



South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

December 13, 2004
NOC-AE-04001829
10 CFR 50.80
10 CFR 50.90

U. S. Nuclear Regulatory Commission
Attention: James E. Dyer
Director, Office of Nuclear Reactor Regulation
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
Additional Information Regarding the Sale of Ownership Interests
in the South Texas Project

- Reference:
1. Letter, G. L. Parkey to J. E. Dyer, "Application for Order Approving Transfers of Control of Licenses and Conforming License Amendments," October 21, 2004 (NOC-AE-04001753)
 2. Letter, J. J. Sheppard to J. E. Dyer, "Application for Order Approving Indirect Transfer of Control of Licenses," October 12, 2004 (NOC-AE-04001801)

During their review of Reference 1, the NRC staff requested a Projected Income Statement for Texas Genco, LP (Texas Genco) that includes specific line items reflecting the projected operation of a 56% undivided ownership interest in the South Texas Project (STP) for the period of 2005-2009. This letter provides the requested income statement in Attachment 1.

With respect to the application submitted in Reference 2, GC Power Acquisition LLC changed its name to Texas Genco LLC on November 24, 2004. Nothing other than the name of the applicant will change and no other information provided in the application is changed as a result of the name change. It is requested that "Texas Genco LLC" be substituted wherever "GC Power Acquisition LLC" or "GC Power" appears in the application.

Attachment 1 also includes updated financial data for the projected Texas Genco ownership interest in STP submitted as Attachments 5A, 6A, and 7A in Reference 2. This updated data reflects additional forward power sales, modifications to the projected capital structure for Texas Genco LLC, and revised accounting treatment of certain expenditures reflected in the pro forma income statements. A detailed explanation of these changes is provided in Exhibit A, all of which are reflected in the 56% financial information as well.

APP01

Attachment 1 and Exhibit A contain confidential commercial and financial information. Thus, it is requested that they be withheld from public disclosure pursuant to 10 CFR 9.17(a)(4) and the policy reflected in 10 CFR 2.390 as described in the affidavits of David G. Tees and Jack A. Fusco provided in Attachment 2. Non-proprietary versions of this information suitable for public disclosure are provided as Attachment 3 and Exhibit B to this letter.

If there are any questions regarding this additional information, please contact John Conly at (361) 972-7336 or me at (361) 972-8757. Service of any related filings should be made to: John E. Matthews at Morgan, Lewis and Bockius LLP, 1111 Pennsylvania Ave. N.W., Washington, DC 20004 (jmatthews@morganlewis.com) (tel: 202-739-5524) on behalf of STP Nuclear Operating Company; Stan Blanton, Balch & Bingham LLP, 1710 Sixth Avenue North, Birmingham, AL (sblanton@balch.com) (tel. 205-226-3417) on behalf of Texas Genco LLC; and Gerry Garfield, Day, Berry & Howard LLP, CityPlace I, 185 Asylum Street, Hartford, CT 06103, (ggarfield@dbh.com) (tel. 860-275-0182) for Texas Genco and CenterPoint Energy.



J. J. Sheppard
President & CEO

jtc

- | | | |
|--------------|----|--|
| Attachments: | 1. | Financial Statements (Proprietary) |
| | 2. | 10 CFR 2.390 Affidavits of David G. Tees and Jack A. Fusco |
| | 3. | Financial Statements (Non-Proprietary) |
| Exhibit A | | Explanation of Revisions to Financial Statements (Proprietary) |
| Exhibit B | | Explanation of Revisions to Financial Statements (Non-Proprietary) |

cc: w/o proprietary attachments except **
(paper copy)

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

** U. S. Nuclear Regulatory Commission
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Rockville, MD 20852

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Texas Department of State Health Services
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Electric Utility Department
721 Barton Springs Road
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(electronic copy)

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Texas Genco, LP

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AEP Texas Central Company

Jon C. Wood
Cox Smith Matthews

Chris Kirksey
City of Austin

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David H. Jaffe
U. S. Nuclear Regulatory Commission

Rocky Miracle
AEP

Stan Blanton
Balch & Bingham

Rufus Scott
Texas Genco, LP

Gerry Garfield
Day, Berry & Howard LLP

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

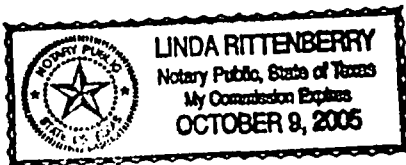
I, J. J. Sheppard, being duly sworn, hereby depose and state that I am President & CEO of STP Nuclear Operating Company (STPNOC); that I am duly authorized to submit to the Nuclear Regulatory Commission the attached additional information regarding the sale of ownership interests in the South Texas Project; that I am familiar with the content thereof; and that the matters set forth therein with regard to STPNOC are true and correct to the best of my knowledge and belief.

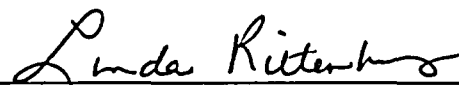


J. J. Sheppard
President & CEO

STATE OF TEXAS)
)
COUNTY OF MATAGORDA)

Subscribed and sworn to before me, a Notary Public in and for the State of Texas, this 13th day of December, 2004.





