

November 10, 2004

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 ACQUISITION
AND OPPORTUNITY FOR A HEARING (TAC NOS. MC4732 AND MC4733)

Dear Mr. Sheppard:

Enclosed is a copy of a "Notice of Consideration of Approval of Application Regarding Proposed Acquisition and Opportunity for a Hearing" related to the application dated October 12, 2004, from STP Nuclear Operating Company. This application, filed pursuant to Section 50.80 of Title 10 of the *Code of Federal Regulations*, seeks NRC approval of the indirect transfer of control of Facility Operating License 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

November 10, 2004

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 ACQUISITION
AND OPPORTUNITY FOR A HEARING (TAC NOS. MC4732 AND MC4733)

Dear Mr. Sheppard:

Enclosed is a copy of a "Notice of Consideration of Approval of Application Regarding Proposed Acquisition and Opportunity for a Hearing" related to the application dated October 12, 2004, from STP Nuclear Operating Company. This application, filed pursuant to Section 50.80 of Title 10 of the *Code of Federal Regulations*, seeks NRC approval of the indirect transfer of control of Facility Operating License 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

DISTRIBUTION:

PUBLIC

PDIV-1 Reading

RidsNrrDlpmLpdiv (HBerkow)

RidsNrrDlpmLpdiv1 (MWebb)

RidsNrrPMDJaffe

RidsNrrDlpmDpr (SWall)

ACCESSION NO.: ML042950615

BThomas

RidsNrrDripRprp (CHaney)

RidsOgcRp

RidsAcrcAcnwMailCenter

RidsRgn4MailCenter (AHowell)

RidsNrrLADBaxley

OFFICE	PDIV-1/PM	PDIV-1/LA	OGC	PDIV-1/SC(A)
NAME	DJaffe	DBaxley	SUttal(NLO)	MWebb
DATE	11/10/04	10/27/04	11/9/04	11/10/04

OFFICIAL RECORD COPY

South Texas Project, Units 1 & 2

cc:

Senior Resident Inspector
U.S. Nuclear Regulatory Commission
P. O. Box 910
Bay City, TX 77414

C. Kirksey/C. M. Canady
City of Austin
Electric Utility Department
721 Barton Springs Road
Austin, TX 78704

Mr. L. K. Blaylock
Mr. J. Nesrsta
City Public Service Board
P. O. Box 1771
San Antonio, TX 78296

Mr. C. A. Johnson
AEP Texas Central Company
P. O. Box 289
Mail Code: N5022
Wadsworth, TX 77483

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
Texas Genco, LP
P. O. Box 1700
Houston, TX 77251

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

A. H. Gutterman, Esq.
Morgan, Lewis & Bockius
1111 Pennsylvania Avenue, NW
Washington, DC 20004

Mr. T. J. Jordan, Vice President
Engineering & Technical Services
STP Nuclear Operating Company
P. O. Box 289
Wadsworth, TX 77483

S. M. Head, Manager, Licensing
Nuclear Quality & Licensing Department
STP Nuclear Operating Company
P. O. Box 289, Mail Code: N5014
Wadsworth, TX 77483

Environmental and Natural Resources
Policy Director
P. O. Box 12428
Austin, TX 78711-3189

Jon C. Wood
Cox Smith Matthews
112 East Pecan, Suite 1800
San Antonio, TX 78205

Director
Division of Compliance & Inspection
Bureau of Radiation Control
Texas Department of State Health Services
1100 West 49th Street
Austin, TX 78756

Brian Almon
Public Utility Commission
William B. Travis Building
P. O. Box 13326
1701 North Congress Avenue
Austin, TX 78701-3326

South Texas Project, Units 1 & 2

-2-

Susan M. Jablonski
Office of Permitting, Remediation
and Registration
Texas Commission on
Environmental Quality
MC-122
P.O. Box 13087
Austin, TX 78711-3087

Mr. Terry Parks, Chief Inspector
Texas Department of Licensing
and Regulation
Boiler Division
P. O. Box 12157
Austin, TX 78711

Mr. Ted Enos
4200 South Hulen
Suite 630
Ft. Worth, Texas 76109

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 ACQUISITION AND
OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (NRC or the Commission) is considering 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 License 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 to the extent held by Texas Genco by virtue of the transfer of ownership of approximately 81 percent of the stock of Texas Genco's indirect parent company, Texas Genco Holdings Inc. (TGN), from CenterPoint Energy, Inc., (CenterPoint Energy) to GC Power Acquisitions, LLC (GC Power). Texas Genco is an indirect subsidiary of TGN and TGN is an indirect subsidiary of CenterPoint Energy. The transaction would result in the indirect transfer of control 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 would result in an indirect transfer of the licenses as held by STPNOC, thereby requiring NRC approval.

