

August 5, 2005

MEMORANDUM TO: David Terao, Chief, Section 1
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

FROM: Eileen M. McKenna, Section Chief
Financial, Policy and Rulemaking Section
Reactor Policy and Rulemaking Program
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

SUBJECT: SAFETY EVALUATION REPORT FOR THE PROPOSED INDIRECT
TRANSFER OF CONTROL OF THE LICENSES OF SOUTH TEXAS
PROJECT, UNITS 1 AND 2 (DOCKET NOS. 50-498 AND 50-499)

The Financial, Policy and Rulemaking Section has completed reviewing the application dated June 28, 2005, and the supplemental submittal dated August 4, 2005, from STP Nuclear Operating Company (STPNOC), the operator of South Texas Project, Units 1 and 2 (STP). STPNOC submitted the application on behalf of Texas Genco, LP (Texas Genco), a 44 percent owner and non-operating licensee of STP. The application and other submittal describe the proposed indirect transfer of control of Texas Genco's STP licenses.

The attached Safety Evaluation Report documents the findings resulting from the staff's review of these submittals. If you have any questions, please contact me or Alex McKeigney. I can be reached at 301-415-2189 and Alex can be reached at 301-415-1221.

Docket Nos. 50-498 and 50-499

Attachment: As stated

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