

August 28, 2003

Mr. C. Lance Terry
Senior Vice President
& Principal Nuclear Officer
TXU Energy
ATTN: Regulatory Affairs
P. O. Box 1002
Glen Rose, TX 76043

SUBJECT COMANCHE PEAK STEAM ELECTRIC STATION, UNITS 1 AND 2 -
THRESHOLD DETERMINATION FOR PROPOSED RESTRUCTURING
TRANSACTIONS OF TXU GENERATION COMPANY (TAC NOS. MC0241 AND
MC0242)

Dear Mr. Terry:

In a letter dated August 1, 2003, as supplemented by letter dated August 15, 2003, TXU Generation Company LP (TXU Generation), the licensee for the Comanche Peak Steam Electric Station, Units 1 and 2 (CPSES), submitted to the U.S. Nuclear Regulatory Commission (NRC) information pertaining to proposed restructuring transactions involving: 1) the transfer of non-voting common stock of an intermediate parent of the licensee to a newly-formed wholly-owned subsidiary of TXU Corp., the ultimate parent of the licensee; 2) the elimination of an intermediate parent, wholly-owned by an upstream intermediate parent, TXU Energy Company LLC; and 3) the substitution of a new limited partner of TXU Generation Company LP for the current limited partner, without any change in the general partner of the licensee.

Based on its threshold review in connection with the provisions of 10 CFR 50.80, the NRC staff has determined that the subject transactions as described by the licensee do not involve a transfer, direct or indirect, of the operating licenses for CPSES. Thus, no NRC prior consent is required. The NRC staff's conclusion that license transfer approval is not required is based, in substantial part, on representations and supporting documentation provided by the licensee consistent with the notion that (1) there will be no direct or indirect transfer of any right or authority, whether immediate or contingent, to exercise control over the decisions of the directly affected entities, notwithstanding the substantial amount of equity in such entities being transferred, and (2) those persons who presently control the decisions of those entities will continue to maintain such control.

Mr. Terry

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The staff notes that its threshold determination above does not encompass potential mergers involving the licensee's general partner referenced in a footnote in the August 1, 2003, submittal. The staff would require additional information in order to address such mergers.

Sincerely,

/RA/

Mohan C. Thadani, Senior Project Manager, Section 1
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-445 and 50-446

cc: See next page

Mr. Terry

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Sincerely,

/RA/

Mohan C. Thadani, Senior Project Manager, Section 1
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Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-445 and 50-446

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Comanche Peak Steam Electric Station, Units 1 & 2

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