

Part 1 General and Financial Information

1.0 Introduction

~~Due to the ownership restructuring discussed herein, and the associated changes, Part 1 is being resubmitted in its entirety. Therefore, no revision bars will be included in this Part.~~ Effective January 28, 2009, STP 3 & 4 Investments LLC changed its name to Nuclear Innovation North America (NINA) LLC. NRG South Texas 3 LLC changed its name to NINA Texas 3 LLC ("NINA 3"), and NRG South Texas 4 LLC changed its name to NINA Texas 4 LLC ("NINA 4").

This Combined License Application (COLA) is submitted by the STP Nuclear Operating Company (STPNOC) on behalf of itself, ~~NRG-South~~ NINA Texas 3 LLC ("NINA 3") and ~~NRG-South~~ NINA Texas 4 LLC ("NINA 4"), and the City of San Antonio, Texas, acting by and through the City Public Service Board (CPS Energy), for the construction and operation of two nuclear powered generating plants designated as South Texas Project Units 3 & 4 (STP 3 & 4). In addition, special nuclear material licenses, by-product material licenses, and source material licenses as required for construction and operation are requested.

STP 3 & 4 will each utilize the NRC-Certified Advanced Boiling Water Reactor (ABWR) light water reactor design. This COLA presents descriptions and analyses of the station design, and incorporates by reference Appendix A to 10 CFR Part 52 as required by Section III.B of that Appendix.

The Application has been divided into parts as follows:

Part 1 - General and Financial Information

Part 2 - Final Safety Analysis Report

Part 3 - Environmental Report

Part 4 - Plant-Specific Technical Specifications

Part 5 - Emergency Plan

Part 6 - Site Redress Plan

Part 7 - Generic DCD Departures Report

Part 8 - Security Plans (under separate cover)

Part 9 - Inspections, Tests, Analyses, and Acceptance Criteria (ITAAC)

Part 10 - Proprietary Information

Part 11 - Mitigative Strategies Report 10 CFR 52.80(d)

Two complete COLAs ~~are~~ were submitted ~~herein~~. One includes ~~sd~~ proprietary and security sensitive information that is subject to a request for withholding from public dissemination. The other has such information redacted and is available for public dissemination.

Subsequent COLA revisions will submit only the COLA Parts impacted by the current revision. The unaffected COLA Parts will remain valid at their last submittal revision level.

Proprietary information shall be marked in the COLA file as follows:

The beginning of the proprietary information shall be marked with the designation '[s#]' and the designation '[e#]' at the end of the proprietary information. The "#" shall be a number between 1 and 7, denoting the reason the information is being requested to be withheld from public disclosure as proprietary. The number designation is in accordance with NRC Regulatory Issue Summary 2004-11: "Supporting Information Associated with Requests for Withholding Proprietary Information."

The number designators indicating the reason the information is being requested to be withheld from public disclosure as proprietary, are as follows:

- (1) The information is considered Security Sensitive. (Short title: Security Sensitive)
- (2) The information reveals the distinguishing aspects of a process (or component, structure, tool, method, etc.) whose use by any of the submitter's competitors, without a license from the submitter, would constitute a competitive economic disadvantage to the submitter. (Short Title: Distinguishing Aspects of a Process)
- (3) The information consists of supporting data, including test data, relative to a process (or component, structure, tool, method, etc.), and the application of the data secures a competitive economic advantage, as described more fully in the affidavit. (Short Title: Supporting Data Relative to a Process)
- (4) Use by a competitor of the information would reduce the competitor's expenditure of resources, or improve its competitive position, in the design, manufacture, shipment, installation, assurance of quality, or licensing of a similar product. (Short Title: Competitive Advantage)
- (5) The information reveals cost or price information, production capacities, budget levels, or commercial strategies of the submitter or customers or suppliers. (Short Title: Financial and Commercial)
- (6) The information reveals aspects of privately funded development plans or programs of commercial value to the submitter or owner of the information. (Short Title: Development Plans)
- (7) The information consists of patentable ideas. (Short Title: Patentable Ideas)

The number will serve as notification to the NRC of the reason the information is being requested to be withheld from public disclosure.

1.1 License Actions Requested

The purpose of this COLA is to obtain NRC approval to construct and operate two nuclear powered generating plants. The plants will be located at the existing South Texas Project Electric Generating Station in Matagorda County, Texas.

In support of this objective, STPNOC requests the following license actions:

- License STPNOC pursuant to Section 103 of the Atomic Energy Act of 1954, as amended (the Act), and 10 CFR Part 52 to construct, possess, use, and operate South Texas Project Unit 3 at the designated location in Matagorda County, Texas. It is requested that the term of the license be for a period of 40 years from the date on which the Commission makes a finding that acceptance criteria are met under 10 CFR 52.103(g) or allowing operation during an interim period under the combined license under 10 CFR 52.103(c), and contain provisions that include the applicable licenses under 10 CFR Parts 30, 40, and 70 to receive, possess, and use at any time such quantities of source, byproduct, and special nuclear material as needed to construct and operate the utilization facility.
- License ~~NRG-South~~NINA Texas 3 LLC and the City of San Antonio, Texas, acting by and through the City Public Service Board (CPS Energy) pursuant to Section 103 of the Act and 10 CFR Part 52 to possess South Texas Project Unit 3, each owning a 50% undivided interest, at the designated location in Matagorda County, Texas. It is requested that the term of the license be for a period of 40 years from the date on which the Commission makes a finding that acceptance criteria are met under 10 CFR 52.103(g) or allowing operation during an interim period under the combined license under 10 CFR 52.103(c).
- License STPNOC pursuant to Section 103 of the Act and 10 CFR Part 52 to construct, possess, use, and operate South Texas Project Unit 4 at the designated location in Matagorda County, Texas. It is requested that the term of the license be for a period of 40 years from the date on which the Commission makes a finding that acceptance criteria are met under 10 CFR 52.103(g) or allowing operation during an interim period under the combined license under 10 CFR 52.103(c), and contain provisions that include the applicable licenses under 10 CFR Parts 30, 40, and 70 to receive, possess, and use at any time such quantities of source, byproduct, and special nuclear material as needed to construct and operate the utilization facility.
- License ~~NRG-South~~NINA Texas 4 LLC and the City of San Antonio, Texas, acting by and through the City Public Service Board (CPS Energy) pursuant to Section 103 of the Act and 10 CFR Part 52 to possess South Texas Project Unit 4, each owning a 50% undivided interest, at the designated location in Matagorda County, Texas. It is requested that the term of the license be for a period of 40 years from the date on which the Commission makes a finding that acceptance criteria are met

under 10 CFR 52.103(g) or allowing operation during an interim period under the combined license under 10 CFR 52.103(c).

1.2 General Information

The applicants for STP 3 & 4 are ~~NRG-South~~NINA Texas 3 LLC, ~~NRG-South~~NINA Texas 4 LLC, CPS Energy, and STPNOC as described in the requested license actions above. The required general information for the applicants is provided below separated by applicant.

Nuclear Innovation North America LLC

Nuclear Innovation North America LLC (NINA) is a newly formed company whose focus is to market and promote ABWR nuclear technology, and develop ABWR nuclear power generation facilities in the U.S. NINA was formed in February 2008 by NRG Energy, Inc. (NRG or NRG Energy). On February 29, 2008, Toshiba Corporation (Toshiba) entered into agreements with NRG to invest up to \$300 million in NINA in return for 12% of the membership interests, with NRG owning the remaining 88%. The parties closed on the joint venture transaction on May 1, 2008.

