

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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

ORDER APPROVING APPLICATION REGARDING INDIRECT LICENSE TRANSFERS

I.

STP Nuclear Operating Company (STPNOC or the licensee) and owners Texas Genco, LP (Texas Genco or the applicant), the City Public Service Board of San Antonio (CPS), 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 June 28, 2005, as supplemented by letter dated August 4, 2005, (collectively referred to herein as the application), STPNOC, acting on behalf of Texas Genco, requested that the NRC, pursuant to 10 CFR 50.80, consent to the proposed indirect transfer of control of the STP licenses to the extent held by Texas Genco. Texas Genco is a 44 percent owner and non-operating licensee of STP.

According to the application filed by STPNOC on behalf of Texas Genco, Texas Genco is

indirectly owned by Texas Genco Holdings, Inc., which in turn is wholly owned by Texas Genco LLC. Texas Genco LLC is owned by investment funds affiliated with The Blackstone Group, Hellman & Friedman LLC, Kohlberg Kravis Roberts & Co. L.P., and Texas Pacific Group (the Investment Funds) and certain members of the management team (Management owners).

As stated in the application, the ultimate owners of Texas Genco are proposing a corporate restructuring such that several new entities would be interposed between (i) the Investment Funds and Management owners and (ii) Texas Genco LLC. This proposed restructuring is in anticipation of a proposed initial public offering of a minority interest in Texas Genco Inc. Texas Genco Inc. was incorporated on May 20, 2005, as a wholly-owned subsidiary of another new entity, Texas Genco Sponsor LLC. Immediately prior to the initial public offering, Texas Genco Sponsor LLC and Texas Genco Inc. will form a new limited liability company, Texas Genco Holdings LLC.

Following certain transactions described in the application, and following the initial public offering, Texas Genco Inc. will become the sole managing member of Texas Genco Holdings LLC, and Texas Genco Holdings LLC will become the sole owner of Texas Genco LLC and the indirect owner of licensee Texas Genco, which shall at all times continue to be a licensed owner of STP. According to the application, the Investment Funds and Management owners would control Texas Genco Inc. through their ownership of a majority of the voting power in Texas Genco Inc., and continue to ultimately control Texas Genco.

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 July 25, 2005 (70 FR 42592). 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 concludes that the proposed transactions and resulting indirect transfer of control of Texas Genco will not affect the qualifications of Texas Genco as a holder of the STP licenses, and that the indirect transfer of control of the licenses as held by Texas Genco, to the extent effected by the proposed transactions discussed above, is otherwise consistent with the applicable provisions of laws, regulations, and orders issued by the NRC, pursuant thereto.

The findings set forth above are supported by a safety evaluation dated August 16, 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 is approved, subject to the following condition:

Should the proposed indirect license transfer not be completed within one year from the 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 June 28, 2005, as supplemented by letter dated August 4, 2005, and the safety evaluation dated August 16, 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 pdr@nrc.gov.

Dated at Rockville, Maryland this 16th day of August 2005.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Ledyard B. Marsh, Director
Division of Licensing Project Management
Office of Nuclear Reactor Regulation