**Luminant**

**Rafael Flores**
Senior Vice President
& Chief Nuclear Officer
rafael.flores@Luminant.com

**Luminant Power**
P O Box 1002
6322 North FM 56
Glen Rose, TX 76043

**T** 254 897 5550
**C** 817 559 0403
**F** 254 897 6652

CP-201300442
TXX-13072

10 CFR 50.33

May 2, 2013

ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

SUBJECT: Comanche Peak Nuclear Power Plant (CPNPP), Docket Nos. 50-445 and 50-446 Response to Request for Additional Information (TAC Nos. MF0948 and MF0949)

REFERENCE: 1. NRC Letter from Balwant Singal to Rafael Flores dated April 4, 2013 (ADAMS No. ML13087A531)

Dear Sir or Madam:

Luminant Generation Company LLC ("Luminant"), acting on behalf of Energy Future Holdings Corp. ("EFH"), Energy Future Competitive Holdings Company LLC ("EFCH"), Texas Competitive Electric Holdings Company LLC ("TCEH"), and Luminant Holding Company LLC, hereby submits a response to a request for additional information as requested by Reference 1.

If the NRC requires additional information concerning CPNPP's financial qualifications, please contact Fred Madden, Director, Oversight and Regulatory Affairs, Luminant, tel: (254) 897-8601 and email: Fred.Madden@luminant.com.

This letter contains no new licensing basis commitments regarding CPNPP Units 1 and 2.

Sincerely,

Luminant Generation Company LLC

Rafael Flores

By: Fred W. Madden
Fred W. Madden
Director, Oversight & Regulatory Affairs



A001
NRR

Attachment - Response to NRC Request for Additional Information

c - Arthur T. Howell III, Region IV
Balwant K. Singal, NRR
Resident Inspectors, Comanche Peak

**NRC Request for Additional Information (RAI):**

Energy Future Holdings Corporation filed its annual Form 10-K report dated February 19, 2013, pursuant to Section 13 or 15(d) of the U.S. Securities and Exchange Commission (SEC) for the fiscal year that ended December 31, 2012. Energy Future Competitive Holdings Company (EFCH) is a direct wholly owned subsidiary of Energy Future Holdings Corporation (EFH). EFCH, through its wholly owned subsidiaries, owns Luminant Generation Company LLC (Luminant), the owner and operator of Comanche Peak Nuclear Power Plant (CPNPP), Units 1 and 2.

The following request for additional information is related to the financial qualifications requirements filed with the SEC by EFH per Section 50.33 of Title 10 *Code of Federal Regulations* (10 CFR) for CPNPP, Units 1 and 2.

**Regulatory Basis**

The regulations in 10 CFR 50.33(f) state, in part, that

> Except for an electric utility applicant for a license to operate a utilization facility of the type described in § 50.21(b) or § 50.22, information sufficient to demonstrate to the Commission the financial qualification of the applicant to carry out, in accordance with regulations in this chapter, the activities for which the permit or license is sought.

Further, 10 CFR 50.33(f)(5) states, in part that

> The Commission may request an established entity or newly-formed entity to submit additional or more detailed information respecting its financial arrangements and status of funds if the Commission considers this information to be appropriate. This may include information regarding a licensee's ability to continue the conduct of the activities authorized by the licensee and to decommission the facility.

Per the guidance in NUREG 1577, Revision 1, "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance" (Agencywide Documents Access and Management System (ADAMS) Accession No. ML013330264):

> The NRC [U.S. Nuclear Regulatory Commission] does not systematically review its power reactor licensees once it has issued an OL [operating license], other than for transfers discussed in Section III.1.e. However, section 50.33(f)(4) [50.33(f)(5) in the latest 10 CFR] states: "The Commission may request an established entity or newly-formed entity to submit additional or more detailed information respecting its financial arrangements and status of funds if the Commission considers this information to be appropriate. This may include information regarding a licensee's ability to continue the conduct of the activities authorized by the license and to decommission the facility." The NRC has used this provision only in limited situations and normally will not require licensees, including those that are not "electric utilities," to report on their financial qualifications at specified intervals [ ]. However, reviewers have and will continue to conduct general follow-up reviews of all licensees by screening trade and financial press reports, and other sources of information. Reviewers will use this information to determine whether to recommend any additional NRC action, including requests for additional information and the assignment of additional inspection resources to monitor the adequacy of plant safety performance.