NINA's principal offices are located at:

521 Fifth Avenue, 30th Floor
New York, NY 10175

The name, address, and citizenship of each director and principal officer of NINA are provided in Table 1.2-1.

NRG Energy, Inc.

NRG Energy, Inc. (NRG) is a wholesale power generation company with a significant presence in major competitive power markets in the United States. NRG is engaged in the ownership, development, construction and operation of power generation facilities, the transacting in and trading of fuel and transportation services, and the trading of energy, capacity and related products in the United States and select international markets. As of December 31, 2007, NRG had a total global portfolio of 191 active operating generation units at 49 power generation plants, with an aggregate generation capacity of approximately 24,115 MW, and approximately 740 MW under construction which includes partners' interests. Within the United States, NRG has one of the largest and most diversified power generation portfolios in terms of geography, fuel-type and dispatch levels, with approximately 22,880 MW of generation capacity in 175 active generating units at 43 plants. These power generation facilities are primarily located in Texas (approximately 10,805 MW), the Northeast (approximately 6,980 MW), South Central (approximately 2,850 MW), and West (approximately 2,130 MW) regions of the United States, with approximately 115 MW of additional generation capacity from NRG's thermal assets.

NRG's principal offices are located at:

211 Carnegie Center
Princeton, NJ 08540

The name, address, and citizenship of each director and principal officer of NRG are provided in Table 1.2-2.

~~NRG-South~~NINA Texas 3 LLC and ~~NRG-South~~NINA Texas 4 LLC

~~NRG-South~~NINA Texas 3 LLC and ~~NRG-South~~NINA Texas 4 LLC (the NRG Licensees) operate in the state of Texas and will be indirectly majority-owned and controlled by NRG Energy, Inc. (NRG Energy), which has a controlling interest in Nuclear Innovation North America LLC (NINA) Through its wholly owned subsidiaries, NINA will own 100% of ~~NRG-South~~NINA Texas 3 LLC and ~~NRG-South~~NINA Texas 4 LLC. NINA itself is a joint venture currently owned 88% by NRG Energy and 12% by Toshiba America Nuclear Energy Corporation (Toshiba America Nuclear). Toshiba America Nuclear Energy Corporation is a wholly owned subsidiary of Toshiba America, Inc., a Delaware corporation, which is a wholly owned subsidiary of Toshiba Corporation, a Japanese corporation. The existing ownership structure of these companies is reflected in Figure 1.12-1.

Because Toshiba America Nuclear is only a minority (12%), non controlling investor in an intermediate holding company in the corporate ownership chain of the NRG Licensees, further detailed corporate information is not provided regarding the various direct, intermediate, and ultimate parent companies of the Toshiba America Nuclear.

NRG Energy is incorporated in the State of Delaware and was formed in 1992 as the non utility subsidiary of Northern States Power Company, which was itself merged into New Century Energies, Inc. to form Xcel Energy, Inc., in 2000. NRG Energy is no longer affiliated with Northern States Power or Xcel Energy, Inc. NRG Energy is a wholesale power generation company that is publicly owned and traded on the New York Stock Exchange. It primarily engages in the ownership and operation of power generation facilities, the transacting in and trading of fuel and transportation services, and the marketing and trading of energy, capacity and related products in the United States and internationally. NRG Energy has a diverse portfolio of electric generation facilities in terms of geography, fuel type, and dispatch levels. In the Texas deregulated electricity market, ~~NRG-South~~NINA Texas 3 LLC and ~~NRG-South~~NINA Texas 4 LLC will sell their portions of the electrical energy produced at STP to the general ERCOT market described below.

Nuclear Innovation North America LLC
~~STP 3&4~~NINA Investments LLC
~~NRG-South~~NINA Texas 3 LLC
~~NRG-South~~NINA Texas 4 LLC
521 5th Avenue, 30th Floor
New York, New York 10175

NRG Energy, Inc.
211 Carnegie Center
Princeton, New Jersey 08540

The name, address, and citizenship of the directors and officers of the corporations are provided in Table 1.2-3.

CPS Energy

CPS Energy is a Texas municipal utility and an independent Board of the City of San Antonio. The City of San Antonio, Texas acquired its electric and gas utilities in 1942 from the American Light and Traction Company, which had been ordered by the federal government to sell properties under provisions of the Holding Company Act of 1935. Today, CPS Energy is the nation's largest municipally owned energy company providing both natural gas and electric service, serving more than ~~680,000~~690,000 electric customers and approximately 320,000 natural gas customers in and around the seventh largest city in the United States. CPS Energy has earned the highest financial rating of any municipal gas and electric system in the nation.

CPS Energy
145 Navarro
San Antonio, Texas 78205

CPS Energy
PO Box 1771
San Antonio, Texas 78296

The names, addresses, and citizenship of the trustees and senior executive team members of CPS Energy are provided in Table 1.2-4.

STP Nuclear Operating Company

Pursuant to an Operating Agreement between the participants of STP 1 & 2, STPNOC is responsible for the licensing, operation, maintenance, modification, decontamination, and decommissioning of STP 1 & 2, and for the construction of any additional generating units and support facilities that may be constructed at the South Texas Project Electric Generating Station. The participants are liable for payments that are chargeable to STP 1 & 2 in proportion to each of the participant's respective undivided ownership interest in STP 1 & 2. The participants in STP 3 & 4 are liable for payments chargeable to STP 3 & 4 in proportion to each of the participant's respective undivided ownership interest in STP 3 & 4. Common facilities charges are shared by the STP 1 & 2 and STP 3 & 4 participants. STPNOC will operate STP 3 & 4 pursuant to amended terms of the existing Operating Agreement or another appropriate arrangement. STPNOC is a Texas non-profit corporation.

STP Nuclear Operating Company
4000 Avenue F
Bay City, Texas 77414

The name, address, and citizenship of the directors and officers of STPNOC are provided in Table 1.2-5

Regulatory Agencies with Jurisdiction over Rates and Services

Retail Service Rates:

Under the Texas Public Utility Regulatory Act (“PURA”), significant original jurisdiction over the rates, services, and operations of “electric utilities” is vested in the Public Utility Commission of Texas (PUCT). In this context, “electric utility” means an electric investor-owned utility. Since the electric deregulation aspects of PURA became effective on January 1, 2002, the PUCT’s jurisdiction over electric investor-owned utility (“IOU”) companies primarily encompasses only the transmission and distribution functions.

The Public Utility Commission of Texas (PUCT) has jurisdiction over the electric market in the Electric Reliability Council of Texas (ERCOT) region. That authority is focused on wholesale and retail market oversight, customer protection rules, utility (delivery) ratemaking and oversight, reliability compliance, and matters related to the transition to the competitive market, such as oversight of nuclear decommissioning trusts of existing nuclear plants in ERCOT. Traditional retail ratemaking for much of the ERCOT region has been replaced with a “customer choice” model where retail rates are established in a competitive market, subject to PUCT customer protection rules. Likewise, the wholesale electric market pricing is set by competitive processes (under the market oversight of the PUCT and a Wholesale Market Monitor selected by the PUCT), both through bilateral power agreements and as part of ERCOT ancillary service auctions. The ERCOT corporate organization serves as the independent system operator responsible for transmission system open access, energy scheduling and accounting, transmission control area management, system planning, and support of the competitive retail market and financial settlement of the wholesale market. Municipal utilities, including CPS Energy, and electric cooperatives have authority to acquire energy and set retail rates under their own authority and may choose to be exempt from the competitive market.