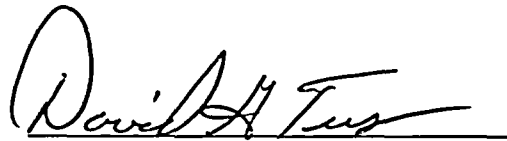
Notary Public in and for the
State of Texas

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

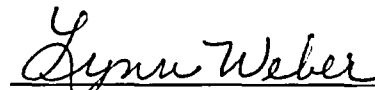
I, David G. Tees, being duly sworn, hereby depose and state that I am Manager and President of Texas Genco GP, LLC, which is the General Partner of Texas Genco, LP (Texas Genco), and as such exercises control over Texas Genco; that I am familiar with the content of the attached additional information regarding the sale of ownership interests in the South Texas Project; and that the matters set forth therein with regard to Texas Genco and its affiliates are true and correct to the best of my knowledge and belief.


 David G. Tees
 Manager and President

STATE OF TEXAS)
)
 COUNTY OF HARRIS)

Subscribed and sworn to before me, a Notary Public in and for the State of Texas, this 10 day of December, 2004.



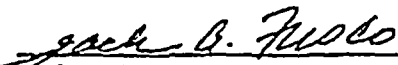
 exp 5/8/2008
 Notary Public in and for the
 State of Texas

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

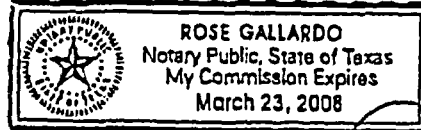
I, Jack A. Fusco, being duly sworn, hereby depose and state that I am CEO of Texas Genco LLC; that I am familiar with the content of the attached additional information regarding the sale of ownership interests in the South Texas Project; and that the matters set forth therein with regard to Texas Genco LLC are true and correct to the best of my knowledge and belief.




Jack A. Fusco
CEO

STATE OF TEXAS)
)
COUNTY OF Harris)

Subscribed and sworn to me, a Notary Public, in and for the State of Texas, this 9th day of December, 2004.





Notary Public in and for the State of Texas

Attachment 1

Financial Statements (Proprietary)

Attachment 2

10 CFR 2.390 Affidavits of David G. Tees and Jack A. Fusco

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)	

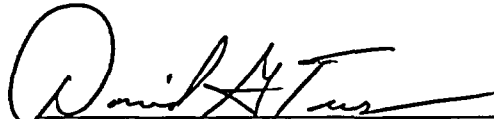
AFFIDAVIT

I, David G. Tees, Manager and President of Texas Genco GP, LLC, which is the General Partner of Texas Genco, LP, do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of Texas Genco, LP.
2. Texas Genco, LP is providing additional information in support of its Application for Order Approving Indirect Transfer of Control of Licenses (STP Nuclear Operating Company letter NOC-AE-04001801). The documents being provided as Attachments 5A, Rev. 1, 6A, Rev. 1, and 7A, Rev. 1 and the proprietary versions of Attachments 5B, 6B, and 7B and Exhibit A contain financial projections and proprietary business information related to the ownership and operation of Texas Genco, LP's generation assets, including the South Texas Project Electric Generating Station. These documents constitute proprietary commercial and financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 NRC §§ 2.390(a)(4) and 9.17(a)(4), because:
 - i. This information is and has been held in confidence by Texas Genco, LP.
 - ii. This information is of a type that is customarily held in confidence by Texas Genco, LP, and there is a rational basis for doing so because the information contains sensitive financial information concerning projected revenues and operating expenses of Texas Genco, LP.
 - iii. This information is being transmitted to the NRC voluntarily and in confidence.
 - iv. This information is not available in public sources and could not be gathered readily from other publicly available information.

- v. Public disclosure of this information would create substantial harm to the competitive position of Texas Genco, LP by disclosing to its competitors data related to internal business planning, including financial projections and proprietary business information.

Accordingly, Texas Genco, LP requests that the designated documents be withheld from public disclosure pursuant to the policy reflected in 10 CFR §§ 2.390(a)(4) and 9.17(a)(4).



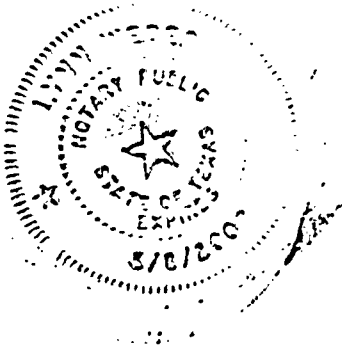
 David G. Tees

STATE OF TEXAS)
)
 COUNTY OF HARRIS)

Subscribed and sworn to me, a Notary Public, in and for the State of Texas, this 10 day of December, 2004.

 exp- 5/8/2008

 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)	

AFFIDAVIT

I, Jack A. Fusco, Chief Executive Officer of Texas Genco LLC, do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of Texas Genco LLC.
2. Texas Genco LLC is providing additional information in support of its Application for Order Approving Indirect Transfer of Control of Licenses (STP Nuclear Operating Company letter NOC-AE-04001801). The documents being provided as Attachments 5A, Rev. 1, 6A, Rev. 1, and 7A, Rev. 1 and the proprietary versions of Attachments 5B, 6B, and 7B and Exhibit A contain financial projections and proprietary business information related to the ownership and operation of Texas Genco, LP's generation assets, including the South Texas Project Electric Generating Station. These documents constitute proprietary commercial and financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 NRC §§ 2.390(a)(4) and 9.17(a)(4), because:
 - i. This information is and has been held in confidence by Texas Genco LLC.
 - ii. This information is of a type that is customarily held in confidence by Texas Genco LLC, and there is a rational basis for doing so because the information contains sensitive financial information concerning projected revenues and operating expenses of Texas Genco LLC.
 - iii. This information is being transmitted to the NRC voluntarily and in confidence.
 - iv. This information is not available in public sources and could not be gathered readily from other publicly available information.