On February 19, 2013, EFH filed its annual Form 10-K report with the SEC. In its submission, EFH stated, in part, that

> In 2009, we implemented a liability management program focused on improving our balance sheet by reducing the amount and extending the maturity of our outstanding debt. Activities under the liability management program do not include debt issued by Oncor or its subsidiary. Since inception, the program has resulted in the capture of $2.5 billion of debt discount and the extension of approximately $25.7 billion of debt maturities to 2017-2021. Activities to date have included debt exchanges, issuances and repurchases as well as amendments to, and extensions under, the Credit Agreement governing the TCEH [Texas Competitive Electric Holdings Company LLC] Senior Secured Facilities. As a result of these and other activities, we expect TCEH will have sufficient liquidity to meets its obligations until October 2014, at which time a total of $3.8 billion of the TCEH Term Loan Facilities matures.
>
> We may not be able to repay or refinance our debt as or before it becomes due, or obtain additional financing, particularly if wholesale electricity prices in ERCOT [Electric Reliability Council of Texas] doe not significantly increase and/or if environmental regulations are adopted that result in significant capital requirements, and the cost of any refinancing may be significant.
>
> We may not be able to repay or refinance our debt as or before it becomes due, including our maturities of $3.8 billion of TCEH Term Loan Facilities in October 2014, or we may only be able to refinance such amounts on terms that will increase our cost of borrowing or on terms that may be more onerous. Our ability to successfully implement any future refinancing of our debt will depend on, among other things, our financial condition and operating performance, which is subject to prevailing economic and competitive conditions, and to certain financial, business and other factors beyond our control, including, without limitation, wholesale electricity prices in ERCOT (which are primarily driven by the price of natural gas and ERCOT market heat rates), environmental regulations and general conditions in the credit markets. Refinancing may also be difficult because of general economic conditions, including the slow economic recovery, the possibility of rising interest rates and uncertainty with respect to U.S. fiscal policy. Because our credit ratings are significantly below investment grade, we may be more heavily exposed to these refinancing risks than other borrowers. In addition, the timing of additional financings may require us to pursue such financings at inopportune times, and we may be able to incur new financing only at significant cost...

In light of the information provided in the 10-K statement filed with the SEC, specifically, EFH's debt, credit rating, and current liquidity, please explain what, if any effect, these developments have on the ability of the licensee to meet the NRC's financial qualifications requirements and the effect these developments have on Luminant Holding Company LLC's support agreement for CPNPP, Units 1 and 2.

**Response to NRC Request for Additional Information**

**Background**

By letter dated October 11, 2012 (ML12312A157) logged as TXX-12149, Luminant Generation Company LLC (Luminant) submitted a license transfer application (LTA) requesting NRC's approval of proposed indirect license transfers associated with a planned internal restructuring of Energy Future Holdings Corp. (EFH). The LTA and supplemental information provided by Luminant included updated information regarding the financial qualifications of Luminant to continue to operate Comanche Peak Nuclear Power Plant (CPNPP) Units 1 and 2, and Independent Spent Fuel Storage Installation (ISFSI), including revenue projections with sensitivities for the following five years. The NRC issued an Order approving the license transfers associated with the internal restructuring of EFH dated February 22, 2013 (Order), which was supported by a Safety Evaluation dated February 22, 2013 (SE), and transmitted to Luminant by letter dated February 25, 2013 (ML13022A343).

The NRC's review of the proposed internal restructuring assessed the financial qualifications information provided by Luminant and concluded that Luminant "will continue to be financially qualified to hold the license[s]" following the proposed transfers (Page 6 of NRC SE). The LTA also proposed a $300 million Support Agreement to Luminant provided by Luminant Holding Company LLC (Luminant Holding) as additional financial assurance to support the financial qualification assessment. The SE included a review of financial information regarding Luminant Holding and the NRC's conclusion that Luminant Holding "has provided reasonable assurance of its ability to support the $300 million Support Agreement with Luminant." (Page 7 of NRC SE)

Following receipt of the Order and a private letter ruling from the Internal Revenue Service, EFH completed the proposed internal restructuring on April 15, 2013. As required by the Order, Luminant Holding executed the $300 million Support Agreement on April 15, 2013, and a copy was submitted to NRC by Luminant's letter dated April 16, 2013, and logged as TXX-13052 (ML13114A302).

The completion of the restructuring also is described in the Form 8-K filed by EFH with the Securities and Exchange Commission (SEC) on April 16, 2013, and available on the SEC's website at:

http://www.sec.gov/Archives/edgar/data/1023291/000119312513155511/d522062d8k.htm

As a result of the internal restructuring, EFH expects to have additional flexibility in structuring a transaction or transactions that will improve its balance sheet as part of its liability management program described below.