PURA generally excludes municipally-owned utilities (“Municipal Utilities”), such as CPS Energy, from PUCT jurisdiction, although the PUCT has jurisdiction over electric wholesale transmission rates. Under the PURA, a municipal governing body or the body vested with the power to manage and operate a Municipal Utility such as CPS Energy has exclusive jurisdiction to set rates applicable to all services provided by the Municipal Utility with the exception of electric wholesale transmission activities and rates. Unless and until the City Council and Board choose to opt-in to electric retail competition, CPS Energy retail service electric rates are subject to appellate, but not original rate regulatory jurisdiction by the PUCT in areas that CPS Energy serves outside the San Antonio City limits. To date, no such appeal to the PUCT of CPS Energy retail electric rates has ever been filed. CPS Energy is not subject to the annual PUCT gross receipts fee payable by electric utilities.

Transmission Access and Related Rate Regulation:

ERCOT manages the flow of electric power to approximately 20 million Texas customers, representing 85 percent of the state's electric load and 75 percent of the Texas land area. As the independent system operator for the region, ERCOT schedules power on an electric grid that connects 38,000 miles of high-voltage transmission lines and more than 500 generation units. ERCOT also manages financial settlements for the competitive wholesale bulk-power market and administers customer switching for 5.9 million Texans in competitive choice areas. ERCOT is a membership-based nonprofit corporation, governed by a board of directors and subject to oversight by the PUCT and the Texas Legislature. ERCOT's members include retail consumers, investor- and municipal-owned electric utilities, rural electric cooperatives, river authorities, independent generators, power marketers and retail electric providers.

Pursuant to amendments made by the Texas Legislature in 1995 to the PURA ("PURA95"), Municipal Utilities, including CPS Energy, became subject to the regulatory jurisdiction of the PUCT for transmission of wholesale energy. PURA95 requires the PUCT to establish open access transmission on the interconnected Texas grid for all utilities, co-generators, power marketers, independent power producers and other transmission customers.

The 1999 Texas Legislature amended the PURA95 to expressly authorize rate authority over Municipal Utilities for wholesale transmission and to require that the postage stamp method be used exclusively for pricing wholesale transmission transactions. The PUCT in late 1999 amended its transmission rule to incorporate fully the postage stamp pricing method which sets the price for transmission at the system average for ERCOT. CPS Energy's wholesale open access transmission charges are set out in tariffs filed at the PUCT, and are based on its transmission cost of service approved by the PUCT, representing CPS' input to the calculation of the statewide postage stamp pricing method. The PUCT's rule, consistent with provisions in PURA §35.005(b), also provides that the PUCT may require construction or enlargement of transmission facilities in order to facilitate wholesale transmission service.

Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

Electric Reliability Council of Texas
7620 Metro Center Drive
Austin, Texas 78744

Trade and News Publications

Table 1.2-6 provides a list of trade and news publications that would be appropriate to provide reasonable notice of the application to those municipalities, private utilities, public bodies, and cooperatives that might have a potential interest in the facility.

1.3 Financial Qualifications

Tables 1.3-1 and 1.3-3 provide a summary of project costs for Units 3 and 4 as estimated by NINA and CPS Energy, respectively. Project costs are shown on a 100% basis, of which, ~~NRG South~~NINA Texas 3 LLC and ~~NRG South~~NINA Texas 4 LLC and CPS Energy would each fund its respective share of the Project. Due to differences in cost assumptions, methods of financing, etc., the project cost estimates are not exact matches. However, the total project cost estimates are comparable, and as shown in Tables 1.3-2 and 1.3-4, ~~NRG South~~NINA Texas 3 LLC, ~~NRG South~~NINA Texas 4 LLC and CPS Energy each demonstrates the ability to fund its pro rata share of the Project utilizing its respective sources of funding.

Table 1.3-5 provides the operations and maintenance costs for the first five years for Unit 3 and Unit 4. The sources to cover the operating costs for NINA will come from the sale of electricity through Power Purchase Agreements (PPAs). A description of the PPAs is provided in Table 1.3-6.

CPS Energy is an "electric utility" as defined in 10 CFR 50.2 and in COL-ISG-02, "Interim Staff Guidance on Financial Qualifications of Applicants for Combined License Applications," and therefore, in accordance with 10 CFR 50.33(f), CPS Energy is not required to provide detailed O&M finance estimates as part of this submittal.

The financial qualifications of the proposed licensees are demonstrated through the information provided in Tables 1.3-1 through 1.3-6. Further background information is provided below.

All tables referenced above are proprietary and confidential, and should be withheld from public disclosure.

Nuclear Innovation North America LLC

NINA is a newly formed company whose focus is to market and promote ABWR nuclear technology, and develop ABWR nuclear power generation facilities in the U.S. NINA was formed in February 2008 by NRG. On February 29, 2008, Toshiba entered into agreements with NRG to invest up to \$300 million in NINA in return for 12% of the membership interests, with NRG owning the remaining 88%. The parties closed on the joint venture transaction on May 1, 2008. In addition to its \$300 million investment, Toshiba has extended EPC terms exclusively to NINA for an additional four units beyond STP 3&4 in order to facilitate the development of additional ABWR plants in the U.S. With the support of its shareholders, NINA is uniquely positioned to lead the nuclear renaissance in the U.S. with ABWR as the nuclear technology of choice. NINA intends to use the combination of NRG's leadership position in the power generation industry along with Toshiba's premier position in nuclear engineering, design and construction to develop and build its own new nuclear units as well as provide value added solutions to other companies pursuing new nuclear development.

NRG Energy

NRG Energy provides the following information required by 10 CFR 50.33(f), 10 CFR 50 App C, and NUREG-1577, Rev. 1 to demonstrate that NRG Energy possesses or has reasonable assurance of obtaining the funds necessary to cover estimated construction costs and related fuel cycle costs.

NRG Energy is among the largest independent power producers in the U. S. with a proven track record of developing, constructing and operating power generation facilities. As of December 31, 2007, NRG had a total global portfolio of 191 active operating generation units at 49 power generation plants, with an aggregate generation capacity of approximately 24,115 MW, and approximately 740 MW under construction. Within the U.S., NRG is the 2nd largest unregulated generation company by capacity. NRG has one of the most diversified power generation portfolios in terms of geography, fuel-type and dispatch levels. NRG's principal domestic power plants consist of a diversified mix of natural gas, coal, oil-fired and nuclear facilities.

NRG's financial profile is robust, characterized by significant free cash flow generation and prudent financial and capital management. For the year ended December 31, 2007, NRG generated approximately \$1 billion of free cash flow and had total assets of approximately \$19 billion. The company aggressively manages its credit profile, and targets credit metrics well beyond its stipulated ratings from the credit rating agencies. At December 31, 2007, NRG maintained a Debt to Total Capitalization ratio of 59% and Debt to EBITDA of 3.9x. Commensurate with aggressively managing its credit profile, NRG employs a disciplined approach to capital allocation. The process within NRG of devoting capital to new projects is a rigorous one, with only the most deserving projects receiving funding. To date, NRG together with CPS has devoted over \$175 million to the development of STP 3 & 4.

