

April 4, 2005

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 - ORDER APPROVING  
APPLICATION REGARDING PROPOSED ACQUISITION (TAC NOS. MC4732  
AND MC4733)

Dear Mr. Sheppard:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of the application dated October 12, 2004, as supplemented by letters dated December 13 and 22, 2004, and February 23 and March 1, 2005, submitted by STP Nuclear Operating Company (STPNOC), acting on behalf of Texas Genco, LP (Texas Genco), CenterPoint Energy, Inc. (CenterPoint Energy), and GC Power Acquisition LLC (renamed Texas Genco LLC) (together, the Applicants), which requested that the NRC, pursuant to 50.80 of Title 10 of the *Code of Federal Regulations*, consent to the indirect license transfers that would be effected by the indirect transfer of control of Texas Genco's ownership interest in the South Texas Project, Units 1 and 2 (STP). The enclosed Order approves, among other things, the proposed indirect license transfers, subject to the conditions described therein. The Order will be placed in the NRC public document room (PDR), added to the Agencywide Documents Access and Management System Publicly Available Records System (ADAMS PARS) Library and has been forwarded to the Office of the Federal Register for publication.

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Enclosures 2 and 3 contain the non-proprietary and proprietary versions, respectively, of the NRC staff's safety evaluation (SE) related to the preceding actions. The non-proprietary version of the SE will be placed in the NRC PDR and added to the ADAMS PARS Library.

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

Enclosures: 1. Order  
2. Safety Evaluation (Non-proprietary)  
3. Safety Evaluation (Proprietary)

cc w/o encl 3: See next page

J. Sheppard

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cc w/o encl 3: See next page

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Order: ML050800505

SE: ML050810572

ACCESSION NO: ML050810596

\*Input via memo ML050470306 with minor changes

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DATE	3/10/05	2/16/05	3/28/05	4/4/05	4/4/05

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UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
	)	
CENTERPOINT ENERGY, INC.	)	Docket Nos. 50-498 and 50-499
TEXAS GENCO, LLC	)	
	)	
(South Texas Project	)	License Nos. NPF-76 and NPF-80
Units 1 and 2)	)	

ORDER APPROVING APPLICATION REGARDING PROPOSED ACQUISITION

I.

STP Nuclear Operating Company (STPNOC) and owners Texas Genco, LP (Texas Genco), the City Public Service Board of San Antonio (CPS), AEP Texas Central Company (TCC), and the City of Austin, Texas (COA) are holders of Facility Operating License Nos. NPF-76 and NPF-80, which authorize the possession, use, and operation of the South Texas Project, Units 1 and 2 (the facility or STP). STPNOC is licensed by the U.S. Nuclear Regulatory Commission (NRC or Commission) to operate STP. The facility is located at the licensees' site in Matagorda County, Texas.

II.

By application dated October 12, 2004, as supplemented by letters dated December 13 and 22, 2004, and February 23 and March 1, 2005 (collectively referred to herein as the application), STPNOC, acting on behalf of Texas Genco, CenterPoint Energy, Inc. (CenterPoint Energy), and GC Power Acquisition LLC (renamed Texas Genco LLC) (together, the Applicants), requested that the NRC, pursuant to 10 CFR 50.80, consent to the indirect license transfers that would be effected by the indirect transfer of control of Texas Genco's ownership

interest in the facility. This action is being sought as a result of the transfer of Texas Genco's indirect parent company, Texas Genco Holdings, Inc. (TGN), from Centerpoint Energy to Texas Genco LLC. No changes to the facility licenses are proposed in the application.

In a separate request, Texas Genco is seeking approval of direct license transfers that would occur in connection with increasing its ownership interest in STP from its current 30.8 percent to either 44 percent or 56 percent, through an acquisition of all or part of TCC's 25.2 percent interest in STP. A separate Order is being issued to address that request.

In connection with the indirect transfer of control of Texas Genco's ownership interest in the facility, indirect control over Texas Genco's related interest in STPNOC, a not-for-profit Texas corporation that is the licensed operator of STP, will also be transferred. To the extent that the indirect transfer of control of Texas Genco's interest in STPNOC would constitute an indirect transfer of control of the licenses as held by STPNOC, consent under 10 CFR 50.80 is also being sought.

Approval of the indirect transfer of the facility operating licenses was requested by STPNOC pursuant to 10 CFR 50.80. Notice of the request for approval and an opportunity for a hearing was published in the *Federal Register* on November 17, 2004 (69 FR 67368). No comments or hearing requests were received.

Under 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Upon review of the information in the application by STPNOC and other information before the Commission, the NRC staff has determined that the proposed indirect transfer of control of Texas Genco's parent company will not affect the qualifications of Texas Genco as holder of the STP licenses, whether Texas Genco holds a 30.8 percent, 44 percent, or 56 percent interest in STP, and that the indirect transfer of control of the licenses as held by

Texas Genco under each of the three scenarios discussed, to the extent effected by the transfer of control of Texas Genco, is otherwise consistent with the applicable provisions of laws, regulations, and orders issued by the NRC pursuant thereto, subject to the conditions discussed herein. The NRC staff also concludes that, to the extent Texas Genco holds a 30.8 percent, 44 percent, or 56 percent interest in STPNOC by reason of Texas Genco's acquisition of a part or all of TCC's 25.2 percent interest in the facility and STPNOC, and control of Texas Genco is then indirectly transferred to Texas Genco LLC, any resulting indirect transfer of control of STPNOC will not affect STPNOC's qualifications to hold the facility licenses to the extent now held by STPNOC, and that the indirect transfer of the licenses as held by STPNOC, to the extent effected by the proposed indirect transfer of control of Texas Genco to Texas Genco LLC, is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth below.

The findings set forth above are supported by a safety evaluation dated April 4, 2005.

### III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended (the Act), 42 USC §§ 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80, IT IS HEREBY ORDERED that the application regarding the indirect license transfers related to the proposed acquisition is approved, subject to the following conditions:

1. Texas Genco shall take no action to cause Texas Genco LLC, or its successors and assigns, to void, cancel, or modify its \$120 million contingency commitment to Texas Genco, as represented in the application, or cause it to fail to perform or impair its performance under the commitment, or remove or interfere with Texas Genco's ability to draw upon the commitment, without the prior written consent of the Director of the Office of Nuclear Reactor Regulation. An executed copy of the Support Agreement shall be submitted to the NRC no later than 30 days after completion of the indirect license transfers. Also, Texas Genco shall inform the NRC in writing any time that it draws upon the \$120 million commitment.

2. Should the proposed acquisition of control of Texas Genco by Texas Genco LLC not be completed within one year from date of issuance, this Order shall become null and void, provided, however, upon written application and good cause shown, such date may in writing be extended.

This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated October 12, 2004, and supplemental letters dated December 13 and 22, 2004, and February 23 and March 1, 2005, and the safety evaluation dated April 4, 2005, which are 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 from 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>. Persons who do not have access to ADAMS or who encounter problems in 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](mailto:pdrc@nrc.gov).

Dated at Rockville, Maryland this 4th day of April 2005.

FOR THE NUCLEAR REGULATORY COMMISSION

*/RA/*

J. E. Dyer, Director  
Office of Nuclear Reactor Regulation

South Texas Project, Units 1 & 2

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November 2004



South Texas Project, Units 1 & 2

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