**Current Financial Qualifications**

The SE and Order concluded that Luminant is financially qualified as required by 10 CFR 50.33(f) and 50.80. The statements from EFH's 2012 Form 10-K cited in the RAI are not new public disclosures and do not alter or undermine the NRC's basis for its conclusion. Since early 2008, EFH and its other SEC reporting subsidiaries have publicly disclosed similar information regarding the size and maturities of their respective indebtedness obligations in their SEC filings. Indeed, as noted in the section of the Form 10-K cited in the RAI, EFH's liability management program to address its consolidated indebtedeness has been underway since late 2009. The program has been successful by capturing $2.5 billion of debt discount and extending the maturities of $25.7 billion of debt to 2017-2021. The quoted language notes, "we expect [TCEH] will have sufficient liquidity to meet its obligations until October 2014." As of March 31, 2013, TCEH has approximately $1.9 billion in liquidity. In addition, as stated in Luminant's LTA, CPNPP, Luminant, and Luminant Holding have, and will continue to have, on a stand-alone basis strong current cash flow and cash flow projections to ensure safe operation of the plant. Similarly, as NRC's review noted, Luminant Holdings has, and is expected to have on a go-forward basis, sufficient free cash flow to support its obligations under the $300 million dollar support agreement.

In addition, EFH has stated in its Form 10-K and its most recent Form 10-Q filed with the SEC on May 2, 2013, that it will continue to evaluate potential future transactions under its liability management program:

> At March 31, 2013, TCEH had $1.7 billion of cash and cash equivalents and $212 million of available capacity under its letter of credit facility. Based on the current forecast of cash from operating activities, which reflects current forward market electricity prices, projected capital expenditures and other cash flows, we expect that TCEH will have sufficient liquidity to meets its obligations until October 2014, at which time a total of $3.8 billion of the TCEH Term Loan Facilities matures. . . .
>
> EFH Corp. and its subsidiaries . . . continue to consider and evaluate possible transactions and initiatives to address their highly leveraged balance sheets and significant cash interest requirements and will likely from time to time enter into discussions with their lenders and bondholders with respect to such transactions and initiatives These transactions and initiatives may include, among others, debt for debt exchanges, recapitalizations, amendments to and extensions of debt obligations and debt for equity exchanges or conversions, including exchanges or conversions of debt of EFH Corp., EFIH [Energy Future Intermediate Holdings Company LLC], EFCH and TCEH into equity of EFH Corp., EFIH, EFCH, TCEH and/or any of their subsidiaries.

For these reasons, the statements noted in the RAI and similar statements do not undermine the NRC's basis for, or conclusion of, the current financial qualification of Luminant. Nonetheless, Luminant is aware of its obligations to inform the NRC in the event of a material change in the information previously provided, or as required by 10 CFR 50.54(cc).

**Future Financial Qualifications**

EFH's liability management program is ongoing.[1] Luminant and EFH are aware of their obligation to obtain prior written consent of the NRC before any transfer of control of EFH, EFCH, Luminant Holdings, Luminant, or CPNPP. If applicable, EFH and its affiliates will prepare an application for such consent at the earliest time that sufficient information becomes available to submit such an application.

The efforts being undertaken pursuant to EFH's liability management program are expected to improve the overall financial condition of EFH and its subsidiaries, including Luminant Holdings and Luminant, which will ensure continued adequate funding for the on-going safe operation of CPNPP Units 1 and 2. Moreover, the information provided in connection with NRC's recent financial qualifications review demonstrate that both CPNPP Units 1 and 2 taken alone, and Luminant taken as a whole, generate substantial positive free cash flow. As such, Luminant remains confident that it will continue to have access to the funds necessary to assure the safe operation of CPNPP Units 1 and 2, including access to the $300 million Support Agreement.

[1] A separate SEC Form 8-K filed April 15, 2013 describes development in the ongoing liability management program. The Form 8-K is available on the SEC's website at: http://www.sec.gov/Archives/edgar/data/1023291/000119312513155230/d521970d8k.htm

Finally, Luminant continues to have access to a non-bypassable charge for the collection of decommissioning funds from ratepayers under applicable Texas law. Thus, even in the unlikely event of an unanticipated premature shutdown of either CPNPP Units 1 or 2, adequate funds would be available to assure its safe shutdown and storage including the ISFSI. We believe that this charge provides ample protection of the public health and safety, as required by the Atomic Energy Act and NRC's regulations.