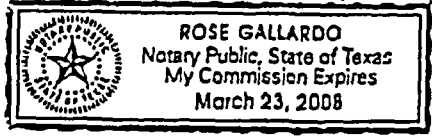
- v. Public disclosure of this information would create substantial harm to the competitive position of Texas Genco LLC by disclosing to its competitors data related to internal business planning, including financial projections and proprietary business information.

Accordingly, Texas Genco LLC requests that the designated documents be withheld from public disclosure pursuant to the policy reflected in 10 CFR §§ 2.390(a)(4) and 9.17(a)(4).

Jack A. Fusco
 Jack A. Fusco

STATE OF TEXAS)
 COUNTY OF Harris)

Subscribed and sworn to me, a Notary Public, in and for the State of Texas, this 9th day of December, 2004.



Notary Public in and for the State of Texas
Rose Gallardo

Attachment 3

Financial Statements (Non-Proprietary)

ATTACHMENT 5, REV. 1

**PRO FORMA BALANCE SHEET, PROJECTED INCOME AND CASH
FLOW STATEMENTS, AND COMPOSITION OF REVENUE
PROJECTIONS FOR TEXAS GENCO HOLDINGS INC. FOR THE
PERIOD BETWEEN THE CLOSING OF THE FOSSIL ASSETS
ACQUISITION AND THE CLOSING OF THE NUCLEAR ASSETS**

NON-PROPRIETARY VERSION – 44% OWNERSHIP CASE

Texas Genco
Pro Forma Balance Sheet, Texas Genco Holdings, Inc. (Subsidiary of CenterPoint Energy) - 44% Interest
(Millions)

NRC Application

<u>ASSETS</u>	<u>As of</u> <u>30-Sep-04</u>	
Current Assets:		
Cash & cash equivalents		
Accounts receivable		
Interest receivable		
Fuel stock		
Materials & supplies, at average cost		
Prepayments and other current assets		
Total current assets	-	
Electric Property, Plant & Equipment - at cost:		
Electric plant in service		(1)
Construction work in progress		
Total electric plant	-	
Accum prov for depreciation & amortization		
Total property, plant & equipment - net	-	
Other Assets:		
Nuclear decommissioning trust		
Unamortized debt costs		
Intangibles		(1)
Total deferred debits	-	
Assets	<u>\$</u>	-

CAPITALIZATION AND LIABILITIES

Current Liabilities:		
New revolving credit facility		
Accounts payable		
Net AR and AP - Associated Co.		
Taxes and interest accrued		
Deferred revenue		
Current portion of above market coal supply contract		
Current capacity auction entitlements and other non-trade derivatives	-	
Current portion of long-term debt		
Other		
Total current liabilities	-	
New senior term loan facility		
New senior delayed draw term loan		
New senior second-priority secured notes		
Total Long-term debt	-	
Accumulated deferred income taxes		
Unamortized investment tax credit		
Above market coal supply contract		
Capacity auction entitlements and other non-trade derivatives		
Benefit obligations		
Nuclear Decommissioning Reserve		
Accrued reclamation costs		
Other		
Total other liabilities	-	
Capitalization:		
Equity		
Capitalization & Liabilities	<u>\$</u>	-

Note:

(1) Allocation of purchase price subject to confirmation by valuation consultants

Texas Genco

**NRC Application
44% Ownership Case**

Income Statement - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy) (1)

(Millions)

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
Revenues					
Fuel and Purchased Power					
Gross Margin					
Operations & Maintenance					
General & Administrative					
Taxes Other than Income Taxes					
Nuclear Fuel Amortization Add-Back ⁽²⁾					
Other Income / (Expense)					
EBITDA					
Depreciation & Amortization					
Nuclear Fuel Amortization					
EBIT					
Interest Expense					
Interest Income					
EBT					
Tax Expense					
Net Income					

Notes:

(1) Pro Forma for ROFR acquisition (44.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

(3) Add-back is done strictly for presentation purposes (to show EBITDA); removed in line item below

Texas Genco
Cash Flow Statement - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy) (1)
(Millions)

NRC Application
44% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
<u>Cash Flows From Operating Activities</u>					
Net Income					
Depreciation & Amortization					
Amortization of Fuel-Costs					
Deferred Taxes & ITC					
Change in Pension Liabilities					
Change in Working Capital					
Change in Other Assets & Liabilities					
Cash Flows From Operating Activities					
Capital Expenditures					
Mandatory Debt Repayment					
Free Cash Flow					

Notes:

(1) Pro Forma for ROFR acquisition (44.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

Texas Genco
Composition of Revenue Projections - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy)

NRC Application
44% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Fixed Price Forward Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Merchant Sales</u>					
MW					
Gas Price Forecast for Merchant Sales					
Achieved Merchant Heat Rate South Zone (btu/kW)					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Total Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Capacity</u>					
MW					
Capacity Factor					
% of Total Revenue Sold Forward					

Notes:

(1) Assumes STP acquisition closes December, 31 2004; assumes AEP ROFR closes on or before December 31, 2004.

