

South Texas Project Electric Generating Station PO Box 289 Wadsworth, Texas 77483

March 31, 2003  
NOC-AE-03001456  
10CFR50.90

U. S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
One White Flint North  
11555 Rockville Pike  
Rockville, MD 20852

South Texas Project  
Units 1 and 2  
Docket Nos. STN 50-498 and STN 50-499  
Notification of Name Change and  
Application for Conforming Administrative License Amendments

On behalf of the former Central Power and Light Company (CPL), STP Nuclear Operating Company (STPNOC) submits the following notification of name change and application for conforming administrative license amendments. The purposes of this letter are to inform the NRC that CPL recently entered into an agreement transferring rights to use of that company name and to request pursuant to 10CFR50.90 that NRC review and approve the proposed conforming administrative license amendments.

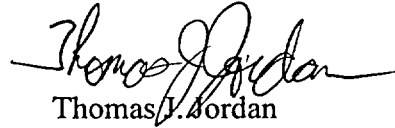
Effective December 23, 2002, CPL was renamed "AEP Texas Central Company." With the exception of this name change, this transaction does not in any way affect the qualifications of AEP Texas Central Company for ownership of 25.2% of South Texas Project Electric Generating Station Units 1 and 2 (STPEGS), nor does it involve any direct or indirect transfer of control of the STPEGS Operating Licenses.

Attachment 1 demonstrates that this license amendment request involves no significant hazards consideration. Attachments 2 and 3 provide the proposed revised Operating License pages (mark-ups). The Plant Operations Review Committee has reviewed the proposed change and has recommended its approval. The Nuclear Safety Review Board has approved the change. STPNOC has notified the State of Texas in accordance with 10CFR50.91(b).

STPNOC requests approval of this request by June 15, 2003, in that the "CPL" name must be phased out within six months of the effective date of the agreement transferring the name.

M006  
A001

If there are any questions regarding this administrative license amendment request, please contact Mr. Scott Head at (361) 972-7136 or me at (361) 972-7902.

A handwritten signature in black ink, appearing to read "Thomas J. Jordan".

Thomas J. Jordan  
Vice President,  
Engineering & Technical Services

jtc

- Attachments:
1. Licensee's Evaluation
  2. Proposed Unit 1 Operating License Changes (Mark-up)
  3. Proposed Unit 2 Operating License Changes (Mark-up)

cc:

(paper copy)

Ellis W. Merschoff  
Regional Administrator, Region IV  
U.S. Nuclear Regulatory Commission  
611 Ryan Plaza Drive, Suite 400  
Arlington, Texas 76011-8064

U. S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
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11555 Rockville Pike  
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Cornelius F. O'Keefe  
U. S. Nuclear Regulatory Commission  
P. O. Box 289, Mail Code: MN116  
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Electric Utility Department  
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(electronic copy)

A. H. Gutterman, Esquire  
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U. S. Nuclear Regulatory Commission

R. L. Balcom  
Texas Genco, LP

A. Ramirez  
City of Austin

C. A. Johnson  
AEP Texas Central Company


Jon C. Wood  
Matthews & Branscomb

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)		
	)		
STP Nuclear Operating Company	)	Docket Nos.	50-498
	)		50-499
South Texas Project Units 1 and 2	)		
	)		

AFFIRMATION

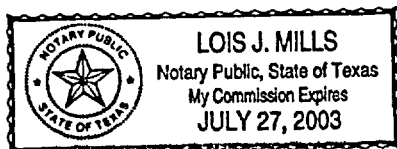
I, Thomas J. Jordan, being duly sworn, hereby depose and state that I am Vice President, Engineering & Technical Services of STP Nuclear Operating Company; that I am duly authorized to sign and file with the Nuclear Regulatory Commission the license amendment request herewith; that I am familiar with the content thereof; and that the matters set forth therein with regard to STP Nuclear Operating Company are true and correct to the best of my knowledge and belief.

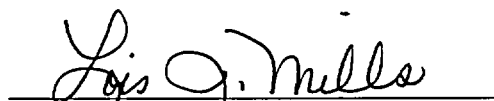
  
Thomas J. Jordan

Vice President, Engineering & Technical Services

STATE OF TEXAS                    )  
  )  
COUNTY OF MATAGORDA        )

Subscribed and sworn to before me, a Notary Public in and for the State of Texas, this 31<sup>st</sup> day of March, 2003.




