

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: ORDER APPROVING TRANSFER OF LICENSES FROM AEP TEXAS
CENTRAL COMPANY AND INDIRECT LICENSE TRANSFERS TO THE
EXTENT EFFECTED RELATING TO SOUTH TEXAS PROJECT NUCLEAR
OPERATING COMPANY AND CONFORMING AMENDMENTS
(TAC NOS. MC4917 AND MC4918)

Dear Mr. Sheppard:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of your application dated October 21, 2004, as supplemented by letters dated December 13 and 22, 2004, and February 23 and March 1, 2005, requesting approval of the direct transfer of the Title 10 *Code of Federal Regulations* Part 50 Facility Operating Licenses for South Texas Project Units 1 and 2 (STP) to the extent held by AEP Texas Central Company (TCC), to Texas Genco, LP (Texas Genco) and the City Public Service Board of San Antonio (CPS) under alternative scenarios. Texas Genco and CPS are among the current owners of STP. The enclosed Order approves the proposed alternative direct license transfers, subject to the conditions described therein, and approves conforming license amendments, to be issued and made effective at the time of the closing of the direct license transfers. The Order also approves the indirect transfer of the licenses as held by South Texas Project Nuclear Operating Company to the extent effected by the proposed underlying transactions necessitating the approval of the direct license transfers.

Enclosures 4 and 5 contain the non-proprietary and proprietary versions, respectively, of the staff's safety evaluation (SE) related to the preceding actions. The non-proprietary version of the SE will be placed in the NRC public document room and added to the Agencywide Documents Access and Management System's Publicly Available Records System Library.

James J. Sheppard

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The Order has been forwarded to the Office of Federal Register for publication and the Notice of Issuance will be included in the Commission's next biweekly *Federal Register* notice following issuance of the amendments.

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. Conforming Amendment to NPF-76
 3. Conforming Amendment to NPF-80
 4. Safety Evaluation (Non-proprietary)
 5. Safety Evaluation (Proprietary)

cc w/o encl 5: See next page

James J. Sheppard

-2-

The Order has been forwarded to the Office of Federal Register for publication and the Notice of Issuance will be included in the Commission's next biweekly *Federal Register* notice following issuance of the amendments.

Sincerely,

/RA/

David H. Jaffe, Senior Project Manager, Section 1
Project Directorate IV
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cc w/o encl 5: See next page

DISTRIBUTION:

PUBLIC (w/o encl 5)

PDIV-1 r/f

GHill (4)

RidsNrrOd (JDyer/BBorchardt)

RidsNrrAdpt (BSheron)

RidsNrrDlpm (TMarsh/JLyons)

RidsNrrDlpmLpdiv (HBerkow)

RidsNrrDlpmLpdiv1 (AHowe)

RidsNrrPMDJaffe

RidsNrrLADBaxley

RidsNrrDriprob (TBoyce)

RidsAcrsAcnwMailCenter

RidsOgcRp

RidsRgn4MailCenter (BJohnson)

RidsNrrDlpmDpr

MDusaniwskyj Nonprop.SE ML050940458

SHom Pack. ML050830219 Order ML050830226 Prop.SE ML050830242

ACCESSION NO: ML050830149(Amend.) *No major changes to memo dated 2/16/05

OFFICE	PDIV-1/PM	PDIV-1/LA	DRIP/RPRP*	IROB	OGC
NAME	DJaffe	DBaxley	AMcKeigney	DTrimble	BPoole(NLO)
DATE	3/21/05	3/18/05	2/16/05	3/10/05	3/18/05

OFFICE	PDIV-1/SC	PDIV/D	DLPM/D	NRR	PDIV-1/PM
NAME	HBerkow for AHowe	HBerkow	LMarsh	JDyer	DJaffe
DATE	3/25/05	3/25/05	3/28/05		

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-498

SOUTH TEXAS PROJECT, UNIT 1

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No.
License No. NPF-76

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by STP Nuclear Operating Company* acting on behalf of itself and for Texas Genco, LP, the City Public Service Board of San Antonio (CPS), AEP Texas Central Company, and the City of Austin, Texas (COA) (the licensees), dated October 21, 2004, as supplemented by letters dated December 13 and 22, 2004, and February 23 and March 1, 2005, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment 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;
 - D. The issuance of this license amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

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

2. Accordingly, the license is amended as indicated in the attachment to this license amendment.
3. The license amendment is effective as of its date of issuance and shall be implemented within 30 days from the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

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

Attachment: Changes to Facility Operating
License NPF-76

Date of Issuance:

STP NUCLEAR OPERATING COMPANY

DOCKET NO. 50-499

SOUTH TEXAS PROJECT, UNIT 2

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No.
License No. NPF-80

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by STP Nuclear Operating Company* acting on behalf of itself and for Texas Genco, LP, the City Public Service Board of San Antonio (CPS), AEP Texas Central Company, and the City of Austin, Texas (COA) (the licensees), dated October 21, 2004, as supplemented by letters dated December 13 and 22, 2004, and February 23 and March 1, 2005, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment 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;
 - D. The issuance of this license amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

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

2. Accordingly, the license is amended as indicated in the attachment to this license amendment.
3. The license amendment is effective as of its date of issuance and shall be implemented within 30 days from the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

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

Attachment: Changes to Facility Operating
License NPF-80

Date of Issuance:

ATTACHMENT TO LICENSE AMENDMENT NOS. _____ AND _____

FACILITY OPERATING LICENSES NOS. NPF-76 AND NPF-80

DOCKET NOS. 50-498 AND 50-499

Replace the following pages of the Licenses with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

NPF-76

REMOVE

1
2
3

INSERT

1
2
3

NPF-80

REMOVE

1
2
3

INSERT

1
2
3

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
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Electric Utility Department
721 Barton Springs Road
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Mr. J. J. Nesrsta
Mr. R. K. Temple
City Public Service Board
P. O. Box 1771
San Antonio, TX 78296

Mr. C. A. Johnson/ R. P. Powers
AEP Texas Central Company
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Wadsworth, TX 77483

INPO
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700 Galleria Parkway
Atlanta, GA 30339-3064

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611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011

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Matagorda County Courthouse
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Bay City, TX 77414

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Bureau of Radiation Control
Texas Department of State Health Services
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Brian Almon
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P. O. Box 13326
1701 North Congress Avenue
Austin, TX 78701-3326

November 2004

South Texas Project, Units 1 & 2

-2-

Susan M. Jablonski
Office of Permitting, Remediation
and Registration
Texas Commission on
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MC-122
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Mr. Terry Parks, Chief Inspector
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Mr. Ted Enos
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