Further detailed financial information on NRG may be found at www.sec.gov or at www.nrgenergy.com.

CPS Energy

CPS Energy is the trademarked name through which the City of San Antonio, acting by and through the City Public Service Board, does business. CPS Energy is a Texas municipal utility and an independent Board of the City of San Antonio. CPS Energy generates and distributes electricity and recovers the cost of this electricity through rates approved by its rate regulator, the City of San Antonio, thus meeting the definition of an "electric utility" in 10 CFR 50.2. Therefore, CPS Energy is exempt from financial qualification review for the operating license pursuant to 10 CFR 50.33(f) and in accordance with Section III.1.b. of NUREG-1577, Rev. 1. Information regarding CPS Energy's financial qualifications to support the construction of STP 3 & 4 is provided below.

In its most recent bond offering, CPS Energy received "investment-grade" ratings for its Bonds and Commercial Paper from Fitch Ratings, Moody's Investors Service, Inc., and Standard and Poor's Ratings Service, including ratings from these agencies for its senior lien bonds of "AA+", "Aa1", and "AA", respectively. Further detailed financial

information regarding CPS Energy is provided in its Annual Reports and Bond Official Statements available at “www.cpsenergy.com.”

The CPS Energy electric system serves a territory consisting of substantially all of Bexar County and small portions of the adjacent counties of Comal, Guadalupe, Atascosa, Medina, Bandera, Wilson, and Kendall. Certification of this service area has been approved by the PUCT. CPS Energy is currently the exclusive provider of electric service within this service area, including the provision of electric service to some Federal military installations located within the service area that have their own distribution facilities.

In addition to the area served at retail rates, CPS Energy sells wholesale electricity to the Floresville Electric Light & Power System, the City of Hondo, and the City of Castroville. These three wholesale supply agreements have remaining terms ranging from less than one to ten years until expiration, although all of the agreements provide for extensions. Discussions are ongoing with all three entities to renew their respective long-term wholesale power agreements. Additionally, CPS Energy has recently entered into several one-year wholesale supply agreements with other various municipalities and cooperatives. CPS Energy plans to seek additional opportunities to enter into long-term wholesale electric power agreements in the future. The requirements under the existing and any new wholesale agreements would be firm energy obligations of CPS Energy.

The CPS Energy gas system serves the City of San Antonio (the City) and its environs, although there is no certificated CPS Energy gas service area. In Texas, no legislative provision or regulatory procedure exists for certification of natural gas service areas. As a result, CPS Energy competes against other gas supplying entities on the periphery of its service area. Pursuant to the authority provided by Section 181.026, Texas Utilities Code, among other applicable laws, the City has executed a license agreement (“License Agreement”) with the City of Grey Forest, Texas (“Licensee”), dated as July 28, 2003, for a term through May 31, 2028. Pursuant to this License Agreement, the City permits the Licensee to provide, construct, operate and maintain certain natural gas lines within the boundaries of the City which it originally established in 1967 and to provide extensions and other improvements thereto upon compliance with the provisions of the License Agreement and upon the payment to the City of a quarterly license fee of 3.0% of the gross revenues received by the Licensee from the sale of natural gas within the Licensed Area (as defined in the License Agreement). Thus, in the Licensed Area, CPS Energy is in direct competition with Grey Forest Utilities as a supplier of natural gas.

CPS Energy also has 20-year Franchise Agreements with 28 incorporated communities in the San Antonio area. These Franchise Agreements permit CPS Energy to operate its facilities in the city’s streets and public ways in exchange for a franchise fee of 3.0% on electric and natural gas revenues earned within their respective municipal boundaries. Of these 28 agreements, 24 expire in 2010; the others expire in 2011, 2017, 2023 and 2024.

1.4 Decommissioning Funding Assurance

The plant owners certify that prior to initial fuel load they will provide assurance for funding decommissioning based upon the NRC minimum “formula” amount calculated pursuant to 10 CFR 50.75(c). Table 1.4-1 provides the current calculation of the NRC formula amount, which is the same for STP 3 and STP 4. This amount will be adjusted annually in accordance with 10 CFR 50.75(b)(2). The plant owners’ funding proposals to cover those costs in accordance with 10 CFR 50.75 are set forth below.

CPS Energy will provide decommissioning funding assurance for its proportionate obligation for decommissioning based upon its percentage interests in each unit using the external sinking fund method as provided for in 10 CFR 50.75(e)(1)(ii). CPS Energy qualifies to use this as its exclusive mechanism under the provisions of 10 CFR 50.75(e)(1)(ii)(A), because it is a municipality that establishes its own rates and is able to recover its cost of service allocable to decommissioning. In accordance with the requirements of 10 CFR 50.75(e)(1)(ii), CPS Energy will set aside funds periodically, no less frequently than annually, in a trust fund account segregated from its assets and outside its administrative control and in which the total amount of funds will be sufficient to fund decommissioning at the time permanent cessation of operations is expected.

In accordance with the terms of 10 CFR 50.75(e)(1)(vi), ~~NRG-South~~NINA Texas 3 LLC and ~~NRG-South~~NINA Texas 4 LLC (the NRG Licensees) will provide decommissioning funding assurance for their proportionate obligations for decommissioning based upon their percentage interests in each unit as described in Section 1.1 above using the external sinking fund method consistent with the provisions of 10 CFR 50.75(e)(1)(ii), except that the NRG Licensees will not ordinarily collect funding from ratepayers. In accordance with the requirements of 10 CFR 50.75(e)(1)(ii), the NRG Licensees will set aside funds periodically, no less frequently than annually, in a trust fund account segregated from their assets and outside of their administrative control and in which the total amount of funds will be sufficient to fund decommissioning at the time permanent cessation of operations is expected. However, the funds periodically set aside are expected to be generated from sales of power. Although the NRG Licensees do not technically qualify to use the external sinking fund method as their exclusive mechanism under the provisions of 10 CFR 50.75(e)(1)(ii)(A)&(B), exclusive reliance of this mechanism should be acceptable, because pursuant to House Bill 1386 passed by the Texas Legislature on May 28, 2007 and signed into law by the Governor on June 15, 2007, Texas Law effective September 1, 2007, provides that ratepayers would be obligated to fund the total cost of decommissioning in the event that the NRG Licensees fail to periodically set aside funds as planned. Tex. Util. Code Ann. § 39.206 (Vernon 1998 and Supp. 2007). Thus, if the NRG Licensees do not provide periodic funding from their own revenues, Texas Law would provide for a mechanism for funding decommissioning that does meet the requirements of 10 CFR 50.75(e)(1)(ii)(A).

A Decommissioning Report and certifications are provided in Table 1.4-1 consistent with the requirements of 10 CFR 50.75(b) and 10 CFR 50.75(e)(3).

1.5 Foreign Ownership Restrictions

CPS Energy

CPS Energy is a Texas municipal utility and an independent Board of the City of San Antonio. CPS Energy is neither owned, controlled, nor dominated by an alien, foreign corporation or foreign government.

