

John H. O'Neill, Jr.
Shaw, Pittman, Potts
& Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037-1128

September 22, 1998

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT
IMPACT RELATED TO APPROVAL OF APPLICATION REGARDING
PROPOSED CORPORATE MERGER OF CENTRAL AND SOUTHWEST
CORPORATION (CSW) AND AMERICAN ELECTRIC POWER COMPANY, INC.
(AEP), SOUTH TEXAS PROJECT, UNITS 1 AND 2 (STP) (TAC NOS. MA2140
AND MA2141)

Dear Mr. O'Neill:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact related to an application submitted by Central Power and Light Company (CPL) dated June 16, 1998, under cover of your letter dated June 19, 1998, and additional supporting material submitted under cover of your letter dated June 23, 1998, describing the proposed merger of CSW (the parent holding company of CPL) and AEP. The application requests the consent of the Nuclear Regulatory Commission under 10 CFR 50.80 to the indirect transfer of CPL's interest in STP that will occur under the proposed merger of CSW and AEP.

The assessment is being forwarded to the Office of the Federal Register for publication.

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: Environmental Assessment

cc w/encl: See next page

DISTRIBUTION:

~~Docket File~~

PUBLIC

PDIV-1 r/f

EAdensam (EGA1)

JHannon

TAlexion

ACRS

RWood

TGwynn, RIV

OGC

TEssig

CHawes

AMcKeigney

MMalloy

DOCUMENT NAME: STPA2140.EA

*See previous concurrence

OFFICE	PM/PD4-1	LA/PD4-1	(A)BC/PGE*	OGC*	D/PD4-1
NAME	TAlexion/vw	CHawes	TEssig	SHom	JHannon
DATE	9/21/98	9/21/98	09/01/98	09/04/98	9/22/98
COPY	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO

OFFICIAL RECORD COPY

9809240300 980922
PDR ADOCK 05000498
P PDR

NRC FILE CENTER COPY



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

September 22, 1998

John H. O'Neill, Jr.
Shaw, Pittman, Potts
& Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037-1128

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT
IMPACT RELATED TO APPROVAL OF APPLICATION REGARDING
PROPOSED CORPORATE MERGER OF CENTRAL AND SOUTHWEST
CORPORATION (CSW) AND AMERICAN ELECTRIC POWER COMPANY, INC.
(AEP), SOUTH TEXAS PROJECT, UNITS 1 AND 2 (STP) (TAC NOS. MA2140
AND MA2141)

Dear Mr. O'Neill:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact related to an application submitted by Central Power and Light Company (CPL) dated June 16, 1998, under cover of your letter dated June 19, 1998, and additional supporting material submitted under cover of your letter dated June 23, 1998, describing the proposed merger of CSW (the parent holding company of CPL) and AEP. The application requests the consent of the Nuclear Regulatory Commission under 10 CFR 50.80 to the indirect transfer of CPL's interest in STP that will occur under the proposed merger of CSW and AEP.

The assessment is being forwarded to the Office of the Federal Register for publication.

Sincerely,

A handwritten signature in cursive script, reading "Thomas W. Alexion", is written over a horizontal line.

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: Environmental Assessment

cc w/encl: See next page

STP Nuclear Operating Company

South Texas, Units 1 & 2

cc:

Mr. David P. Loveless
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. G. E. Vaughn/C. A. Johnson
Central Power and Light Company
P. O. Box 289
Mail Code: N5012
Wadsworth, TX 74483

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

Jack R. Newman, Esq.
Morgan, Lewis & Bockius
1800 M Street, N.W.
Washington, DC 20036-5869

Mr. Lawrence E. Martin
Vice President, Nuc. Assurance & Licensing
STP Nuclear Operating Company
P. O. Box 289
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
One Alamo Center
106 S. St. Mary's Street, Suite 700
San Antonio, TX 78205-3692

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

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

UNITED STATES NUCLEAR REGULATORY COMMISSION

HOUSTON LIGHTING & POWER COMPANY

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

CENTRAL POWER AND LIGHT COMPANY

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

SOUTH TEXAS PROJECT, UNITS 1 AND 2

DOCKET NOS. 50-498 AND 50-499

ENVIRONMENTAL ASSESSMENT AND FINDING OF

NO SIGNIFICANT IMPACT

The U.S. Nuclear Regulatory Commission (the Commission) is considering approval, by issuance of an order under 10 CFR 50.80, of the indirect transfer of Facility Operating Licenses Nos. NPF-76 and NPF-80, to the extent they are held by Central Power and Light Company (CPL) for the South Texas Project, Units 1 and 2 (STP), located in Matagorda County, Texas.

ENVIRONMENTAL ASSESSMENT

Identification of the Proposed Action:

The proposed action would consent to the indirect transfer of the licenses with respect to a proposed merger between Central and South West Corporation (CSW) and American Electric Power Company, Inc. (AEP). CSW is the parent holding company of CPL, which holds licenses to possess interests in STP. Houston Lighting & Power Company, City Public Service Board of San Antonio, Central Power and Light Company, City of Austin, Texas, and STP Nuclear Operating Company are holders of Facility Operating Licenses Nos. NPF-76 and

NPF-80, issued on March 22, 1988, and March 28, 1989, respectively. Facility Operating Licenses Nos. NPF-76 and NPF-80 authorize the holders to possess STP, and authorize STP Nuclear Operating Company to use and operate STP in accordance with the procedures and limitations set forth in the operating licenses. By application dated June 16, 1998, submitted under cover of a letter dated June 19, 1998, as supplemented by letter dated June 23, 1998, and enclosures thereto, the Commission was informed that CSW and AEP have entered into a merger agreement under which CSW would become a wholly-owned subsidiary of AEP with CPL remaining a wholly-owned subsidiary of CSW. The application seeks approval of the indirect transfer of the interests held by CPL under the STP operating licenses to AEP to the extent effected by the proposed merger.