ATTACHMENT 5B

**PRO FORMA BALANCE SHEET, PROJECTED INCOME AND CASH
FLOW STATEMENTS, AND COMPOSITION OF REVENUE
PROJECTIONS FOR TEXAS GENCO HOLDINGS INC. FOR THE
PERIOD BETWEEN THE CLOSING OF THE FOSSIL ASSETS
ACQUISITION AND THE CLOSING OF THE NUCLEAR ASSETS**

NON-PROPRIETARY VERSION – 56% OWNERSHIP CASE

Texas Genco
 Pro Forma Balance Sheet, Texas Genco Holdings, Inc. (Subsidiary of CenterPoint Energy) - 56% Interest
 (Millions)

NRC Application

<u>ASSETS</u>	<u>As of</u> <u>30-Sep-04</u>
Current Assets:	
Cash & cash equivalents	
Accounts receivable	
Interest receivable	
Fuel stock	
Materials & supplies, at average cost	
Prepayments and other current assets	
Total current assets	-
Electric Property, Plant & Equipment - at cost:	
Electric plant in service	(1)
Construction work in progress	
Total electric plant	-
Accum prov for depreciation & amortization	
Total property, plant & equipment - net	-
Other Assets:	
Nuclear decommissioning trust	
Unamortized debt costs	
Intangibles	
Total deferred debits	(1)
Assets	\$ -

CAPITALIZATION AND LIABILITIES

Current Liabilities:	
New revolving credit facility	
Accounts payable	
Net AR and AP - Associated Co.	
Taxes and interest accrued	
Deferred revenue	
Current portion of above market coal supply contract	
Current capacity auction entitlements and other non-trade derivatives	
Current portion of long-term debt	
Other	
Total current liabilities	-
New senior term loan facility	
New senior delayed draw term loan	
New senior second-priority secured notes	
Total Long-term debt	-
Accumulated deferred income taxes	
Unamortized investment tax credit	
Above market coal supply contract	
Capacity auction entitlements and other non-trade derivatives	
Benefit obligations	
Nuclear Decommissioning Reserve	
Accrued reclamation costs	
Other	
Total other liabilities	-
Capitalization:	
Equity	
Capitalization & Liabilities	\$ -

Note:

(1) Allocation of purchase price subject to confirmation by valuation consultants

Texas Genco
Income Statement - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy) (1)
(Millions)

NRC Application
56% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
Revenues					
Fuel and Purchased Power					
Gross Margin					
Operations & Maintenance					
General & Administrative					
Taxes Other than Income Taxes					
Nuclear Fuel Amortization Add-Back ⁽³⁾					
Other Income / (Expense)					
EBITDA					
Depreciation & Amortization					
Nuclear Fuel Amortization					
EBIT					
Interest Expense					
Interest Income					
EBT					
Tax Expense					
Net Income					

Notes:

(1) Pro Forma for ROFR acquisition (56.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

(3) Add-back is done strictly for presentation purposes (to show EBITDA); removed in line item below

Texas Genco

Cash Flow Statement - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy) (1)

NRC Application

56% Ownership Case

(Millions)

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Cash Flows From Operating Activities</u>					
Net Income					
Depreciation & Amortization					
Amortization of Fuel-Costs					
Deferred Taxes & ITC					
Change in Pension Liabilities					
Change in Working Capital					
Change in Other Assets & Liabilities					
Cash Flows From Operating Activities					
Capital Expenditures					
Mandatory Debt Repayment					
Free Cash Flow					

Notes:

(1) Pro Forma for ROFR acquisition (56.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

Texas Genco
Composition of Revenue Projections - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy)

NRC Application
56% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Fixed Price Forward Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Merchant Sales</u>					
MW					
Gas Price Forecast for Merchant Sales					
Achieved Merchant Heat Rate South Zone (btu/kW)					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Total Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Capacity</u>					
MW					
Capacity Factor					
% of Total Revenue Sold Forward					

Notes:

(1) Assumes STP acquisition closes December, 31 2004; assumes AEP ROFR closes on or before December 31, 2004.