NRG Energy

~~NRG-South~~NINA Texas 3 LLC and ~~NRG-South~~NINA Texas 4 LLC operate in the state of Texas and will be indirectly majority-owned and controlled by NRG Energy, Inc. (NRG Energy), which has a controlling interest in Nuclear Innovation North America LLC (NINA). Through its wholly owned subsidiaries, NINA will own 100% of ~~NRG-South~~NINA Texas 3 LLC and ~~NRG-South~~NINA Texas 4 LLC. NINA itself is a joint venture currently owned 88% by NRG Energy and 12% by Toshiba America Nuclear Energy Corporation (Toshiba America Nuclear). Toshiba America Nuclear is a wholly owned subsidiary of Toshiba America, Inc., a Delaware corporation, which is a wholly owned subsidiary of Toshiba Corporation, a Japanese corporation. The existing ownership structure of these companies is reflected in Figure 1.12-1. Toshiba America Nuclear itself is indirectly owned, controlled and dominated by a foreign corporation. However, Toshiba America Nuclear is only a minority (12%), non-controlling investor in an intermediate holding company in the corporate ownership chain of the NRG Licensees. NINA is controlled by NRG Energy, which owns 88% of NINA, and Toshiba America Nuclear is not able to exercise domination or control over NINA or any of the subsidiaries controlled by NINA.

Section 13(d) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78m(d), requires that a person or entity that owns or controls more than 5% of the securities of a company must file notice with the Securities and Exchange Commission (SEC). Based upon filings with the SEC, NRG Energy is not aware of any alien, foreign corporation, or foreign government that holds or may hold more than 5% of the securities of NRG Energy.

The directors and executive officers of NRG Energy are United States citizens, except for two executive officers. The two executive officers with foreign citizenship will not be able to exercise control over NRG Energy. As such, neither NRG Energy, nor the subsidiaries that it controls are owned, controlled, or dominated by any alien, foreign corporation, or foreign government.

Based upon the above information, there is no reason to believe that ~~NRG-South~~NINA Texas 3 LLC or ~~NRG-South~~NINA Texas 4 LLC are or will be owned, controlled, or dominated by any alien, foreign corporation, or foreign government.

1.6 Restricted Data and Classified National Security Information

The COLA for STP 3 & 4 does not contain any Restricted Data or other Classified National Security Information, nor does it result in any change in access to any Restricted Data or Classified National Security Information. In addition, it is not expected that activities conducted in accordance with the proposed combined license will involve such information. In compliance with Section 145(a) of the Act and 10 CFR 50.37, the applicants agree that they will not permit any individual to have access to or any facility to possess Restricted Data or Classified National Security Information until the individual and/or facility has been approved for such access under the provisions of 10 CFR Part 25 and/or 10 CFR Part 95.

Table 1.2-1 Officers and Directors of Nuclear Innovation North America LLC

Nuclear Innovation North America LLC
521 Fifth Avenue, 30th Floor
New York, NY 10175

Contact Name	Position / Title	Citizenship
<u>Officers</u>		
Steve Winn	President and CEO	United States
John Bates	Chief Operating Officer	United States
Bruce Chung	Chief Financial Officer	United States
Jamey Seely	General Counsel and Secretary	United States
David Galvin	Sr. Vice President, Finance & Strategy	United States
<u>Directors</u>		
David Crane	Manager	United States
Drew Murphy	Alternate Manager	United States
Yasuharu Igarashi	Manager	Japan
Hiroshi Sakamoto	Alternate Manager	Japan

Table 1.2-2 Officers and Directors of NRG Energy, Inc.

NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540

Contact Name	Position / Title	Citizenship
<u>Officers</u>		
David Crane	President and CEO	United States
Robert Flexon	EVP and Chief Operating <u>Financial</u> Officer	United States
Clint Freeland	SVP and Chief Financial Officer	United States
Kevin Howell	Regional <u>Executive Vice President and</u> President, Texas <u>Region</u>	United States
Michael Liebelson	Chief Development Officer, Low Carbon Technology <u>Executive Vice President, Renewables</u>	United States
Jonathan Baliff	Executive Vice President, <u>Strategy</u>	United States
Drew Murphy	Executive Vice President <u>and President, Northeast Region</u>	United States
John Ragan	Executive Vice President <u>and Chief Operations Officer</u>	United States
Jeff Baudier	Senior Vice President and Regional President, South Central <u>Region</u>	United States
Steve Hoffmann	Senior Vice President and Regional President, West <u>Region</u>	United States
Jim Ingoldsby	Vice President and Chief Accounting Officer	United States
Denise Wilson	<u>Executive Vice President and</u> Chief Administrative Officer	United States
<u>Michael Bramnick</u>	<u>Senior Vice President and General Counsel</u>	<u>United States</u>
<u>Mauricio Gutierrez</u>	<u>Executive Vice President, Commerical Operations</u>	<u>Mexico</u>
<u>Directors</u>		
Howard Cosgrove	Chairman and Director	United States
John Chlebowski	Director	United States
Lawrence Coben	Director	United States
David Crane	Director, President and CEO	United States
Stephen Cropper	Director	United States
William Hantke	Director	United States
Paul Hobby	Director	United States
Anne Schaumburg	Director	United States
Herbert Tate	Director	United States
Thomas Weidemeyer	Director	United States
<u>Kathleen McGinty</u>	<u>Director</u>	<u>United States</u>
Walter Young	Director	United States
<u>Kirbyjon H. Caldwell</u>	<u>Director</u>	<u>United States</u>

Table 1.2-3 Directors and Officers of ~~NRG-South~~NINA Texas 3 LLC, ~~NRG-South~~NINA Texas 4 LLC, and their Parent Companies

~~STP-3&4~~ **Nuclear Innovation North America** Investments LLC

~~NRG-South~~NINA Texas 3 LLC

~~NRG-South~~NINA Texas 4 LLC

521 Fifth Avenue, 30th Floor

New York, NY 10175

Name	Position	Citizenship
Winn, Steve	President	US
David Galvin	VP	US
Raymond Salort	VP	US
Daniels, Edmund	VP & Secretary	US
Sotos, Christopher	VP; Treasurer	US

Table 1.2-4 Trustees and Senior Executive Team of CPS Energy

City Public Service Board of San Antonio, Texas

(CPS Energy)

P.O. Box 1771

San Antonio, Texas 78296

Name	Position	Citizenship
Bartley, Stephen L.	Deputy <u>Interim</u> General Manager	US
Geis, Aurora	<u>Chair, Board of Trustees</u>	US
Gold-Williams, Paula Y.	Exec VP; CFO	US
<u>Castro, Julian</u> Hardberger, Phil	Mayor; ex-officio Trustee	US
Hennigan, Stephen S.	Trustee	US
Howard, Derick	Trustee	US
Kotara, Michael K.	Exec VP	US
Lee, Milton B.	General Manager and CEO	US
<u>Moore, John</u> Lujan, Al	Exec VP	US
<u>Guevera, Homer</u> Sanchez, Alvaro, Jr.	Trustee	US
Shellman, Carolyn E.	Sr-Exec VP; Gen Counsel	US
<u>Eugster, Cris</u>	<u>Exec VP</u>	<u>US</u>