  
Notary Public in and for the  
State of Texas

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
	)	
STP Nuclear Operating Company	)	Docket Nos. 50-498
	)	50-499
South Texas Project Units 1 and 2	)	
	)	

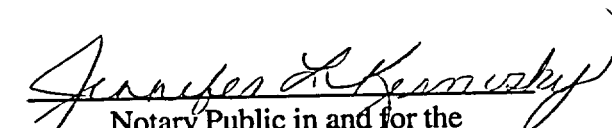
AFFIRMATION

I, A. Christopher Bakken III, being duly sworn, hereby depose and state that I am Senior Vice President of AEP Nuclear Generation and an officer of AEP Texas Central Company; that I am familiar with the content of the license amendment request provided herewith; and that the matters set forth therein with regard to AEP Texas Central Company are true and correct to the best of my knowledge and belief.

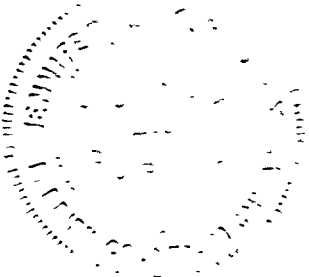
  
A. Christopher Bakken III  
Senior Vice President Nuclear Generation

STATE OF MICHIGAN     )  
                                      )  
COUNTY OF BERRIEN    )

Subscribed and sworn to before me, a Notary Public in and for the State of Michigan, this 25  
day of FEBRUARY.

  
Notary Public in and for the  
State of Michigan

**JENNIFER L. KERNOSKY**  
Notary Public, Berrien County, Michigan  
My Commission Expires May 26, 2005



## **Attachment 1**

### **Licensee's Evaluation**

## **LICENSEE'S EVALUATION**

### **1.0 DESCRIPTION**

The purposes of this letter are to inform the NRC that Central Power and Light Company (CPL) recently entered into an agreement transferring rights to use of that company name and to request pursuant to 10CFR50.90, that NRC review and approve the proposed conforming administrative license amendments to Operating Licenses No. NPF-76 and NPF-80.

STPNOC requests approval of this request by June 15, 2003, in that the "CPL" name must be phased out within six months of the effective date of the agreement transferring the rights to the name.

### **2.0 PROPOSED CHANGE**

The proposed change would replace "Central Power and Light Company (CPL)" with "AEP Texas Central Company" throughout the Operating License of each unit.

### **3.0 BACKGROUND**

American Electric Power Company, Inc. (AEP) is the parent company of CPL. Effective December 23, 2002, AEP sold the retail company portion of CPL to Centrica, and transferred the Central Power and Light/CPL names to Centrica as well. AEP renamed the remaining portions of CPL (generation and distribution interests) as "AEP Texas Central Company." According to the agreement with Centrica, use of the CPL name by AEP must be phased out within six months of the effective date of the agreement.

This administrative license amendment request is separate from and unrelated to the request for license transfers submitted in References 1 and 2.

### **4.0 NO SIGNIFICANT HAZARDS CONSIDERATION**

STPNOC has evaluated whether a significant hazards consideration is involved with the proposed amendment by focusing on the three standards set forth in 10CFR50.92 as discussed below:

1. Does the proposed change involve a significant increase in the probability or consequences of an accident previously evaluated?

Response: No

The proposed administrative license amendment only changes the name of one of the owners of STP in the Operating Licenses. This is not an initiator for accidents nor does this action affect the consequences of an accident. Therefore, the proposed change does not involve a significant increase in the probability or consequences of an accident previously evaluated.

2. Does the proposed change create the possibility of a new or different kind of accident from any accident previously evaluated?

Response: No

The proposed administrative license amendment only changes the name of one of the owners of STP in the Operating Licenses. This is not an initiator for accidents. Therefore, the change does not create the possibility of a new or different kind of accident from any accident previously evaluated.

3. Does the proposed change involve a significant reduction in a margin of safety?

Response: No

Margin of safety is associated with confidence in the ability of the fission product barriers (i.e., fuel and fuel cladding, reactor coolant pressure boundary, and containment structure) to limit the level of radiation dose to the public. The proposed administrative license amendment only changes the name of one of the owners of STP in the Operating Licenses. The proposed action does not affect margin of safety at all. Therefore, the proposed change does not involve a significant reduction in a margin of safety.

Based on the above, STPNOC concludes that the proposed amendment involves no significant hazards consideration under the standards set forth in 10CFR50.92 and, accordingly, a finding of "no significant hazards consideration" is justified.

In conclusion, based on the considerations discussed above, (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.