ATTACHMENT 6, REV. 1

**PRO FORMA BALANCE SHEET, PROJECTED INCOME AND CASH
FLOW STATEMENTS, AND COMPOSITION OF REVENUE
PROJECTIONS FOR THE CONSOLIDATED BUSINESS TEXAS
GENCO LLC**

NON-PROPRIETARY VERSION – 44% OWNERSHIP CASE

Texas Genco
Pro Forma Balance Sheet, Texas Genco LLC (Consolidated) - 44% Interest
(Millions)

NRC Application

<u>ASSETS</u>	<u>As of</u> <u>30-Sep-04</u>	
Current Assets:		
Cash & cash equivalents		
Accounts receivable		
Interest receivable		
Fuel stock		
Materials & supplies, at average cost		
Prepayments and other current assets		
Total current assets	-	
Electric Property, Plant & Equipment - at cost:		
Electric plant in service		(1)
Construction work in progress		
Total electric plant	-	
Accum prov for depreciation & amortization		
Total property, plant & equipment - net	-	
Other Assets:		
Nuclear decommissioning trust		
Unamortized debt costs		
Intangibles		(1)
Total deferred debits	-	
Assets	\$ -	

CAPITALIZATION AND LIABILITIES

Current Liabilities:		
New revolving credit facility		
Accounts payable		
Net AR and AP - Associated Co.		
Taxes and interest accrued		
Deferred revenue		
Current portion of above market coal supply contract		
Current capacity auction entitlements and other non-trade derivatives		
Current portion of long-term debt		
Other		
Total current liabilities	-	
New senior term loan facility		
New senior delayed draw term loan		
New senior second-priority secured notes		
Total Long-term debt	-	
Accumulated deferred income taxes		
Unamortized investment tax credit		
Above market coal supply contract		
Capacity auction entitlements and other non-trade derivatives		
Benefit obligations		
Nuclear Decommissioning Reserve		
Accrued reclamation costs		
Other		
Total other liabilities	-	
Capitalization:		
Equity		
Capitalization & Liabilities	\$ -	

Note:

(1) Allocation of purchase price subject to confirmation by valuation consultants

Texas Genco	NRC Application
Income Statement - Texas Genco LLC (Consolidated)⁽¹⁾	44% Ownership Case
<i>(Millions)</i>	

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
Revenues ⁽³⁾					
Fuel and Purchased Power ⁽⁴⁾					
Gas Plant Capacity Payments					
Gross Margin					
Operations & Maintenance					
General & Administrative					
Taxes Other than Income Taxes					
Nuclear Fuel Amortization Add-Back ⁽⁵⁾					
Other Income / (Expense)					
EBITDA					
Depreciation & Amortization					
Nuclear Fuel Amortization					
EBIT					
Interest Expense					
Interest Income					
EBT					
Tax Expense					
Net Income					

Notes:

- (1) Pro Forma for ROFR acquisition (44.0% ownership in STP)
- (2) Assumes STP acquisition closes 12/31/04
- (3) Includes amortization of capacity entitlements in the amounts of
- (4) Includes amortization of above market coal contract in the amounts of
- (5) Add-back is done strictly for presentation purposes (to show EBITDA); removed in line item below

Texas Genco
Cash Flow Statement - Texas Genco LLC (Consolidated) ⁽¹⁾
(Millions)

NRC Application
44% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
<u>Cash Flows From Operating Activities</u>					
Net Income					
Depreciation & Amortization					
Amortization of Fuel-Costs					
Deferred Taxes & ITC					
Tax Distributions					
Change in Working Capital					
Change in Pension Liabilities					
Change in Other Assets & Liabilities ⁽³⁾⁽⁴⁾					
Cash Flows From Operating Activities					
Capital Expenditures					
Mandatory Debt Repayment					
Free Cash Flow					

Notes:

- (1) Pro Forma for ROFR acquisition (44.0% ownership in STP)
- (2) Assumes STP acquisition closes 12/31/04
- (3) Includes amortization of capacity entitlements in the amounts of
- (4) Includes amortization of above market coal contract in the amounts of

Texas Genco
Composition of Revenue Projections - Texas Genco LLC (Consolidated)

NRC Application
44% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Fixed Price Forward Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Merchant Sales</u>					
MW					
Gas Price Forecast for Merchant Sales					
Achieved Merchant Heat Rate Across Zones (btu/kW)					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Total Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM) ²					
<u>Capacity</u>					
MW					
Capacity Factor					
% of Total Revenue Sold Forward					

Notes:

(1) Assumes STP acquisition closes December, 31 2004; assumes AEP ROFR closes on or before December 31, 2004.

(2) Total Revenue as stated here will not tie to Revenue on Income Statement due to amortization of capacity entitlements in the amounts of

ATTACHMENT 6B

**PRO FORMA BALANCE SHEET, PROJECTED INCOME AND CASH
FLOW STATEMENTS, AND COMPOSITION OF REVENUE
PROJECTIONS FOR THE CONSOLIDATED BUSINESS TEXAS
GENCO LLC**

NON-PROPRIETARY VERSION – 56% OWNERSHIP CASE

Texas Genco
 Pro Forma Balance Sheet, Texas Genco LLC (Consolidated) - 56% Interest
 (Millions)

NRC Application

ASSETS	As of 30-Sep-04
Current Assets:	
Cash & cash equivalents	
Accounts receivable	
Interest receivable	
Fuel stock	
Materials & supplies, at average cost	
Prepayments and other current assets	
Total current assets	-
Electric Property, Plant & Equipment - at cost:	
Electric plant in service	(1)
Construction work in progress	
Total electric plant	-
Accum prov for depreciation & amortization	
Total property, plant & equipment - net	-
Other Assets:	
Nuclear decommissioning trust	
Unamortized debt costs	
Intangibles	(1)
Total deferred debits	-
Assets	\$ -

