



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

March 29, 2001  
NOC-AE-01001071  
STI No.: 31265930  
File No.: G02  
10CFR50.54(w)(3)

U. S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, D.C. 20555

South Texas Project  
Units 1 and 2  
Docket Nos.: STN 50-498, STN 50-499  
Nuclear Insurance Protection

Pursuant to the requirements of 10CFR50.54(w)(3), STP Nuclear Operating Company submits the attached Nuclear Electric Insurance Limited (NEIL) property insurance policies. This submittal contains the following policies:

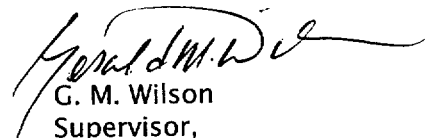
Nuclear Insurance

NEIL Primary Property and Decontamination Liability Insurance Policy Number: P00-075	\$0.500 Billion
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NEIL Decontamination Liability, Decommissioning Liability and Excess Property Insurance Policy Number: X00-075	\$1.250 Billion
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NEIL Blanket Excess Decontamination Liability, Decommissioning Liability and Excess Property Insurance Policy: BX00-007	\$1.000 Billion
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\$2.750 Billion

  
G. M. Wilson  
Supervisor,  
Corporate Insurance

KMW

Attachments: Property Insurance Policies (3)

4001

cc:

Ellis W. Merschoff  
Regional Administrator, Region IV  
U.S. Nuclear Regulatory Commission  
611 Ryan Plaza Drive, Suite 400  
Arlington, Texas 76011-8064

John A. Nakoski  
Addressee Only  
U. S. Nuclear Regulatory Commission  
Project Manager, Mail Stop OWFN/7-D-1  
Washington, DC 20555-0001

Mohan C. Thadani  
Addressee Only  
U. S. Nuclear Regulatory Commission  
Project Manager, Mail Stop OWFN/7-D-1  
Washington, DC 20555

Cornelius F. O'Keefe  
c/o U. S. Nuclear Regulatory Commission  
P. O. Box 910  
Bay City, TX 77404-0910

A. H. Gutterman, Esquire  
Morgan, Lewis & Bockius  
1800 M. Street, N.W.  
Washington, DC 20036-5869

M. T. Hardt/W. C. Gunst  
City Public Service  
P. O. Box 1771  
San Antonio, TX 78296

A. Ramirez/C. M. Canady  
City of Austin  
Electric Utility Department  
721 Barton Springs Road  
Austin, TX 78704

J. V. Izard, w/o N5017  
M. D. Meier, w/o N5008  
K. M. Wheaton N5017  
File

Jon C. Wood  
Matthews & Branscomb  
112 East Pecan, Suite 1100  
San Antonio, Texas 78205-3692

Institute of Nuclear Power  
Operations - Records Center  
700 Galleria Parkway  
Atlanta, GA 30339-5957

Richard A. Ratliff  
Bureau of Radiation Control  
Texas Department of Health  
1100 West 49th Street  
Austin, TX 78756-3189

R. L. Balcom/D. G. Tees  
Reliant Energy Corporation  
P. O. Box 1700  
Houston, TX 77251

C. A. Johnson/R. P. Powers  
AEP - Central Power and Light Company  
P. O. Box 289, Mail Code: N5012  
Wadsworth, TX 77483

U. S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, D.C. 20555-0001

**NEIL PRIMARY POLICY FOR OCTOBER 1, 2000**

NUCLEAR ELECTRIC INSURANCE LIMITED  
WILMINGTON, DELAWARE

**PRIMARY PROPERTY AND DECONTAMINATION LIABILITY INSURANCE POLICY**

Declarations attached to and made a part of Policy No. P00-075  
(South Texas Project)

Item 1. Member Insured STP NUCLEAR OPERATING COMPANY

Mailing Address P.O. Box 289

Wadsworth, Texas 77483

Respective Interest 100%

Item 2. Insurer: Nuclear Electric Insurance Limited

Mailing Address: 1201 Market Street, Suite 1200, Wilmington, Delaware 19801

Item 3. A. Policy Period:

From 12:01 a.m. on October 1, 2000, to 12:01 a.m. on October 1, 2001,  
(Time) (Date) (Time) (Date)

Standard Time in Hamilton, Bermuda.