## 5.0 ENVIRONMENTAL CONSIDERATION

STPNOC has determined that the license amendment request involves issuance of an amendment to a license for a reactor pursuant to 10CFR50 which changes recordkeeping, reporting, or administrative procedures or requirements. Accordingly, the proposed amendment meets the eligibility criterion for categorical exclusion set forth in 10CFR51.22(c)(10). Therefore, pursuant to 10CFR51.22(b), an environmental assessment or an environmental impact statement is not required in connection with the proposed amendment.

## 6.0 REFERENCES

1. Letter, W. T. Cottle to S. J. Collins, "Application for Order and Conforming Administrative Amendments for Transfer of Licenses," June 28, 2001 (NOC-AE-01001123)
2. Letter, J. J. Sheppard to S. J. Collins, "Suspension of Review of Application for Order and Conforming Administrative Amendments for Transfer of Licenses (TAC Nos. MB2140 and MB2141)," May 21, 2002 (NOC-AE-02001329)

## **Attachment 2**

### **Proposed Unit 1 Operating License Changes (Mark-up)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

TEXAS GENCO, LP

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

~~CENTRAL POWER AND LIGHT COMPANY~~ **AEP TEXAS CENTRAL COMPANY**

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-498

SOUTH TEXAS PROJECT, UNIT 1

FACILITY OPERATING LICENSE

License No. NPF-76

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by STP Nuclear Operating Company (STPNOC)\*, acting on behalf of itself and for Texas Genco, LP, the City Public Service Board of San Antonio (CPS), ~~Central Power and Light Company (CPL)~~, **AEP Texas Central Company**, and City of Austin, Texas (COA) (the "Owners") complies with the standards and requirements of the Atomic Energy Act of 1954, as 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 South Texas Project, Unit 1, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-128 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);

\* STPNOC is authorized to act for Texas Genco, LP, the City Public Service Board of San Antonio, ~~Central Power and Light Company~~ **AEP Texas Central Company**, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

- E. STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 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 this Facility Operating License No. NPF-76, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, 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.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 21, 1988, the License for Fuel Loading and Low Power Testing, License No. NPF-71 issued on August 21, 1987 is superseded by Facility Operating License NPF-76, hereby issued to STPNOC, Texas Genco, LP, City Public Service Board of San Antonio, ~~Central Power and Light Company~~ **AEP Texas Central Company**, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 1, a pressurized water reactor, and associated equipment (the facility) owned by Texas Genco, LP, City Public Service Board of San Antonio, ~~Central Power and Light Company~~ **AEP Texas Central Company** and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
  - (2) Texas Genco, LP, the City Public Service Board of San Antonio (CPS), ~~Central Power and Light Company (CPL)~~ **AEP Texas Central Company**, and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
  - (3) STPNOC, 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, as described in the Final Safety Analysis Report, as supplemented and amended;
  - (4) STPNOC, 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) STPNOC, 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) STPNOC, 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 authorized herein.
- 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  
  
STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3,853 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. \*\*\*, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Texas Genco, LP, City Public Service Board of San Antonio, ~~Central Power and Light Company~~ **AEP Texas Central Company** and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 1. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 1 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SER)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

(5) Safety Parameter Display System (Section 18, SSER No. 4)\*

Before startup after the first refueling outage, HL&P[\*\*] shall perform the necessary activities, provide acceptable responses, and implement all proposed corrective actions related to issues as described in Section 18.2 of SER Supplement 4.

(6) Supplementary Containment Purge Isolation (Section 11.5, SSER No. 4)

HL&P shall provide, prior to startup from the first refueling outage, control room indication of the normal and supplemental containment purge sample line isolation valve position.

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\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

\*\* The original licensee authorized to possess, use and operate the facility was HL&P. Consequently, historical references to certain obligations of HL&P remain in the license conditions

\*\*\* CR 00-18603-14

(7) License Transfer

Texas Genco, LP shall provide decommissioning funding assurance, to be held in decommissioning trusts for South Texas Project, Unit 1 (Unit 1) upon the direct transfer of the Unit 1 license to Texas Genco, LP, in an amount equal to or greater than the balance in the Unit 1 decommissioning trust immediately prior to the transfer. In addition, Texas Genco, LP shall ensure that all contractual arrangements referred to in the application for approval of the transfer of the Unit 1 license to Texas Genco, LP to obtain necessary decommissioning funds for Unit 1 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.