CAPITALIZATION AND LIABILITIES

Current Liabilities:	
New revolving credit facility	
Accounts payable	
Net AR and AP - Associated Co.	
Taxes and interest accrued	
Deferred revenue	
Current portion of above market coal supply contract	
Current capacity auction entitlements and other non-trade derivatives	
Current portion of long-term debt	
Other	
Total current liabilities	-
New senior term loan facility	
New senior delayed draw term loan	
New senior second-priority secured notes	
Total Long-term debt	-
Accumulated deferred income taxes	
Unamortized investment tax credit	
Above market coal supply contract	
Capacity auction entitlements and other non-trade derivatives	
Benefit obligations	
Nuclear Decommissioning Reserve	
Accrued reclamation costs	
Other	
Total other liabilities	-
Capitalization:	
Equity	
Capitalization & Liabilities	\$ -

Note:

(1) Allocation of purchase price subject to confirmation by valuation consultants

Texas Genco	NRC Application
Income Statement - Texas Genco LLC (Consolidated)⁽¹⁾	56% Ownership Case
<i>(Millions)</i>	

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
Revenues ⁽³⁾					
Fuel and Purchased Power ⁽⁴⁾					
Gas Plant Capacity Payments					
Gross Margin					
Operations & Maintenance					
General & Administrative					
Taxes Other than Income Taxes					
Nuclear Fuel Amortization Add-Back ⁽⁵⁾					
Other Income / (Expense)					
EBITDA					
Depreciation & Amortization					
Nuclear Fuel Amortization					
EBIT					
Interest Expense					
Interest Income					
EBT					
Tax Expense					
Net Income					

Notes:

- (1) Pro Forma for ROFR acquisition (56.0% ownership in STP)
- (2) Assumes STP acquisition closes 12/31/04
- (3) Includes amortization of capacity entitlements in the amounts of
- (4) Includes amortization of above market coal contract in the amounts of
- (5) Add-back is done strictly for presentation purposes (to show EBITDA); removed in line item below

Texas GencoCash Flow Statement - Texas Genco LLC (Consolidated)⁽¹⁾

NRC Application

56% Ownership Case

(Millions)

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
<u>Cash Flows From Operating Activities</u>					
Net Income					
Depreciation & Amortization					
Amortization of Fuel-Costs					
Deferred Taxes & ITC					
Tax Distributions					
Change in Working Capital					
Change in Pension Liabilities					
Change in Other Assets & Liabilities ⁽³⁾⁽⁴⁾					
Cash Flows From Operating Activities					
Capital Expenditures					
Mandatory Debt Repayment					
Free Cash Flow					

Notes:

(1) Pro Forma for ROFR acquisition (56.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

(3) Includes amortization of capacity entitlements in the amounts of

(4) Includes amortization of above market coal contract in the amounts of

Texas Genco
Composition of Revenue Projections - Texas Genco LLC (Consolidated)

NRC Application
56% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Fixed Price Forward Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Merchant Sales</u>					
MW					
Gas Price Forecast for Merchant Sales					
Achieved Merchant Heat Rate Across Zones (btu/kW)					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Total Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM) ²					
<u>Capacity</u>					
MW					
Capacity Factor					
% of Total Revenue Sold Forward					

Notes:

(1) Assumes STP acquisition closes December, 31 2004; assumes AEP ROFR closes on or before December 31, 2004.

(2) Total Revenue as stated here will not tie to Revenue on Income Statement due to amortization of capacity entitlements in the amounts of

ATTACHMENT 7, REV. 1

**PRO FORMA BALANCE SHEET, PROJECTED INCOME AND CASH
FLOW STATEMENTS, AND COMPOSITION OF REVENUE
PROJECTIONS FOR TEXAS GENCO LP AFTER THE CLOSING OF
THE NUCLEAR ASSETS ACQUISITION**

NON-PROPRIETARY VERSION – 44% OWNERSHIP CASE

Texas Genco
Pro Forma Balance Sheet, Texas Genco LP (Subsidiary of Texas Genco LLC) - 44% Interest
(Millions)

NRC Application

ASSETS	As of 30-Sep-04	
Current Assets:		
Cash & cash equivalents		
Accounts receivable		
Interest receivable		
Fuel stock		
Materials & supplies, at average cost		
Prepayments and other current assets		
Total current assets	-	
Electric Property, Plant & Equipment - at cost:		
Electric plant in service		(1)
Construction work in progress		
Total electric plant	-	
Accum prov for depreciation & amortization		
Total property, plant & equipment - net	-	
Other Assets:		
Nuclear decommissioning trust		
Unamortized debt costs		
Intangibles		(1)
Total deferred debits	-	
Assets	\$ -	

CAPITALIZATION AND LIABILITIES

Current Liabilities:		
New revolving credit facility		
Accounts payable		
Net AR and AP - Associated Co.		
Taxes and interest accrued		
Deferred revenue		
Current portion of above market coal supply contract		
Current capacity auction entitlements and other non-trade derivatives	-	
Current portion of long-term debt		
Other		
Total current liabilities	-	
New senior term loan facility	-	
New senior delayed draw term loan	-	
New senior second-priority secured notes	-	
Total Long-term debt	-	
Accumulated deferred income taxes		
Unamortized investment tax credit		
Above market coal supply contract		
Capacity auction entitlements and other non-trade derivatives		
Benefit obligations		
Nuclear Decommissioning Reserve		
Accrued reclamation costs		
Other		
Total other liabilities	-	
Capitalization:		
Equity		
Capitalization & Liabilities	\$ -	