(According to the application, Texas Genco's 30.8 percent ownership interest is expected to increase as a result of Texas Genco's exercising its right of first refusal under the Amended and Restated South Texas Project Participation Agreement, pursuant to which Texas Genco has entered into a Purchase and Sale Agreement dated September 3, 2004, to acquire an additional 13.2 percent undivided ownership interest in STP, Units 1 and 2, from AEP Texas Central Company. This acquisition would result in an increase in Texas Genco's ownership interest in STP, Units 1 and 2, and related interest in STPNOC to 44 percent. This transaction will be addressed in a separate application and is not the subject of this notice.)

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 indirect transfer of a license, if the Commission determines that the proposed transaction effectuating the indirect transfer will not affect the qualifications of the holder of 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 with regard to the license transfer application, are discussed below.

Within 20 days after the date of publication of this notice, the licensee may file a request for a hearing with respect to issuance of the amendment to the subject facility operating

license 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 petitions for leave to intervene shall be filed in accordance with the Commission's rules of practice set forth in Subpart M, "Hearing Requests and Procedures for Hearings on License Transfer Applications," of 10 CFR Part 2. Interested persons should consult a current copy of 10 CFR 2.309, which is available at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible from the Agencywide Documents Access and Management System's (ADAMS) Public Electronic Reading Room on the Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/doc-collections/cfr/>. (Note: Public access to ADAMS has been temporarily suspended so that security reviews of publicly available documents may be performed and potentially sensitive information removed. Please check the NRC Web site for updates on the resumption of ADAMS access.) If a request for a hearing or petition for leave to intervene is filed within 20 days after the date of publication of this notice, the Commission or a presiding officer designated by the Commission or by the Chief Administrative Judge of the Atomic Safety and Licensing Board Panel, will rule on the request and/or petition; and the Secretary or the Chief Administrative Judge of the Atomic Safety and Licensing Board will issue a notice of a hearing or an appropriate order.

As required by 10 CFR 2.309, 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 general requirements: 1) the name, address and telephone number of the requestor or petitioner; 2) the nature of the requestor's/petitioner's right under the Act to be made a party to the proceeding;

3) the nature and extent of the requestor's/petitioner's property, financial, or other interest in the proceeding; and 4) the possible effect of any decision or order which may be entered in the proceeding on the requestors/petitioner's interest. The petition must also identify the specific contentions which the petitioner/requestor seeks to have litigated at the proceeding.

Each contention must consist of a specific statement of the issue of law or fact to be raised or controverted. In addition, the petitioner/requestor shall provide a brief explanation of the bases for the contention and a concise statement of the alleged facts or expert opinion which support the contention and on which the petitioner/requestor intends to rely in proving the contention at the hearing. The petitioner/requestor must also provide references to those specific sources and documents of which the petitioner/requestor is aware and on which the petitioner intends to rely to establish those facts or expert opinion. The petition must include 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 amendment under consideration. The contention must be one which, if proven, would entitle the petitioner/requestor to relief. A petitioner/requestor who fails to satisfy 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.

Nontimely requests and/or petitions and contentions will not be entertained absent a determination by the Commission or the presiding officer of the Atomic Safety and Licensing Board that the petition, request and/or the contentions should be granted based on a balancing of the factors specified in 10 CFR 2.309(a)(1)(i)-(viii).

A request for a hearing or a petition for leave to intervene must be filed by: 1) first class mail addressed to the Office of the Secretary of the Commission, U.S. Nuclear Regulatory

Commission, Washington, DC 20555-0001, Attention: Rulemaking and Adjudications Staff; 2) courier, express mail, and expedited delivery services: Office of the Secretary, Sixteenth Floor, One White Flint North, 11555 Rockville Pike, Rockville, Maryland, 20852, Attention: Rulemaking and Adjudications Staff; 3) E-mail addressed to the Office of the Secretary, U.S. Nuclear Regulatory Commission, HEARINGDOCKET@NRC.GOV; or 4) facsimile transmission addressed to the Office of the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC, Attention: Rulemakings and Adjudications Staff at (301) 415-1101, verification number is (301) 415-1966. A copy of the request for hearing and petition for leave to intervene should also be sent to the Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and it is requested that copies be transmitted either by means of facsimile transmission to 301-415-3725 or by email to OGCMailCenter@nrc.gov. A copy of the request for hearing and petition for leave to intervene should also be sent to Mr. John E. Matthews, Morgan, Lewis, & Bockius, LLP, 1111 Pennsylvania Avenue, NW, Washington, DC 20004, attorney for the licensee.

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.

For further details with respect to this action, see the application dated October 12, 2004, of which, a nonproprietary version is available for public inspection at the Commission's 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 on the Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/adams/html>. (Note: Public access to ADAMS has been temporarily suspended so that security reviews of publicly available

documents may be performed and potentially sensitive information removed. Please check the NRC Web site for updates on the resumption of ADAMS access.) Persons who don't have access to ADAMS or who encounters problems accessing the documents located in ADAMS, should contact the NRC PDR Reference staff by telephone at 1-800-397-4209, 301-415-4737, or by e-mail to pdrc@nrc.gov.

Dated at Rockville, Maryland this 10th day of November 2004.

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