written comments may also be delivered to Room 6D22, Two White Flint North, 11545 Rockville Pike, Rockville, Maryland, from 7:30 a.m. to 4:15 p.m. Federal workdays. Copies of written comments received may be examined at the NRC Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC.

The filing of requests for hearing and petitions for leave to intervene is discussed below.

By December 9, 1996, the licensee may file a request for a hearing with respect to the proposed transfer of operating authority under the licenses and issuance of conforming amendments to the subject facility operating licenses, and any person whose interest may be affected by this proceeding and who wishes to participate as a party in the proceeding must file a written request for a hearing and a petition for leave to intervene. Requests for a hearing and a petition for leave to intervene shall be filed in accordance with the Commission's "Rules of Practice for Domestic Licensing Proceedings" in 10 CFR Part 2. Interested persons should consult a current copy of 10 CFR 2.714 which is available at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the

Local public document room located at the Wharton County Junior College, J. M. Hodges Learning Center, 911 Boling Highway, Wharton, Texas 77488. If a request for a hearing or petition for leave to intervene is filed by the above date, the Commission or an Atomic Safety and Licensing Board, designated by the Commission or by the Chairman of the Atomic Safety and Licensing Board Panel, will rule on the request and/or petition; and the Secretary or the designated Atomic Safety and Licensing Board will issue a notice of hearing or an appropriate order.

As required by 10 CFR 2.714, a petition for leave to intervene shall set forth with particularity the interest of the petitioner in the proceeding, and how that interest may be affected by the results of the proceeding. The petition should specifically explain the reasons why intervention should be permitted with particular reference to the following factors: (1) the nature of the petitioner's right under the Act to be made party to the proceeding; (2) the nature and extent of the petitioner's property, financial, or other interest in the proceeding; and (3) the possible effect of any order which may be entered in the proceeding on the petitioner's interest. The petition should also identify the specific aspect(s) of the subject matter of the proceeding as to which petitioner wishes to intervene. Any person who has filed a petition for leave to intervene or who has been admitted as a party may amend the petition without requesting leave of the Board up to 15 days prior to the first prehearing conference scheduled in the proceeding, but such an amended petition must satisfy the specificity requirements described above.

Not later than 15 days prior to the first prehearing conference scheduled in the proceeding, a petitioner shall file a supplement to the

petition to intervene which must include a list of the contentions which are sought to be litigated in the matter. Each contention must consist of a specific statement of the issue of law or fact to be raised or controverted. In addition, the petitioner shall provide a brief explanation of the bases of the contention and a concise statement of the alleged facts or expert opinion which support the contention and on which the petitioner intends to rely in proving the contention at the hearing. The petitioner must also provide references to those specific sources and documents of which the petitioner is aware and on which the petitioner intends to rely to establish those facts or expert opinion. Petitioner must provide sufficient information to show that a genuine dispute exists with the applicant on a material issue of law or fact. Contentions shall be limited to matters within the scope of the transfer approval or amendments under consideration. The contention must be one which, if proven, would entitle the petitioner to relief. A petitioner who fails to file such a supplement which satisfies these requirements with respect to at least one contention will not be permitted to participate as a party.

Those permitted to intervene become parties to the proceeding, subject to any limitations in the order granting leave to intervene, and have the opportunity to participate fully in the conduct of the hearing, including the opportunity to present evidence and cross-examine witnesses.

If a hearing is requested with respect to the proposed amendments, the Commission will make a final determination on the issue of no significant hazards consideration. The final determination will serve to decide when the hearing is held.

If the final determination is that the amendment request involves no significant hazards consideration, the Commission may issue the amendments and make them immediately effective, notwithstanding the request for a hearing. Any hearing held would take place after issuance of the amendments.

If the final determination is that the amendment request involves a significant hazards consideration, any hearing held would take place before the issuance of any such amendments.

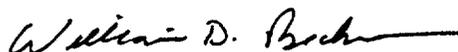
A request for a hearing or a petition for leave to intervene must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Docketing and Services Branch, or may be delivered to the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, by the above date. Where petitions are filed during the last 10 days of the notice period, it is requested that the petitioner promptly so inform the Commission by a toll-free telephone call to Western Union at 1-(800) 248-5100 (in Missouri 1-(800) 342-6700). The Western Union operator should be given Datagram Identification Number N1023 and the following message addressed to William D. Beckner, Director, Project Directorate IV-1: petitioner's name and telephone number, date petition was mailed, plant name, and publication date and page number of this FEDERAL REGISTER notice. A copy of the petition should also be sent to the Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and to Jack R. Newman, Esq., Morgan, Lewis & Bockius, 1800 M Street, N.W., Washington, D.C. 20036-5869, attorney for the licensee.

Nontimely filings of petitions for leave to intervene, amended petitions, supplemental petitions and/or requests for hearing will not be entertained absent a determination by the Commission, the presiding officer or the presiding Atomic Safety and Licensing Board that the petition and/or request should be granted based upon a balancing of the factors specified in 10 CFR 2.714(a)(1)(i)-(v) and 2.714(d).

For further details with respect to this action, see the application dated August 23, 1996, as supplemented by letters dated October 1 and 15, 1996, regarding the transfer of licenses and amendments, which are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Wharton County Junior College, J. M. Hodges Learning Center, 911 Boling Highway, Wharton, TX 77488.

Dated at Rockville, Maryland, this 1st day of ~~November~~ 1996

FOR THE NUCLEAR REGULATORY COMMISSION



William D. Beckner, Project Director
Project Directorate IV-1
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation