



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

August 4, 2005
NOC-AE-05001923
10 CFR 50.80

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 No. STN 50-498 and STN 50-499
Response to Request for Additional Information Regarding Application for Order
Approving Indirect Transfer of Control of Licenses (TAC No. MC7464 and MC7465)

Reference: Letter, J. J. Sheppard to J. E. Dyer, "Application for Order Approving Indirect Transfer of Control of Licenses," dated June 28, 2005 (NOC-AE-05001902; ML051870226)

The referenced letter requested NRC consent for an indirect license transfer associated with reorganization and an initial public offering of a minority interest in Texas Genco Inc., an indirect parent of Texas Genco, LP, a 44% owner and non-operating licensee. The NRC informally requested additional information during its review of the referenced application. This letter provides the requested information.

There are no commitments in this letter.

If there are any questions regarding this response, please contact John Conly at (361) 972-7336 or me at (361) 972-8757.

A handwritten signature in black ink, appearing to read "J. J. Sheppard".

J. J. Sheppard
President & Chief Executive Officer

jtc

Enclosure: Response to Request for Additional Information

A001

cc:

(paper copy)

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U.S. Nuclear Regulatory Commission
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City Public Service

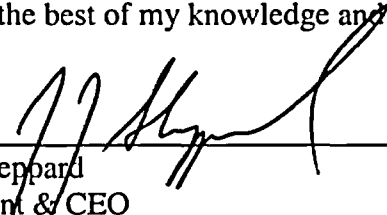
Nicholas S. Reynolds
Winston & Strawn LLP

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

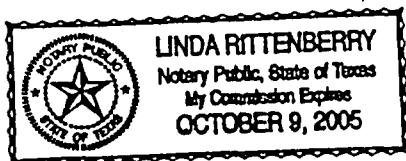
I, J. J. Sheppard, being duly sworn, hereby depose and state that I am President and CEO of STP Nuclear Operating Company; that I am duly authorized to sign and file with the Nuclear Regulatory Commission the attached response to request for additional information; that I am familiar with the content thereof; and that the matters set forth therein with regard to STP Nuclear Operating Company are true and correct to the best of my knowledge and belief.

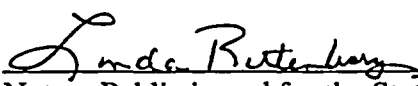


J. J. Sheppard
President & CEO

STATE OF TEXAS)
)
COUNTY OF MATAGORDA)

Subscribed and sworn to me, a Notary Public in and for the State of Texas, this 4th day of August, 2005.





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

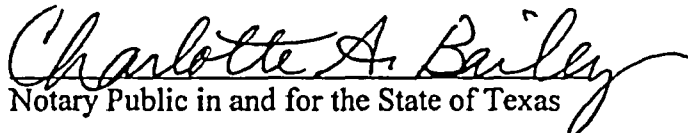
I, Thad Miller, being duly sworn, hereby depose and state that I am Executive Vice President and Chief Legal Officer of Texas Genco, LP; that I am familiar with the content of the attached response to request for additional information; and that the matters set forth therein with regard to Texas Genco, LP and its affiliates are true and correct to the best of my knowledge and belief.

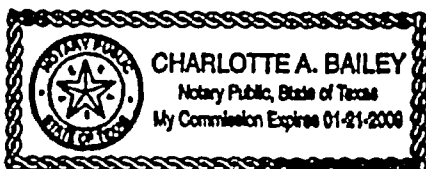


Thad Miller
Executive Vice President and
Chief Legal Officer

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Subscribed and sworn to me, a Notary Public in and for the State of Texas, this 3rd day of August, 2005.


Notary Public in and for the State of Texas



RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION**1. Provide the information required by 10 CFR 50.33(d).**

Response: Each director and officer will be a citizen of the United States. The current officers and directors (or equivalent position) of each of the new entities created or to be created in connection with the Reorganization, their position, citizenship, and address are as follows:

Texas Genco Inc., a Delaware corporation with a principal place of business in Texas

The current directors of Texas Genco Inc. are:

Jack Fusco - Chairman and Chief Executive Officer. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Kelvin Davis - Director. U.S. Citizen. c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.

David Foley - Director. U.S. Citizen. c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

Frederick Goltz - Director. U.S. Citizen. c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019.

Philip Hammar skjöld - Director. U.S. Citizen. c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111.

Marc Lipschultz - Director. U.S. Citizen. c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019.

Michael MacDougall - Director. U.S. Citizen. c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.

Prakash Melwani - Director. U.S. Citizen. c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

Erik Ragatz - Director. U.S. Citizen. c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111.

In addition, Texas Genco Inc. expects that it will add at least three independent directors, as described below.

The officers of Texas Genco Inc. will be:

Jack Fusco - Chairman and Chief Executive Officer. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Thad Miller - Executive Vice President, Chief Legal Officer. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Thad Hill - Executive Vice President, Business Development and Strategic Planning. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Margery Harris - Executive Vice President, Human Resources. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Thomas J. Bullis – Vice President. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Arch C. Blocher – Vice President. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Tyler Reeder - Vice President. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

William Waller - Vice President and Treasurer. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Donald McArthur - Vice President & Assistant Secretary. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

James Deidiker - Vice President and Controller. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Thomas Boehlert, Executive Vice President; Chief Financial Officer of Texas Genco Inc., has announced his resignation from the company effective August 1, 2005. A search is underway for a new Chief Financial Officer, who will be a citizen of the United States.

Texas Genco Holdings LLC, a Delaware limited liability company with a principal place of business in Texas

The manager of Texas Genco Holdings LLC will be Texas Genco Inc. The officers of Texas Genco Holdings LLC will be the same as the officers of Texas Genco Inc.

Texas Genco Sponsor LLC, a Delaware limited liability company with a principal place of business in Texas

Currently the sole member of Texas Genco Sponsor LLC is Thad Miller. The managers and officers of Texas Genco Sponsor LLC following the IPO have not been determined, but will be U.S. citizens selected by the Investment Funds.

- 2. Regarding both Class A and Class B common stock and Membership Units (or Common Membership Units), please describe the economic rights and voting rights of each of these with regard to Texas Genco Inc., Texas Genco Holdings LLC, and any other entities which are affected by these rights.**

Response: Holders of Class A common stock of Texas Genco Inc. will be entitled to one vote for each share held of record on all matters submitted to a vote of Texas Genco Inc. stockholders. Each holder of membership units in Texas Genco Holdings LLC (other than Texas Genco Inc.) will be issued one or more shares of Class B common stock of Texas Genco Inc. that will entitle the holder (without regard to the number of shares of Class B common stock held) to a number of votes in Texas Genco Inc. that is equal to the aggregate number of membership units in Texas

Genco Holdings LLC held by such holder. Holders of Class A common stock and Class B common stock of Texas Genco Inc. will vote together as a single class on all matters presented to stockholders of Texas Genco Inc. for their vote or approval, except as otherwise required by applicable law.

Holders of Class A common stock of Texas Genco Inc. are entitled to receive dividends when and if declared by the board of directors out of funds legally available therefor, which will be net of Texas Genco LLC's debt service and other obligations, and subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock. Class B common stock will have no economic rights, and holders of Class B common stock of Texas Genco Inc. will not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of Texas Genco Inc.

Texas Genco Inc. will be a holding company and its sole asset will be its equity interest in Texas Genco Holdings LLC. As the sole managing member of Texas Genco Holdings LLC, Texas Genco Inc. will operate and control all of the business and affairs of Texas Genco Holdings LLC. As the sole managing member of Texas Genco Holdings LLC, Texas Genco Inc. will have unilateral control over all of the affairs and decision making of Texas Genco Holdings LLC. As such, Texas Genco Inc., through its officers and directors, will be responsible for all operational and administrative decisions of Texas Genco Holdings LLC and the day-to-day management of Texas Genco Holdings LLC's business. Furthermore, Texas Genco Inc. cannot be removed as the sole managing member of Texas Genco Holdings LLC without its approval.

The membership units of Texas Genco Holdings LLC will have no voting rights associated with them, although non-managing members will have the limited right to consent to any modification or amendment of the terms of the Texas Genco Holdings LLC limited liability company agreement that is materially adverse to the member. The holders of membership units in Texas Genco Holdings LLC (other than Texas Genco Inc.) will be entitled to exchange those units for shares of Texas Genco Inc. Class A common stock on a one-for-one basis.

Net profits, net losses, and distributions of Texas Genco Holdings LLC will generally be allocated and made to its members pro rata in accordance with the percentages of their respective equity interests. That is, if for instance Texas Genco Inc. holds 20% of the outstanding Texas Genco Holdings LLC membership units immediately after the offering of Class A common stock, Texas Genco Inc. will receive approximately 20% of the aggregate distributions made by Texas Genco Holdings LLC in respect of the Texas Genco Holdings LLC membership units.

3. **The NRC order of April 4, 2005 approved the indirect transfer of control of Texas Genco from Centerpoint to Texas Genco LLC, as owned by 4 investment funds in equal shares as represented in the corresponding previous application. The current application states "certain members of the management team" also own Texas Genco LLC. When did these certain members acquire interests in Texas Genco LLC? Identify them by name, position, and all entities in the Texas Genco LLC organization**

in which they hold positions. The S-1 refers to Texas Genco Inc. management owning some of Texas Genco LLC. The application would suggest that the management team refers to management of Texas Genco LLC.

Response: Management of Texas Genco LLC currently owns an aggregate of approximately 1% of the membership units of Texas Genco LLC. The NRC approval dated April 4, 2005 did not address ownership by Management. Members of Management, their position, citizenship, and address are as follows:

Jack Fusco - Chairman and Chief Executive Officer. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Thad Miller - Executive Vice President, Chief Legal Officer. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Margery Harris - Executive Vice President, Human Resources. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Thomas J. Bullis - Vice President. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Arch C. Blocher - Vice President. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Tyler Reeder - Vice President. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

William S. Waller, Jr. - Vice President and Treasurer. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Edward T. Webb - Management consultant. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Donald McArthur - Vice President and Assistant Secretary. U.S. Citizen. 12301 Kurland Drive, Houston, Texas 77034.

Two members of Management acquired membership units of Texas Genco LLC on December 15, 2004 (in connection with the closing of the acquisition of the non-nuclear assets of Texas Genco Holdings, Inc.), the remaining members of Management acquired membership units on February 1, 2005 and all members of Management acquired additional membership units on April 13, 2005 (in connection with the closing of the acquisition of Texas Genco Holdings, Inc., including its nuclear assets). These individuals are members of management of Texas Genco LLC and each of its subsidiaries, to the extent appropriate, and will be members of management of Texas Genco Inc. and of Texas Genco Holdings LLC.

4. Describe the ratio between voting rights in Texas Genco Inc. and each common membership unit.

Response: Each holder of membership units in Texas Genco Holdings LLC (other than Texas Genco Inc.) will be issued one or more shares of Class B common stock that will provide the holder with no economic rights but will entitle the holder (without regard to the number of shares

of Class B common stock held) to a number of votes at Texas Genco Inc. that is equal to the aggregate number of membership units of Texas Genco Holdings LLC held by such holder.

5. Explain possible scenarios under which Sponsor would have from “no less than 51%” of the voting rights (Exh. B) of Texas Genco Inc. up to “75% or more” (p. 2 of 9). See also p. 3 of 9 (Texas Genco Inc. will offer 25% or less to the public of equity and voting power).

Response: The size of the offering will vary depending on market conditions, but the Investment Funds and Management will continue to own no less than 51% of the voting rights of Texas Genco Inc. immediately after the IPO.

6. How many board seats will there be on Texas Genco Inc.? (see p. 3 of 9)

Response: The Board of Directors of Texas Genco Inc. currently consists of nine directors. Within twelve months after the registration statement relating to the offering of Class A common stock is effective, Texas Genco Inc. expects that it will add at least three independent directors, which will result in its Board of Directors consisting of at least twelve directors. Each new director will be a citizen of the United States.

7. Describe the steps (chronology) to be taken in the reorganization and IPO.

Response: In anticipation of the proposed initial public offering of Class A common stock of Texas Genco Inc. (the “IPO”), upon receipt of NRC consent to the Reorganization pursuant to 10 CFR 50.80, the first step taken will be to interpose Texas Genco Sponsor LLC, a new limited liability company, as a holding company between the Investment Funds and Management and Texas Genco LLC through a contribution by the Investment Funds and Management to Texas Genco Sponsor LLC of their respective membership interests in Texas Genco LLC. Texas Genco Sponsor LLC is currently the sole stockholder of Texas Genco Inc.

Thereafter, at the time of the IPO:

- Texas Genco Sponsor LLC and Texas Genco Inc. will form Texas Genco Holdings LLC. Texas Genco Sponsor LLC will contribute its equity interests in Texas Genco LLC to Texas Genco Holdings LLC and Texas Genco Inc. will agree to contribute the net proceeds from the IPO to Texas Genco Holdings LLC. In exchange, Texas Genco Sponsor LLC will receive a majority of the membership units of Texas Genco Holdings LLC and Texas Genco Inc. will receive a minority of the membership units of Texas Genco Holdings LLC, with exact percentages dependent upon the size of the IPO. The number of membership units of Texas Genco Holdings LLC held by Texas Genco Inc. will equal the number of shares of Class A common stock of Texas Genco Inc. outstanding;

- Texas Genco Sponsor LLC will distribute to Management their pro rata share of the Class B common stock of Texas Genco Inc. and the membership units of Texas Genco Holdings LLC held by Texas Genco Sponsor LLC, as a result of which equity interests will be held by Management as depicted on page 9 of the Application; and
- Subsequently, Texas Genco Inc. will sell shares of Class A common stock in the IPO and, pursuant to its prior agreement, contribute the net proceeds therefrom to Texas Genco Holdings LLC, which will distribute such proceeds to Texas Genco Sponsor LLC and Management.

As a result of the Reorganization, immediately following the IPO, the Texas Genco and STP ownership structure will be as depicted on page 9 of the Application.