Table 1.2-5 Directors and Officers of STP Nuclear Operating Company

STP Nuclear Operating Company				
Name	Position	Citizenship	Address	
Crane, David	Director	US	211 Carnegie Center Princeton, NJ 08540	
Crenshaw, John	VP Engineering & Construction, Units 3 & 4	US	PO Box 289 Wadsworth, TX 77483	
Halpin, Ed	Chief Nuclear Officer	US	PO Box 289 Wadsworth, TX 77483	
<u>Mele, Cheryl</u> Kirksey, Chris	Director	US	721 Barton Springs Road Austin, TX 78704	
McBurnett, Mark	VP Oversight / Regulatory Affairs, Units 3 & 4	US	PO Box 289 Wadsworth, TX 77483	
Meier, Mike	VP Shared Services	US	PO Box 289 Wadsworth, TX 77483	
Nesrsta, Jim, Jr.	Director	US	145 Navarro San Antonio, TX 78205	
Rencurrel, Dave	Site VP	US	PO Box 289 Wadsworth, TX 77483	
Powell, Tim	VP Engineering	US	PO Box 289 Wadsworth, TX 77483	
Richards, Kevin	Group VP, Units 3 & 4	US	PO Box 289 Wadsworth, TX 77483	
Sheppard, Joe	President & CEO, Chairman of the Board	US	PO Box 289 Wadsworth, TX 77483	
Wood, Jon	Board Secretary	US	112 E. Pecan Street, Suite 1800 San Antonio, TX 78205	

Table 1.2-6 Trade and News Publications

Organization	Contact	Phone	Fax	E-mail
Bay City Tribune	Mike Reddell	979-245-5555	979-244-5908	news@baycitytribune.com mike.reddell@baycitytribune.com
Victoria Advocate	Thomas Doyle	361-574-1271	361-574-1220	tdoyle@vicad.com
Matagorda Advocate	Judy Triplett Sharon Howerton	979-244-1330	979-244-1708	jttriplett@vicad.com showerton@vicad.com
Brazosport Facts	Elliott Blackburn	979-265-7411	979-265-7885	elliott.blackburn@thefacts.com news@thefacts.com
El Campo Leader-News	Chris Barbee	979-543-3363	979-543-0097	cbarbee@leader-news.com
Palacios Beacon	Nick West Leita Hooper	361-972-3009	361-972-2610	editor@palaciosbeacon.com nickwest@wcnet.net
Houston Chronicle	Tom Fowler Laura Goldberg	713-220-7171	713-220-6806	tom.fowler@chron.com laura.goldberg@chron.com
Austin American Statesman	Kathy Warbelow	512-912-3500	512-445-3971	kwarbelow@statesman.com
Corpus Christi Caller Times	Tom Whitehurst	361-884-2011	361-886-3732	whitehurstt@caller.com
San Antonio Express News	City Desk Veronica Flores	210-250-3000 210-250-3171	210-250-3105	citydesk@express-news.net vflores@express-news.net
Associated Press	Mike Graczyk	281-872-8900	281-872-9988	mgraczyk@ap.org
Houston Business Journal	Bill Schadewald	713-688-8811 ext. 133	713-968-8025 713-963-0482	bschadewald@bizjournals.com
Wall St. Journal	Thaddeus Herrick	713.547.9211	713-547-9228	thaddeus.herrick@wsj.com
Reuters	Eileen O'Grady Eileen Moustakis	713-210-8522 646-223-6074	646-223-6079	eileen.ogrady@reuters.com eileen.moustakis@reuters.com
Dow Jones	Michael Rieke Kristen McNamara	713-227-5440 201-938-2061	713-547-9234	kristen.mcnamara@dowjones.com
Nuc Net	John Shepherd	+41-58-286-6111	+41-58-286-6845	editors@worldnuclear.org
Nucleonics Week	Jenny Weil Elaine Hiruo	202-383-2170 202-383-2163	202-383-2125	jenny_weil@platts.com elaine_hiruo@platts.com
Nuclear News	Rick Michal	708-579-8244	708-352-6464	rmichal@ans.org
Nuclear Plant Journal	Newal Agnihotri Jolinda Capello	630-858-6161	630-858-8787	jolinda@goinfo.com
Nuclear Engineering International	David Flin	+44-20-8269-7772	+44-20-8269-7804	dflin@wilmington.co.uk
NEI	Scott Peterson Steve Kerekes Thelma Wiggins	202-739-8044 202-739-8073 202-739-8046	202-785-4113	jsp@nei.org sck@nei.org tlw@nei.org
Power Engineering	Douglas J. Smith	918-831-9851		douglas@pennwell.com
KIOX/KXGJ 96.9 FM	Tim Michaels	979-245-4642	979-245-6463	tmichael@x97.com
KMKS 102.5 FM	Kay/Larry Sandlin	979-244-4242	979-245-0107	kmks@kmks.com
KTRH AM 740	Bryan Erickson	713-212-8812	713-212-8957	bryanerickson@clearchannel.com
KUHF 88.7 FM	Debra Fraser	713-743-0887	713-743-1818	Dfraser@kuhf.org
KZRC 92.5 FM	Ernie Cunnar	979-323-7771	708-671-1202	KZRC@KZRC.com

Table 1.2-6 Trade and News Publications (Continued)

Organization	Contact	Phone	Fax	E-mail
KAVU TV (Victoria Ch. 25)		512.575.2500	512.575.2255	
KHOU TV (CBS 11)	Bill Bishop	713-521-4388	713-521-4381	news@khou.com
KNWS TV 51		713.974.6397	713.975.6397	
KPRC TV (NBC 2)	Ken Cockroft	713-778-4972	713-781-4930	kcockroft@kprc.com
KRIV TV (FOX 26)	Ruben Dominquez	713-479-2801	713-479-2859	newsdesk@fox26.com
KTRK TV (ABC 13)	Phil Grant Dave Strickland	713-663-4505 713-663-4501	713-663-4595 713-663-4648	phil.grant@abc.com dave.strickland@abc.com
Northland Cable TV for PSAs	Dan Bayliss Betty Jiminez	979-245-5511	979-245-8256	

Table 1.3-1 NINA Summary of Total Project Costs for STP Units 3 and 4 (Proprietary)
[s5]