Note:

(1) Allocation of purchase price subject to confirmation by valuation consultants

Texas Genco

Income Statement - Texas Genco LP (Subsidiary of Texas Genco LLC) (1)

NRC Application

44% Ownership Case

(Millions)

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
Revenues					
Fuel and Purchased Power					
Gross Margin					
Operations & Maintenance					
General & Administrative					
Taxes Other than Income Taxes					
Nuclear Fuel Amortization Add-Back ⁽³⁾					
Other Income / (Expense)					
EBITDA					
Depreciation & Amortization					
Nuclear Fuel Amortization					
EBIT					
Interest Expense					
Interest Income					
EBT					
Tax Expense					
Net Income					

Notes:

(1) Pro Forma for ROFR acquisition (44.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

(3) Add-back is done strictly for presentation purposes (to show EBITDA); removed in line item below

Texas Genco

Cash Flow Statement - Texas Genco LP (Subsidiary of Texas Genco LLC) (1)

NRC Application

44% Ownership Case

(Millions)

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Cash Flows From Operating Activities</u>					
Net Income					
Depreciation & Amortization					
Amortization of Fuel-Costs					
Deferred Taxes & ITC					
Change in Pension Liabilities					
Change in Working Capital					
Change in Other Assets & Liabilities					
Cash Flows From Operating Activities					
Capital Expenditures					
Mandatory Debt Repayment					
Free Cash Flow					

Notes:

(1) Pro Forma for ROFR acquisition (44.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Fixed Price Forward Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Merchant Sales</u>					
MW					
Gas Price Forecast for Merchant Sales					
Achieved Merchant Heat Rate South Zone (btu/kW)					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Total Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Capacity</u>					
MW					
Capacity Factor					
% of Total Revenue Sold Forward					

Notes:

(1) Assumes STP acquisition closes December, 31 2004; assumes AEP ROFR closes on or before December 31, 2004.

ATTACHMENT 7B

**PRO FORMA BALANCE SHEET, PROJECTED INCOME AND CASH
FLOW STATEMENTS, AND COMPOSITION OF REVENUE
PROJECTIONS FOR TEXAS GENCO LP AFTER THE CLOSING OF
THE NUCLEAR ASSETS ACQUISITION**

NON-PROPRIETARY VERSION – 56% OWNERSHIP CASE

Texas Genco	NRC Application
Pro Forma Balance Sheet, Texas Genco LP (Subsidiary of Texas Genco LLC) - 56% Interest	
(Millions)	

ASSETS	As of 30-Sep-04
Current Assets:	
Cash & cash equivalents	
Accounts receivable	
Interest receivable	
Fuel stock	
Materials & supplies, at average cost	
Prepayments and other current assets	
Total current assets	-
Electric Property, Plant & Equipment - at cost:	
Electric plant in service	(1)
Construction work in progress	
Total electric plant	-
Accum prov for depreciation & amortization	
Total property, plant & equipment - net	-
Other Assets:	
Nuclear decommissioning trust	
Unamortized debt costs	
Intangibles	(1)
Total deferred debits	-
Assets	\$ -

CAPITALIZATION AND LIABILITIES

Current Liabilities:	
New revolving credit facility	
Accounts payable	
Net AR and AP - Associated Co.	
Taxes and interest accrued	
Deferred revenue	
Current portion of above market coal supply contract	
Current capacity auction entitlements and other non-trade derivatives	
Current portion of long-term debt	
Other	
Total current liabilities	-
New senior term loan facility	
New senior delayed draw term loan	
New senior second-priority secured notes	
Total Long-term debt	-
Accumulated deferred income taxes	
Unamortized investment tax credit	
Above market coal supply contract	
Capacity auction entitlements and other non-trade derivatives	
Benefit obligations	
Nuclear Decommissioning Reserve	
Accrued reclamation costs	
Other	
Total other liabilities	-
Capitalization:	
Equity	
Capitalization & Liabilities	\$ -

Note:

(1) Allocation of purchase price subject to confirmation by valuation consultants

Texas Genco
Income Statement - Texas Genco LP (Subsidiary of Texas Genco LLC) (1)
(Millions)

NRC Application
56% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
Revenues					
Fuel and Purchased Power					
Gross Margin					
Operations & Maintenance					
General & Administrative					
Taxes Other than Income Taxes					
Nuclear Fuel Amortization Add-Back ⁽³⁾					
Other Income / (Expense)					
EBITDA					
Depreciation & Amortization					
Nuclear Fuel Amortization					
EBIT					
Interest Expense					
Interest Income					
EBT					
Tax Expense					
Net Income					

Notes:

(1) Pro Forma for ROFR acquisition (56.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

(3) Add-back is done strictly for presentation purposes (to show EBITDA); removed in line item below

Texas Genco

NRC Application

Cash Flow Statement - Texas Genco LP (Subsidiary of Texas Genco LLC) (1)

