

October 29, 2003

Mr. James J. Sheppard
President and Chief Executive Officer
STP Nuclear Operating Company
South Texas Project Electric
Generating Station
P. O. Box 289
Wadsworth, TX 77483

SUBJECT: SOUTH TEXAS PROJECT, UNITS 1 AND 2 - NOTICE OF CONSIDERATION
OF APPROVAL OF APPLICATION REGARDING PROPOSED CORPORATE
RESTRUCTURING AND OPPORTUNITY FOR A HEARING
(TAC NOS. MC0903 AND MC0904)

Dear Mr. Sheppard:

Enclosed is a copy of a "Notice of Consideration of Approval of Application Regarding Proposed Corporate Restructuring and Opportunity for a Hearing" related to the application dated September 29, 2003, from STP Nuclear Operating Company. This application, filed pursuant to 10 CFR 50.80, seeks approval of the indirect transfer of control of Facility Operating Licenses Nos. NPF-76 and NPF-80 for South Texas Project, Units 1 and 2, respectively, to the extent held by Texas Genco, LP.

This notice is being forwarded to the Office of the Federal Register for publication.

Sincerely,

/RA/

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

Docket Nos. 50-498 and 50-499

Enclosure: As stated

cc w/encl: See next page

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South Texas Project, Units 1 & 2

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May 2003

South Texas Project, Units 1 & 2

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UNITED STATES NUCLEAR REGULATORY COMMISSION
STP NUCLEAR OPERATING COMPANY, ET AL.
SOUTH TEXAS PROJECT, UNITS 1 AND 2
DOCKET NOS. 50-498 AND 50-499
NOTICE OF CONSIDERATION OF APPROVAL OF APPLICATION
REGARDING PROPOSED CORPORATE RESTRUCTURING AND
OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (NRC or the Commission) is considering the issuance of an order under Section 50.80 of Title 10 of the *Code of Federal Regulations* (10 CFR) approving the indirect transfer of Facility Operating Licenses Nos. NPF-76 and NPF-80 for South Texas Project (STP), Units 1 and 2, respectively, to the extent held by Texas Genco, LP (Texas Genco).

The application requests the consent of the NRC to the proposed indirect transfer of control of the STP, Units 1 and 2, licenses by virtue of the transfer of ownership of approximately 81 percent of the stock of Texas Genco's parent company, Texas Genco Holdings Inc., from CenterPoint Energy, Inc., to Reliant Resources, Inc. The transaction would result in the indirect transfer of Texas Genco's 30.8 percent undivided ownership interest in STP, Units 1 and 2. In addition to its 30.8 percent undivided ownership interest in STP, Units 1 and 2, Texas Genco holds a corresponding 30.8 percent interest in STP Nuclear Operating Company (STPNOC), a not-for-profit Texas corporation, which is the licensed operator of STP, Units 1 and 2. The application further requests, as necessary, approval of the indirect transfer

of control of this 30.8 percent interest in STPNOC, to the extent such indirect transfer requires NRC approval by reason of the transaction described above.

Pursuant to 10 CFR 50.80, no license shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission gives its consent in writing. The Commission will approve an application for the transfer of a license, if the Commission determines 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 issued by the Commission pursuant thereto. Before issuance of the proposed Order, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

The filing of requests for hearing and petitions for leave to intervene, and written comments with regard to the license transfer application, are discussed below.

By _____, any person whose interest may be affected by the Commission's action on the application may request a hearing and, if not the applicant, may petition for leave to intervene in a hearing proceeding on the Commission's action. Requests for a hearing and petitions for leave to intervene should be filed in accordance with the Commission's rules of practice set forth in Subpart M, "Public Notification, Availability of Documents and Records, Hearing Requests and Procedures for Hearings on License Transfer Applications," of 10 CFR Part 2. In particular, such requests and petitions must comply with the requirements set forth in 10 CFR 2.1306, and should address the considerations contained in 10 CFR 2.1308(a). Untimely requests and petitions may be denied, as provided in 10 CFR 2.1308(b), unless good cause for failure to file on time is established. In addition, an untimely request or petition should address the factors that the Commission will also consider, in reviewing untimely requests or petitions, set forth in 10 CFR 2.1308(b)(1)-(2).

Requests for a hearing and petitions for leave to intervene should be served upon: Mr. John E. Matthews, Morgan, Lewis & Bockius, LLP, 1111 Pennsylvania Avenue, NW, Washington, DC 20004, attorney for the licensee; the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555 (e-mail address for filings regarding license transfer cases only: OGCLT@NRC.gov); and the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, in accordance with 10 CFR 2.1313.

The Commission will issue a notice or order granting or denying a hearing request or intervention petition, designating the issues for any hearing that will be held, and designating the Presiding Officer. A notice granting a hearing will be published in the Federal Register and served on the parties to the hearing.

As an alternative to requests for hearing and petitions to intervene, by persons may submit written comments regarding the license transfer application, as provided for in 10 CFR 2.1305. The Commission will consider and, if appropriate, respond to these comments, but such comments will not otherwise constitute part of the decisional record. Comments should be submitted to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, and should cite the publication date and page number of this Federal Register notice.

For further details with respect to this action, see the application dated September 29, 2003, a nonproprietary version of which is available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01 F21, 11555 Rockville Pike (first floor), Rockville, Maryland, and accessible electronically through the Agencywide Documents Access and Management System (ADAMS) Public Electronic Reading Room link at the NRC Web site <http://www.nrc.gov/reading-rm/adams/html>. If you do not have access to ADAMS or if there are problems accessing the document located in ADAMS, contact

the NRC PDR Reference staff at 1-800-397-4209, 301-415-4737, or send an e-mail to pdr@nrc.gov.

Dated at Rockville, Maryland this 29th day of October 2003.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

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