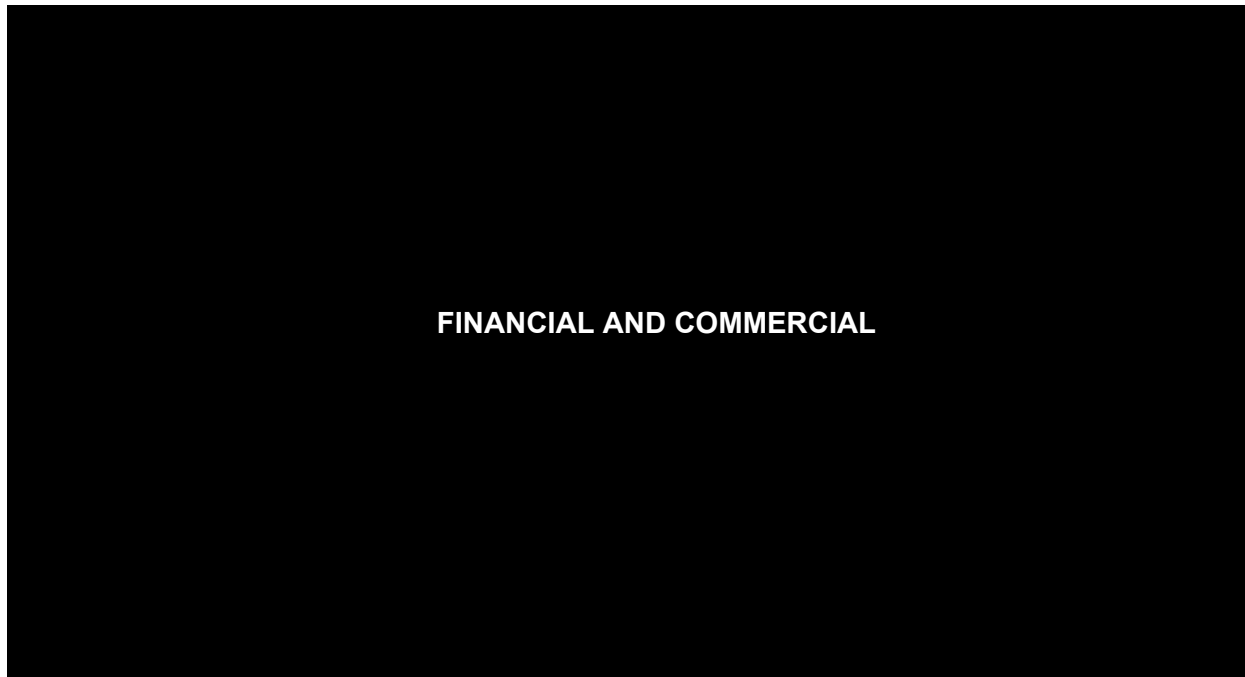


FINANCIAL AND COMMERCIAL

[e5]

Table 1.3-2 NINA Sources and Uses for STP Units 3 & 4 (Proprietary)

[s5]



FINANCIAL AND COMMERCIAL

[e5]

Table 1.3-3 CPS Energy Summary of ~~Esitmate~~Estimated Total Project Costs for STP Units 3 and 4 (Proprietary) |

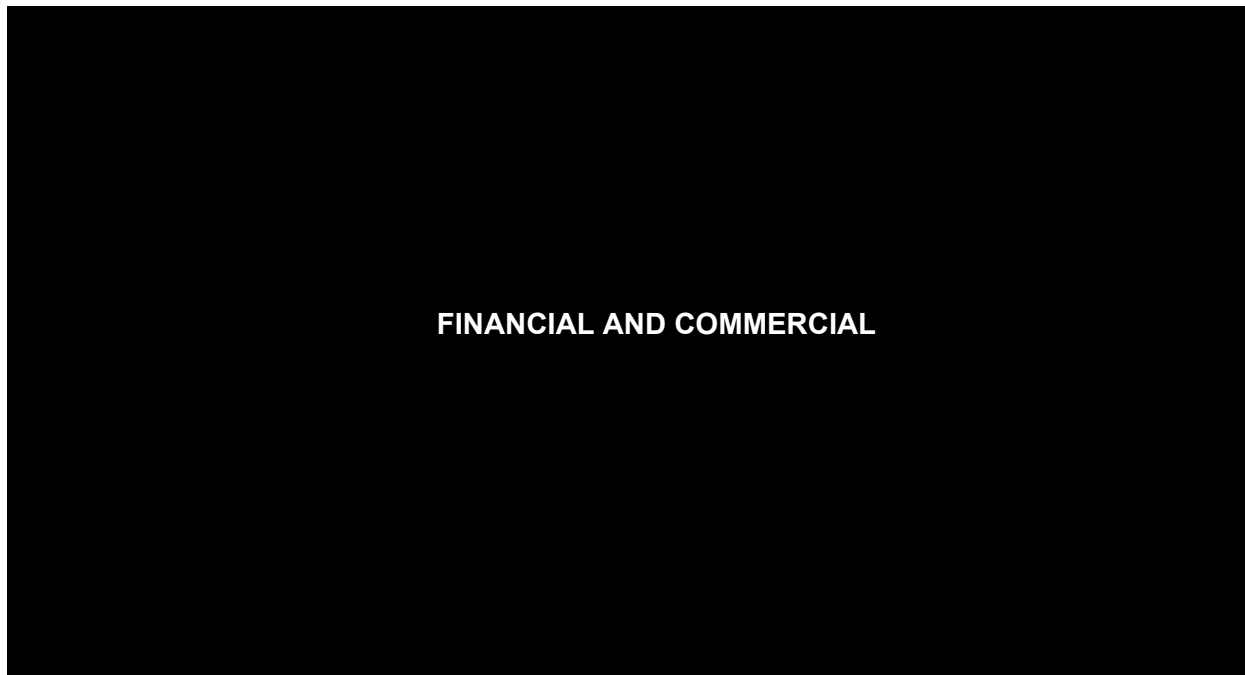
[s5]



[e5]

Table 1.3-4 CPS Energy Sources and Uses for STP Units 3 & 4 (Proprietary)

[s5]



[e5]

Reasonable Assurance of Obtaining Funds

CPS Energy is one of the largest public power and gas utilities in the Country. In its most recent bond offering, CPS Energy received “investment-grade” ratings for its bonds and commercial paper from Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”), and Standard and Poor’s Ratings Service (“S&P”), including ratings from these agencies for its senior lien bonds of “AA+”, “Aa1”, and “AA”, respectively. The ratings are based on a history of sound management practices, strategic vision, competitive position, financial performance, and fuels diversification among other factors. CPS Energy has long enjoyed one of the highest credit ratings among its peer group.

This assessment of the financial health of CPS Energy gives assurance that investors will have sufficient appetite for additional CPS Energy debt. In addition, CPS Energy will diversify the type of debt issued (e.g. fixed vs. variable vs. synthetic; tax-exempt vs. taxable), maturity ranges, and structuring features (e.g. callable vs. noncallable debt; insured vs. uninsured) to attract the widest investor base possible. CPS Energy is currently seeking financing from the Federal Financing Bank as an alternative to its customary participation in the tax-exempt market.

Bond Ordinances require CPS Energy to at all times maintain rates and charges which will produce income and revenues sufficient to pay, first and foremost, all maintenance and operating expenses, inclusive of fuel. Rates are therefore established at levels sufficient to cover any and all fuel costs. Market price fluctuations in fuel costs over base rate coverage are recovered monthly by means of a fuel adjustment factor applied to customer bills.

CPS Energy has never defaulted on any provision of its governing ordinances, due primarily to sound financial planning and conservative operating practices. Comprehensive programs for planning and construction to meet current and future electric and gas systems needs are continually being reviewed and updated, and are aligned with a strategic plan. CPS Energy utilizes computer-based mathematical models for its forecasting processes. Forecasts are supported by a 35-year electric resource plan and a 25-year electric transmission facilities plan, and these are integrated in the long-term financial plan.

CPS Energy expects to see continued growth in its customer base for the electric and gas systems due to projected population growth in the San Antonio area. CPS Energy has continued to expand its electric customer extensions, with ongoing construction growth in this area. It is anticipated that the increased native load will be sufficient to generate revenue to cover fuel and other costs. Alternatively, excess generation could be sold on the ERCOT grid, which is also experiencing load growth and demand is nearing generation reserve margins.