B. Policy Year:

From 12:01 a.m. on October 1, 2000, to 12:01 a.m. on October 1, 2001,  
(Time) (Date) (Time) (Date)

Standard Time in Hamilton, Bermuda.

Item 4. Premium \$ 1,344,000

Item 5. A. Multiple: 5

B. Retrospective Premium Adjustment \$ 6,720,000

Item 6. Loss Payee Clause

- A. Expenses covered under Section I.A.2 shall be adjusted with the Member Insured and payable to:

Expenses covered under Section I.A.2 shall be adjusted through STP Nuclear Operating Company and shall be payable to STP Nuclear Operating Company as Agent on behalf of the following Insureds:

- i) Reliant Energy, Inc. in respect of its 30.8% ownership interest.
- ii) Central Power and Light Company in respect of its 25.2% ownership interest.
- iii) City of San Antonio, acting through the City Public Service Board of San Antonio in respect of its 28.0% ownership interest.
- iv) City of Austin in respect of its 16.0% ownership interest.

The Member Insureds may, by written notice to the Insurer, designate other payees.

- B. All other covered Losses shall be adjusted with the Member Insured and payable to:

All other covered Losses shall be adjusted through STP Nuclear Operating Company and shall be payable to STP Nuclear Operating Company as Agent on behalf of the following Insureds:

- i) Reliant Energy, Inc. in respect of its 30.8% ownership interest.
- ii) Central Power and Light Company in respect of its 25.2% ownership interest.
- iii) City of San Antonio, acting through the City Public Service Board of San Antonio in respect of its 28.0% ownership interest.
- iv) City of Austin in respect of its 16.0% ownership interest.

The Member Insureds may, by written notice to the Insurer, designate other payees.

Item 7. Amount of Insurance \$ 500,000,000

Item 8. Description and location of property covered:

All Real and Personal Property including the land and all buildings and structures of the South Texas Project (including Units 1 and 2) situated on a site consisting of approximately 12,300 acres and located in southwest Matagorda County, approximately 12 miles south-southwest of Bay City and 10 miles north of Matagorda Bay.

Item 9. Deductibles

Deductible Amounts

Unit 1 \$1,000,000 Unit 2 \$1,000,000

Transit Deductible Amount

\$ 100,000

Item 10. Insureds: Reliant Energy, Inc.; Central Power and Light Company; City of San Antonio, Texas, acting through the City Public Service Board of San Antonio; City of Austin, Texas; Ebasco Constructors, Inc., and parent or affiliated companies or entities of Ebasco Constructors, Inc., and all of its subcontractors and vendors and their suppliers; Bechtel Energy Corporation, any parent or affiliated companies or entities of Bechtel Energy Corporation, and all of its subcontractors and vendors and their supplier; Brown & Root, Inc.; and Halliburton Company; Westinghouse Electric Corporation; all as their respective interests may appear.

Item 11. Service of Process to Insured (see Section V.G.5)

General Counsel

STP Nuclear Operating Company

c/o Duane, Morris & Heckscher LLP

1201 Orange Street, 10th Floor

Wilmington, DE 19801

NEIL II, OCTOBER 1, 2000

NUCLEAR ELECTRIC INSURANCE LIMITED  
WILMINGTON, DELAWARE

DECONTAMINATION LIABILITY,  
DECOMMISSIONING LIABILITY  
AND EXCESS PROPERTY INSURANCE POLICY

Declarations attached to and made a part of Policy No. X00-075  
(South Texas Project)

Item 1. Member Insured STP NUCLEAR OPERATING COMPANY

Member Address P.O. Box 289  
Wadsworth, Texas 77483

Interest 100%

Item 2. Insurer: Nuclear Electric Insurance Limited

Mailing Address: 1201 Market Street, Suite 1200, Wilmington, Delaware 19801

Item 3. Policy Period:

From 12:01 a.m. on October 1, 2000, to 12:01 a.m. on October 1, 2001  
(Time) (Date) (Time) (Date)

Standard Time in Hamilton, Bermuda.