(8) License Transfer

The master decommissioning trust agreement for Unit 1, at the time the direct transfer of Unit 1 to Texas Genco, LP is 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 and other obligations of CenterPoint Energy, Inc., or its affiliates, successors, or assigns, shall be prohibited. Except for investments in funds 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 decommissioning trust agreement must provide that the trustee, investment advisor, or anyone else directing the investments made in the trusts shall adhere to the standards for such investments established by the Public Utility Commission of Texas (e.g., 16 Texas Administration Code § 25.301).
- d. The decommissioning trust agreement must provide that except for ordinary administrative expenses, no disbursements or payments from the trusts shall be made by the trustee unless the trustee has first given the NRC 30 days prior written notice of such disbursement or payment. The decommissioning trust agreement shall further contain a provision that no disbursements or payments from the trusts shall be made if the trustee receives prior written notice of an objection from the Director, Office of Nuclear Reactor Regulation.

- e. The decommissioning trust agreement must provide that the agreement cannot be modified in any material respect without 30 days prior written notification to the Director, Office of Nuclear Reactor Regulation.

(9) License Transfer

Texas Genco, LP shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application for approval of the transfer of the Unit 1 license to Texas Genco, LP, the requirements of the Order approving the transfer, and the related safety evaluation.

(10) License Transfer

Texas Genco, LP shall 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 CenterPoint Energy, Inc., or its subsidiaries, to a proposed direct or indirect 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 Texas Genco, LP's book of accounts.



D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (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 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on July 2, 1987 (52 FR 25094). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 1 is hereby granted an exemption from the quoted 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 requires a schedular exemption from the requirements of General Design Criterion 57, Appendix A to 10 CFR 50. The staff has described in detail in Supplement 4 to the Safety Evaluation Report the technical bases associated with this exemption. The staff's environmental assessment was published on June 18, 1987 (52 FR 23217). Therefore, pursuant to 10 CFR 50.12(a)(1) and 10 CFR 50.12(a)(2)(v) the South Texas Project Unit 1 is hereby granted an exemption from the requirements of GDC-57 applicable to the essential component cooling water (CCW) piping which is also used by the non-essential reactor containment building chilled water system in providing cooling to the Reactor Containment Fan Coolers (RCFC). This exemption will expire at the end of the first refueling outage.
- (3) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1972 dated December 29, 1986 and Section 9.1.2 of SSER No. 3). The South Texas Project Unit 1 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.
- (4) The facility has been granted a schedular exemption from Section 50.71(e)(3)(i) of 10 CFR 50 to extend the date for submittal of the updated Final Safety Analysis Report to no later than one year after the date of issuance of a low power license for the South Texas Project, Unit 2. This exemption is effective until August 1990. The staff's environmental assessment was published on December 16, 1987 (52 FR 47805).

E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 55 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25 and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provision:

STPNOC 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.

F. Physical Security

STPNOC 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 and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p).

The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through March 4, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 24, 1987.

G. Not UsedH. Financial Protection

The Owners 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.

I. Effective Date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on August 20, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION

original signed by

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1305)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 22, 1988

## **Attachment 3**

### **Proposed Unit 2 Operating License Changes (Mark-up)**

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

TEXAS GENCO, LP

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

~~CENTRAL POWER AND LIGHT COMPANY~~ **AEP TEXAS CENTRAL COMPANY**

CITY OF AUSTIN, TEXAS

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-499

SOUTH TEXAS PROJECT, UNIT 2

FACILITY OPERATING LICENSE

License No. NPF-80

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for a license filed by STP Nuclear Operating Company (STPNOC)\*, acting on behalf of itself and for Texas Genco, LP, the City Public Service Board of San Antonio (CPS), ~~Central Power and Light Company (CPL)~~, **AEP Texas Central Company**, and City of Austin, Texas (COA) (the "Owners") 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 South Texas Project, Unit 2, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-129 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);

\*STPNOC is authorized to act for Texas Genco, LP, the City Public Service Board of San Antonio, ~~Central Power and Light Company~~ **AEP Texas Central Company**, and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

- E. STPNOC is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. The Owners have satisfied the applicable provisions of 10 CFR Part 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 this Facility Operating License No. NPF-80, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, 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.
2. Based on the foregoing findings, and approval by the Nuclear Regulatory Commission at a meeting on March 28, 1989, the License for Fuel Loading and Low Power Testing, License No. NPF-78 issued on December 16, 1988 is superseded by Facility Operating License NPF-80, hereby issued to STPNOC, Texas Genco, LP, City Public Service Board of San Antonio, ~~Central Power and Light Company~~ **AEP Texas Central Company**, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 2, a pressurized water reactor, and associated equipment (the facility) owned by Texas Genco, LP, City Public Service Board of San Antonio, ~~Central Power and Light Company~~ **AEP Texas Central Company** and City of Austin, Texas and operated by STPNOC. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) STPNOC pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
  - (2) Texas Genco, LP, the City Public Service Board of San Antonio (CPS), ~~Central Power and Light Company (CPL)~~ **AEP Texas Central Company**, and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
  - (3) STPNOC, 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, as described in the Final Safety Analysis Report, as supplemented and amended;
  - (4) STPNOC, 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) STPNOC, 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) STPNOC, 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 authorized herein.
- 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  
  