56% Ownership Case

(Millions)

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
<u>Cash Flows From Operating Activities</u>					
Net Income					
Depreciation & Amortization					
Amortization of Fuel-Costs					
Deferred Taxes & ITC					
Change in Pension Liabilities					
Change in Working Capital					
Change in Other Assets & Liabilities					
Cash Flows From Operating Activities					
Capital Expenditures					
Mandatory Debt Repayment					
Free Cash Flow					

Notes:

(1) Pro Forma for ROFR acquisition (56.0% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Fixed Price Forward Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Merchant Sales</u>					
MW					
Gas Price Forecast for Merchant Sales					
Achieved Merchant Heat Rate South Zone (btu/kW)					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Total Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Capacity</u>					
MW					
Capacity Factor					
% of Total Revenue Sold Forward					

Notes:

(1) Assumes STP acquisition closes December, 31 2004; assumes AEP ROFR closes on or before December 31, 2004.

Exhibit A

Explanation of Revisions to Financial Statements (Proprietary)

Exhibit B

Explanation of Revisions to Financial Statements (Non-Proprietary)

Non-Proprietary Version

Exhibit B

The following summarizes the revisions to Attachments 5A, 6A, and 7A to the Application.

1. Attachment 5A has been revised to reflect the following:

- a. Pro Forma Balance Sheets – The starting balance sheets have been updated for September 30, 2004 and have been revised per current estimates regarding purchase price allocation. The new allocations have changed Depreciation and Amortization on the Income Statement and have created liabilities relating to (a) coal contract and (b) capacity entitlements which are amortized through fuel expense and revenue respectively (see footnotes to exhibits).
- b. Income Statements – Other Income / Expense has been moved above the EBITDA line.
- c. Cash Flow Statements – Amortization of nuclear fuel has declined by \$[] per year. This reflects the removal of the disposal fee (which is a cash expense) from nuclear fuel amortization.
- d. Composition of Revenue – Addition of long-term contracts for a total of [] MW in 2005, [] MW in 2008 and [] MW in 2009 (of which STP's share is [] MW in 2005, [] MW in 2008 and [] MW in 2009). These contracts were signed at prices in excess of our merchant power price assumptions. Addition of a gas hedge for 2006 that effectively hedges [] MW on a portfolio basis (sits at parent, not at STP).

2. Attachment 6A has been revised to reflect the following:

- a. Pro Forma Balance Sheets –
 - i. The starting balance sheets have been updated for September 30, 2004 and have been revised per current estimates regarding purchase price allocation. The new allocations have changed Depreciation and Amortization on the Income Statement and have created liabilities relating to (a) coal contract and (b) capacity entitlements which are amortized through fuel expense and revenue respectively (see footnotes to exhibits).
 - ii. Debt structure has been modified given very strong demand from investors (\$[] in bank debt and \$[] in bonds vs. \$[] in bank debt and \$[] in bonds in the previous version). Interest expense is now less than previously modeled, due to lower rates and a greater proportion of the bank debt relative to the bonds.
- b. Income Statements – Other Income / Expense has been moved above the EBITDA line.
- c. Cash Flow Statements – Amortization of nuclear fuel has declined by \$[] per year. This reflects the removal of the disposal fee (which is a cash expense) from nuclear fuel amortization.

Non-Proprietary Version

- d. Composition of Revenue – Addition of long-term contracts for a total of [] MW in 2005, [] MW in 2008 and [] MW in 2009 (of which STP's share is [] MW in 2005, [] MW in 2008 and [] MW in 2009). These contracts were signed at prices in excess of our merchant power price assumptions. Addition of a gas hedge for 2006 that effectively hedges [] MW on a portfolio basis (sits at parent, not at STP).

3. Attachment 7A has been revised to reflect the following:

a. Pro Forma Balance Sheets –

- i. The starting balance sheets have been updated for September 30, 2004 and have been revised per current estimates regarding purchase price allocation. The new allocations have changed Depreciation and Amortization on the Income Statement and have created liabilities relating to (a) coal contract and (b) capacity entitlements which are amortized through fuel expense and revenue respectively (see footnotes to exhibits).
- ii. Debt structure has been modified given very strong demand from investors (\$[] in bank debt and \$[] in bonds vs. \$[] in bank debt and \$[] in bonds in the previous version). Interest expense is now less than previously modeled, due to lower rates and a greater proportion of the bank debt relative to the bonds.

b. Income Statements –

- i. Other Income / Expense has been moved above the EBITDA line.
- ii. Taxation has been revised to reflect the fact that Texas Genco LP would not be a tax paying entity
- iii. The sponsor management fee has been added to the G&A line.

- c. Cash Flow Statements – Amortization of nuclear fuel has declined by \$[] per year. This reflects the removal of the disposal fee (which is a cash expense) from nuclear fuel amortization.

- d. Composition of Revenue – Addition of long-term contracts for a total of [] MW in 2005, [] MW in 2008 and [] MW in 2009 (of which STP's share is [] MW in 2005, [] MW in 2008 and [] MW in 2009). These contracts were signed at prices in excess of our merchant power price assumptions. Addition of a gas hedge for 2006 that effectively hedges [] MW on a portfolio basis (sits at parent, not at STP).