According to the application, the merger will have no adverse effect on either the technical management or operation of STP since STP Nuclear Operating Company, responsible for the operation and maintenance of STP, is not involved in the merger. Houston Lighting & Power Company, City Public Service Board of San Antonio, Central Power and Light Company, City of Austin, Texas, and STP Nuclear Operating Company will remain licensees responsible for their possessory interests and related obligations. No direct transfer of the licenses will result from the merger.

The proposed action is in accordance with CPL's application dated June 16, 1998, submitted under cover of a letter dated June 19, 1998, as supplemented by letter dated June 23, 1998, and enclosures thereto.

The Need for the Proposed Action:

The proposed action is needed to allow the proposed merger to be consummated, to the extent such merger will result in the indirect transfer of the licenses discussed above.

Environmental Impacts of the Proposed Action:

The proposed action involves administrative activities regarding a corporate merger involving a non-licensee holding company and is unrelated to plant operation.

The proposed action will not result in an increase in the probability or consequences of accidents or result in a change in occupational or public dose. Therefore, there are no radiological impacts associated with the proposed action.

The proposed action will not result in a change in nonradiological plant effluents and will have no other nonradiological environmental impact.

Accordingly, the Commission concludes that there are no environmental impacts associated with this action.

Alternatives to the Proposed Action:

As an alternative to the proposed action, the staff considered denial of the proposed action. Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

Alternative Use of Resources:

This action does not involve the use of any resources not previously considered in the "Final Environmental Statement Related to the Operation of South Texas Project, Units 1 and 2," dated August 1986, in NUREG-1171.

Agencies and Persons Consulted:

In accordance with its stated policy, on August 12, 1998, the staff consulted with the Texas State official regarding the environmental impact of the proposed action. The State official had no comments.

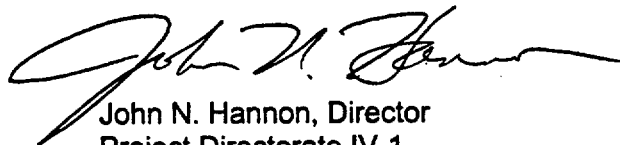
FINDING OF NO SIGNIFICANT IMPACT

Based upon the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the application from CPL dated June 16, 1998, submitted under cover of a letter dated June 19, 1998, from Shaw, Pittman, Potts, and Trowbridge, counsel for CPL, and supplemental letter dated June 23, 1998, and enclosures thereto. These documents are available for public inspection at the Commission's Public Document Room, The Gelman Building, 2120 L Street, NW., Washington, DC 20555, 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 22nd day of September 1998.

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in black ink, appearing to read "John N. Hannon", is written over the typed name and title.

John N. Hannon, Director
Project Directorate IV-1
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

DISTRIBUTION:

~~Docket File~~

PDIV-1 r/f

CHawes

TAlexion

September 22, 1998

MEMORANDUM TO: Rules and Directives Branch
Division of Administrative Services
Office of Administration

FROM: Office of Nuclear Reactor Regulation

SUBJECT: **HOUSTON LIGHTING & POWER COMPANY - SOUTH TEXAS PROJECT**

One signed original of the *Federal Register* Notice identified below is attached for your transmittal to the Office of the Federal Register for publication. Additional conformed copies (**Five**) of the Notice are enclosed for your use.

- ☐ Notice of Receipt of Application for Construction Permit(s) and Operating License(s).
- ☐ Notice of Receipt of Partial Application for Construction Permit(s) and Facility License(s): Time for submission of Views on Antitrust matters.
- ☐ Notice of Consideration of Issuance of Amendment to Facility Operating License. (Call with 30-day insert date).
- ☐ Notice of Receipt of Application for Facility License(s); Notice of Availability of Applicant's Environmental Report; and Notice of Consideration of Issuance of Facility License(s) and Notice of Opportunity for Hearing.
- ☐ Notice of Availability of NRC Draft/Final Environmental Statement.
- ☐ Notice of Limited Work Authorization.
- ☐ Notice of Availability of Safety Evaluation Report.
- ☐ Notice of Issuance of Construction Permit(s).
- ☐ Notice of Issuance of Facility Operating License(s) or Amendment(s).
- ☐ Order.
- ☐ Exemption.
- ☐ Notice of Granting Exemption.
- ☒ Environmental Assessment.
- ☐ Notice of Preparation of Environmental Assessment.
- ☐ Receipt of Petition for Director's Decision Under 10 CFR 2.206.
- ☐ Issuance of Final Director's Decision Under 10 CFR 2.206.
- ☐ Other: _____

DOCKET NOs. 50-498 and 50-499

Attachment(s): As stated

Contact: T. Alexion

Telephone: 415-1326

DOCUMENT NAME: STPA2140.EA

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	LA/PD4-1												
NAME	CHawesCMH												
DATE	09/22/98												

OFFICIAL RECORD COPY