STPNOC is authorized to operate the facility at reactor core power levels not in excess of 3853 megawatts thermal (100% power) (Model Δ94 steam generators installed) or 3,800 Mwt thermal (100% power) (Model E steam generators installed) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. \*\*, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated in the license. STPNOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Texas Genco, LP, City Public Service Board of San Antonio, ~~Central Power and Light Company~~ **AEP Texas Central Company** and City of Austin, Texas (the "Owners") shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

STPNOC shall not market or broker power or energy from South Texas Project Unit 2. The Owners are responsible and accountable for the actions of STPNOC to the extent that said actions affect the marketing or brokering of power or energy from South Texas Project Unit 2 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

(4) Initial Startup Test Program (Section 14, SR)\*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

(5) License Transfer

Texas Genco, LP shall provide decommissioning funding assurance, to be held in decommissioning trusts for the South Texas Project, Unit 2 (Unit 2) upon the direct transfer of the Unit 2 license to Texas Genco, LP, in an amount equal to or greater than the balance in the Unit 2 decommissioning trust immediately prior to the transfer. In addition, Texas Genco, LP shall ensure that all contractual arrangements referred to in the application for approval of the transfer of the Unit 2 license to Texas Genco, LP to obtain necessary decommissioning funds for Unit 2 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

The master decommissioning trust agreement for Unit 2, at the time the direct transfer of Unit 2 to Texas Genco, LP is effected and thereafter, is subject to the following:

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\* The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

\*\* CR 00-18603-14



- 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 and other obligations of CenterPoint Energy, Inc., or its affiliates, successors, or assigns, shall be prohibited. Except for investments in funds 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 decommissioning trust agreement must provide that the trustee, investment advisor, or anyone else directing the investments made in the trusts shall adhere to the standards for such investments established by the Public Utility Commission of Texas (e.g., 16 Texas Administration Code § 25.301).
- d. The decommissioning trust agreement must provide that except for ordinary administrative expenses, no disbursements or payments from the trusts shall be made by the trustee unless the trustee has first given the NRC 30 days prior written notice of such disbursement or payment. The decommissioning trust agreement shall further contain a provision that no disbursements or payments from the trusts shall be made if the trustee receives prior written notice of an objection from the Director, Office of Nuclear Reactor Regulation.
- e. The decommissioning trust agreement must provide that the agreement cannot be modified in any material respect without 30 days prior written notification to the Director, Office of Nuclear Reactor Regulation.

(7) License Transfer

Texas Genco, LP shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application for approval of the transfer of the Unit 2 license to Texas Genco, LP, the requirements of the Order approving the transfer, and the related safety evaluation.

(8) License Transfer

Texas Genco, LP shall 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 CenterPoint Energy, Inc., or its subsidiaries, to a proposed direct or indirect 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 Texas Genco, LP's book of accounts.

D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (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 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1986 (53 FR 50605). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project Unit 2 is hereby granted an exemption from the quoted 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-1983 dated August 30, 1988 and Section III.E. of the SER dated August 30, 1988). The South Texas Project Unit 2 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 the decommissioning planning rule, 10 CFR 50.33(k) and 10 CFR 50.75. The justification for this exemption is contained in Section 22.2 of Supplement 6 to the Safety Evaluation Report. The staff's environmental assessment was published on December 16, 1988 (53 FR 50604). Therefore, pursuant to 10 CFR 50.12(a)(1), 50.12(a)(2)(ii) and 50.12(a)(2)(v), the South Texas Project, Unit 2 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 the decommissioning plan for both South Texas Project, Units 1 and 2 on or before July 26, 1990.

E. Fire Protection

STPNOC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 62 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25, and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provisions:

STPNOC 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.

F. Physical Security

STPNOC shall fully implement and maintain in effect all provisions of the physical security, training and qualification, and safeguards contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through September 30, 1988; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through March 4, 1988, and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 18, 1988.

G. Not Used

H. Financial Protection

The Owners 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.

I. Effective date and Expiration

This license is effective as of the date of issuance and shall expire at midnight on December 15, 2028.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By: James H. Sniezek/for

Thomas E. Murley, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1346)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: March 28, 1989