Item 4. Policy Year:

From 12:01 a.m. on October 1, 2000, to 12:01 a.m. on October 1, 2001  
(Time) (Date) (Time) (Date)

Standard Time in Hamilton, Bermuda.

Item 5. Amount of Decontamination Liability, Decommissioning Liability and Excess Property Insurance Requested:

\$ 1,250,000,000

The amount of Decommissioning Liability Coverage is determined pursuant to the formula set forth under subsection VI.2 of the Policy.

Item 6. Premium :

\$951,155

Item 7. A. Multiple: 5

B. Retrospective Premium Adjustment :

\$4,755,775

Item 8. A. Insured's Retention for purposes of subsection V.2:

Twenty-Five Percent (25%)

B. Insurer's Liability for purposes of subsection V.2:

Seventy-Five Percent (75%)

Item 9. Loss Payee Clause

A. Expenses covered under the Nuclear Liability Coverage (paragraph V.1(a)) shall be adjusted with the Member Insured and payable to:

i) Reliant Energy, Inc. in respect of its 30.8% ownership interest.

ii) Central Power and Light Company in respect of its 25.2% ownership interest.

iii) City of San Antonio, acting through the City Public Service Board of San Antonio in respect of its 28.0% ownership interest.

iv) City of Austin in respect of its 16.0% ownership interest.

B. The expenses covered under the Debris Removal and Decontamination Coverage (paragraph V.1(b)), the losses covered under the Property Damage Coverage (paragraph V.1(c)), and the losses covered under the

Functional Total Loss Coverage (paragraph V.2(a)) shall be adjusted with the Member Insured and payable to:

- i) Reliant Energy, Inc. in respect of its 30.8% ownership interest.
- ii) Central Power and Light Company in respect of its 25.2% ownership interest.
- iii) City of San Antonio, acting through the City Public Service Board of San Antonio, in respect of its 28.0% ownership interest.
- iv) City of Austin in respect of its 16.0% ownership interest.

The losses covered under the Property Damage Coverage (paragraph V.1(c)), and under the Functional Total Loss Coverage (paragraph V.2(a)) shall be adjusted through STP Nuclear Operating Company and payable to STP Nuclear Operating Company, as Agent on behalf of , the following loss payees, their successors or assigns:

- i) Reliant Energy, Inc. in respect of its 30.8% ownership interest. Any payment shall be paid jointly to Reliant Energy, Inc. and Texas Commerce Bank N.A., Houston, Trustee, as their interests may appear.
- ii) The First National Bank of Chicago, Trustee, in respect of the 25.2% ownership interest of Central Power and Light Company.
- iii) City of San Antonio, acting through the City Public Service Board of San Antonio, in respect of its 28.0% ownership interest.
- iv) City of Austin in respect of its 16.0% ownership interest.

Each of the above loss payees shall receive separate loss payment reflecting its percentage of ownership in the South Texas Project under the terms and conditions of the Amended and Restated South Texas Project Participation Agreement executed as of November 17, 1997.

The Member Insured may, by written notice to the Insurer, designate other payees.

- C. Expenses covered under the Decommissioning Liability Coverage (subsection VI.1) shall be adjusted with the Member Insured and payable to:

      N/A

The Member Insured may, by written notice to the Insurer, designate other payees.