Table 1.3-5 STP Units 3 & 4 O&M Costs for the First Five Years (Proprietary)

[s5]

|

FINANCIAL AND COMMERICAL

[e5]

Table 1.3-6 Summary of PPA Agreements for STP Units 3 & 4 (Proprietary)

[s5]



[e5]

NINA intends for its portion of the Project to be significantly contracted through long-term PPAs with credit-worthy counterparties prior to financial closing. NINA intends to minimize or eliminate any direct exposure to merchant power prices. NINA expects the PPAs will have terms consistent with those traditionally utilized to support power project financings. Currently, up to 800 MW are subject to non-binding MOUs with the LCRA and Dow Chemical ("Dow"). NINA, LCRA and Dow intend to convert these existing agreements into binding PPAs in 2009. NINA is commencing discussions with additional industrial and public power entities at this time for the remaining amount of uncontracted output. NINA does not believe there is significant risk in contracting the remaining output given the fundamentals of the ERCOT market. ERCOT reserve margins are declining and are anticipated to remain low for the foreseeable future. The addition of future, baseload capacity is difficult to determine at this time due to uncertainties in air permitting processes and carbon legislation impacts. More importantly, electric price volatility, due to existing significant reliance on natural gas fired generation, is a key driver for many customers now seeking long-term predictable and competitive prices. In total, NINA has preliminary agreements for offtake or is in preliminary discussions with 11 counterparties totaling approximately 3,200-4,200 MW of plant capacity.

Table 1.4-1 Report and Certification Regarding Decommissioning Funding Assurance

The following reports the calculation of the formula amount as of December 31, 2007 for each of the two nuclear powered generating plants designated as STP 3 & 4, calculated in accordance with the provisions of 10 CFR 50.75(c) and the guidance provided in NUREG-1307, Rev. 12.

NRC MINIMUM CALCULATION (4Q2007)
REACTOR TYPE / BASE COST
BWR
\$135,000,000

<u>ESCALATION FACTOR</u>	<u>Labor</u>	<u>Energy</u>		<u>Waste (Waste Vendor)</u>	
(0.65L + 0.13E + 0.22B)	South Regional Data	<u>Power</u>	<u>Fuel</u>	Barnwell (100%)	
	L = 4Q2007 / 2005	P = 4Q 2007 / 1986	F = 4Q 2007 / 1986	B = 10.206	
	(106.7 x 1.98 / 100)	180.0 / 114.2	266.7 / 82		
	106.7	1.57618	3.25244		
		E = (0.54P + 0.46F)			
	2.11266	E = (0.54 x 1.57618) + (0.46 x 3.25244)		10.206	
		2.34726			
(0.65L + 0.13E + 0.22B) =	0.65 x 2.11266	+	0.13 x 2.34726	+	0.22 x 10.206
(L + E + B) =	1.37323	+	0.30514	+	2.24532
Escalation Factor =	3.9236928				
Total Escalated Cost =	\$135,000,000	x	3.9236928	=	\$529,698,533

The plant owners will annually adjust the minimum formula amount calculation in accordance with 10 CFR 50.75(b)(2).

The plant owners hereby certify that, no later than 30 days after the Commission publishes a notice in the *Federal Register* under 10 CFR 52.103(a), they will provide decommissioning funding assurance using the methods in accordance with 10 CFR 50.75(e)(1), as described in COLA Part 1, Section 1.4, or as otherwise permitted by 10 CFR 50.75(e)(1) after having provided prior written notice to the NRC Staff of any proposed change(s) in the method of providing decommissioning funding assurance.

Table 1.4-1 Report and Certification Regarding Decommissioning Funding Assurance (cont'd)

They further certify that they will provide such funding assurance in amounts not less than the formula amount calculation. Each owner of a share in each unit will provide its *pro rata* share of the decommissioning funding assurance based upon the ratio of its percentage ownership share to the total formula amount for such unit. Taking into account credit for projected earnings on trust fund balances and annual contributions using a two percent real rate of return, as permitted by 10 CFR 50.75(e)(1), the annual funding for each plant would be expected to be in the range of \$8,000,000 per unit in current year dollars. However, the plant owners expect that actual annual contributions by CPS Energy will be established in connection with its setting of its own rates, and the actual annual contributions by the NRG Licensees will be established in connection with proceedings to be conducted by the Public Utility Commission of Texas.

In addition, both two years and one year before the scheduled date of initial loading of fuel, and consistent with the schedule required by 10 CFR 50.75(e)(3), the plant owners will submit a report updating this certification and the information provided in this report, as well as a copy of the form(s) of financial instrument(s) to be used in providing assurance of funding for decommissioning (e.g., a decommissioning trust agreement for an external sinking fund).

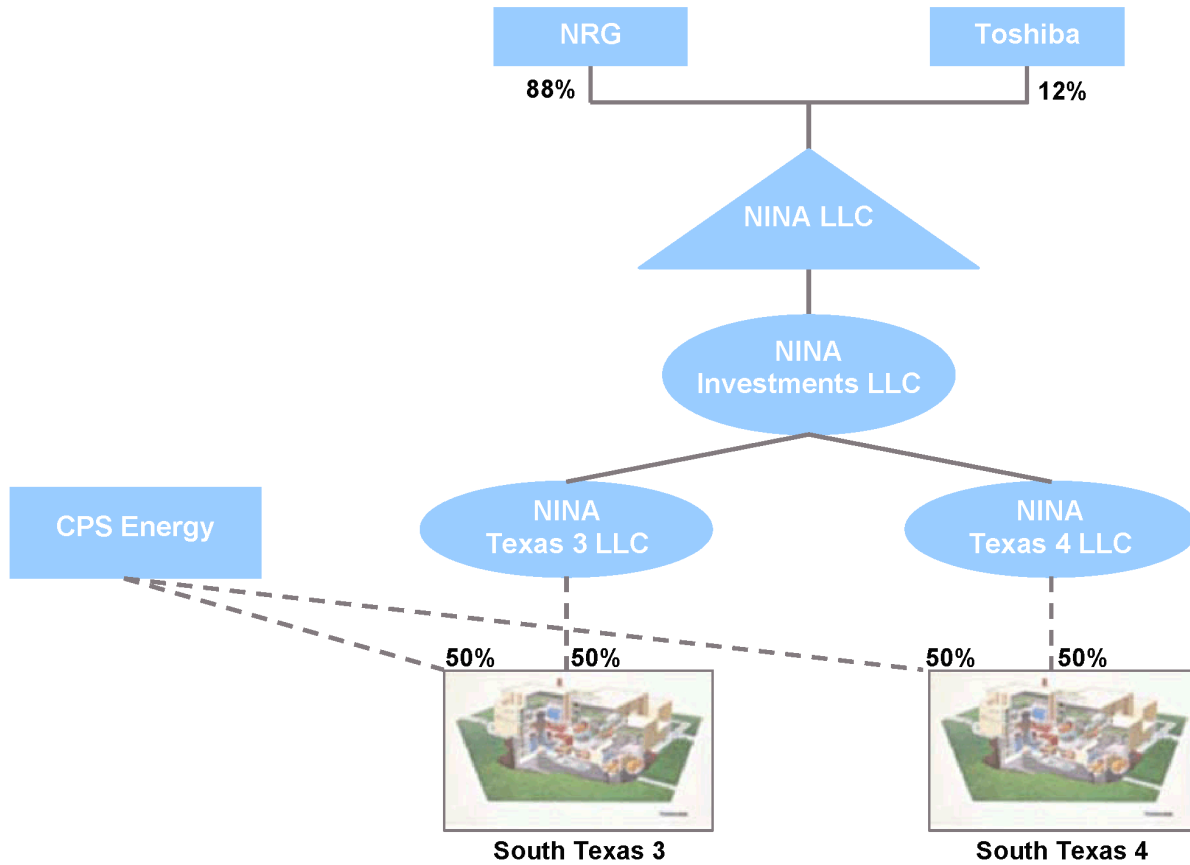


Figure 1.1-1 South Texas Units 3 and 4 Corporate Ownership Structure