Item 10. Description and location of property covered (if self insured):

N/A

Item 11. Insureds:

Reliant Energy, Inc.; Central Power and Light Company; City of San Antonio, Texas, acting through the City Public Service Board of San Antonio; City of Austin, Texas; Ebasco Constructors, Inc., and parent or affiliated companies or entities of Ebasco Constructors, Inc., and all of its subcontractors and vendors and their suppliers; Bechtel Energy Corporation, any parent or affiliated companies or entities of Bechtel Energy Corporation, and all of its subcontractors and vendors and their supplier; Brown & Root, Inc.; and Halliburton Company; all as their respective interests may appear.

Item 12. Primary Underlying Insurer (check appropriate lines):

Nuclear Electric Insurance Limited X

American Nuclear Insurers/Mutual Atomic Energy Liability Underwriters

Excess Underlying Insurer:

American Nuclear Insurers/Mutual Atomic Energy Liability Underwriters

The Insurer shall be furnished with copies of all Underlying Insurance Policies and all endorsements thereto within thirty days of the receipt thereof by the Member Insured.

Item 13. Service of Process to Insured (see Section VIII.18.(e))

General Counsel

STP Nuclear Operating Company

c/o Duane, Morris & Heckscher

1201 Orange Street, 10<sup>th</sup> Floor

Wilmington, DE 19801

**NEIL BLANKET LIMIT POLICY, OCTOBER, 2000**

NUCLEAR ELECTRIC INSURANCE LIMITED  
WILMINGTON, DELAWARE

BLANKET EXCESS  
DECONTAMINATION LIABILITY,  
DECOMMISSIONING LIABILITY  
AND EXCESS PROPERTY INSURANCE POLICY

Declarations attached to and made a part of Policy No. BX00-007

Item 1. Member Insured INDIANA MICHIGAN POWER COMPANY  
(American Electric Power Service Corporation as Agents)  
Member Address c/o American Electric Power Service Corporation  
One Riverside Plaza  
Columbus, Ohio 43215

NEIL II Underlying Policy No. X00-019 (Cook)

Member Insured STP NUCLEAR OPERATING COMPANY  
Member Address P.O. Box 289  
Wadsworth, Texas 77483

NEIL II Underlying Policy No. X00-075 (South Texas Project)

Item 2. Insurer: Nuclear Electric Insurance Limited

Mailing Address: 1201 Market Street, Suite 1200, Wilmington, Delaware 19801

Item 3. Policy Period:

From October 1, 2000, to October 1, 2001

Item 4. Policy Year:

From October 1, 2000, to October 1, 2001

All dates used to determine the Policy Period, Policy Year, or used as the effective date of any endorsement have as their effective time 12:01 a.m. Standard Time in Hamilton, Bermuda.

Item 5. Amount of Blanket Limit: \$ 1,000,000,000

Item 6. Premium Payments required from each Member Insured:

	Premium Amount
Indiana Michigan (Cook)	\$ <u>342,024</u>
STP Nuclear Operating (South Texas Proj)	\$ <u>289,212</u>
Total Premium Payable	\$ <u>631,236</u>

Item 7. A. Multiple: 5

B. Maximum Retrospective Premium Adjustment for each Member Insured:

	Retrospective Premium Adjustment
Indiana Michigan (Cook)	\$ <u>1,710,120</u>
STP Nuclear Operating (South Texas Proj)	\$ <u>1,446,060</u>
Total Retrospective Premium Adjustment	\$ <u>3,156,180</u>

Item 8. A. Insured's Retention for purposes of subsection V.2:  
Twenty-Five Percent (25%)

B. Insurer's Liability for purposes of subsection V.2:  
Seventy-Five Percent (75%)

Item 9. Loss Payee Clause

Identical to Item 9 of the Declarations of each of the NEIL II Policies identified under Item 1 of the Declarations of this Policy.

Item 10. Description and location of property covered:

Identical to Item 10 of the Declarations of each of the NEIL II Policies identified under Item 1 of the Declarations of this Policy.

Item 11. Insureds:

Identical to Item 11 of the Declarations of each of the NEIL II Policies identified under Item 1 of the Declarations of this Policy.

Item 12. Attachment Point: \$1,750,000,000