



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

December 22, 2004
NOC-AE-04001831
10 CFR 50.80
10 CFR 50.90

U. S. Nuclear Regulatory Commission
Attention: James E. Dyer
Director, Office of Nuclear Reactor Regulation
One White Flint North
11555 Rockville Pike
Rockville, MD 20852

South Texas Project
Units 1 and 2
Docket Nos. STN 50-498 and STN 50-499
Additional Information Regarding the Sale of Ownership Interests
in the South Texas Project (TAC Nos. MC4917, MC4918, MC4732, MC4733)

- Reference:
1. Letter, J. J. Sheppard to J. E. Dyer, "Additional Information Regarding the Sale of Ownership Interests in the South Texas Project," December 13, 2004 (NOC-AE-04001829)
 2. Letter, J. J. Sheppard to J. E. Dyer, "Application for Order Approving Indirect Transfer of Control of Licenses," October 12, 2004 (NOC-AE-04001801)

During their review of Reference 1, the NRC staff requested a Projected Income Statement for Texas Genco, LP (Texas Genco) that includes specific line items reflecting the projected operation of a 30.8% undivided ownership interest in the South Texas Project (STP) for the period of 2005-2009. This letter provides the requested income statement as "Attachment 5C" to correspond with the attachment numbering in Reference 2.

Attachment 5C (Proprietary) contains confidential commercial and financial information. Thus, it is requested that Attachment 5C (Proprietary) be withheld from public disclosure pursuant to 10 CFR 9.17(a)(4) and the policy reflected in 10 CFR 2.390 as described in the attached affidavits of David G. Tees and Jack A. Fusco. A non-proprietary version of this information suitable for public disclosure is provided as Attachment 5C (Non-Proprietary).

There are no commitments in this letter.

AP01

If there are any questions regarding this additional information, please contact John Conly at (361) 972-7336 or me at (361) 972-8757. Service of any related filings should be made to: John E. Matthews at Morgan, Lewis and Bockius LLP, 1111 Pennsylvania Ave. N.W., Washington, DC 20004 (jmatthews@morganlewis.com) (tel: 202-739-5524) on behalf of STP Nuclear Operating Company; Stan Blanton, Balch & Bingham LLP, 1710 Sixth Avenue North, Birmingham, AL (sblanton@balch.com) (tel. 205-226-3417) on behalf of Texas Genco LLC; and Gerry Garfield, Day, Berry & Howard LLP, CityPlace I, 185 Asylum Street, Hartford, CT 06103, (ggarfield@dbh.com) (tel. 860-275-0182) for Texas Genco and CenterPoint Energy.



T. J. Jordan
Vice President,
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jtc

Attachments: 5C (Proprietary) - Pro forma Balance Sheet, Projected Income and Cash Flow Statements, and Composition of Revenue Projections for Texas Genco Holdings, Inc. for the Period between the Closing of the Fossil Assets Acquisition and the Closing of the Nuclear Assets Acquisition – 30.8% Ownership Case

5C (Non-Proprietary) - Pro forma Balance Sheet, Projected Income and Cash Flow Statements, and Composition of Revenue Projections for Texas Genco Holdings, Inc. for the Period between the Closing of the Fossil Assets Acquisition and the Closing of the Nuclear Assets Acquisition – 30.8% Ownership Case

cc: w/o proprietary attachments except **
(paper copy)

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U.S. Nuclear Regulatory Commission
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Arlington, TX 76011-8064

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
STP Nuclear Operating Company)	Docket Nos. 50-498
)	50-499
South Texas Project Units 1 and 2)	

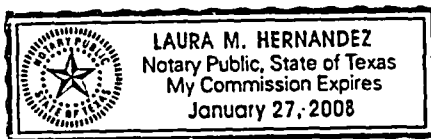
AFFIRMATION

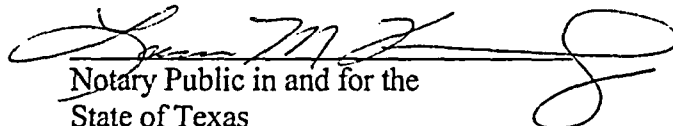
I, David G. Tees, being duly sworn, hereby depose and state that I am Manager and President of Texas Genco GP, LLC, which is the General Partner of Texas Genco, LP (Texas Genco), and as such exercises control over Texas Genco; that I am familiar with the content of the attached additional information regarding the sale of ownership interests in the South Texas Project; and that the matters set forth therein with regard to Texas Genco and its affiliates are true and correct to the best of my knowledge and belief.


David G. Tees
Manager and President

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Subscribed and sworn to before me, a Notary Public in and for the State of Texas, this 20TH day of December, 2004.




Notary Public in and for the
State of Texas

NUCLEAR REGULATORY COMMISSION

Docket Nos. 50-498
50-499

AFFIRMATION

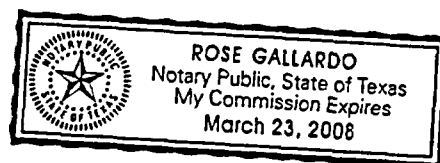
I, Jack A. Fusco, being duly sworn, hereby depose and state that I am CEO of Texas Genco LLC; that I am familiar with the content of the attached additional information regarding the sale of ownership interests in the South Texas Project; and that the matters set forth therein with regard to Texas Genco LLC are true and correct to the best of my knowledge and belief.

~~Jack A. Fusco~~
CEO

COUNTY OF Harris

Subscribed and sworn to me, a Notary Public, in and for the State of Texas, this 20th day of December, 2004.

Notary Public in and for the State of Texas



UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
STP Nuclear Operating Company)	Docket Nos. 50-498
)	50-499
South Texas Project Units 1 and 2)	

AFFIDAVIT

I, David G. Tees, Manager and President of Texas Genco GP, LLC, which is the General Partner of Texas Genco, LP, do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of Texas Genco, LP.
2. Texas Genco, LP is providing additional information in support of its Application for Order Approving Indirect Transfer of Control of Licenses (STP Nuclear Operating Company letter NOC-AE-04001801). The proprietary version of Attachment 5C contains financial projections and proprietary business information related to the ownership and operation of Texas Genco, LP's generation assets, including the South Texas Project Electric Generating Station. This document constitutes proprietary commercial and financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 NRC §§ 2.390(a)(4) and 9.17(a)(4), because:
 - i. This information is and has been held in confidence by Texas Genco, LP.
 - ii. This information is of a type that is customarily held in confidence by Texas Genco, LP, and there is a rational basis for doing so because the information contains sensitive financial information concerning projected revenues and operating expenses of Texas Genco, LP.
 - iii. This information is being transmitted to the NRC voluntarily and in confidence.
 - iv. This information is not available in public sources and could not be gathered readily from other publicly available information.

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
STP Nuclear Operating Company)	Docket Nos. 50-498
)	50-499
South Texas Project Units 1 and 2)	

AFFIDAVIT

I, Jack A. Fusco, Chief Executive Officer of Texas Genco LLC, do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of Texas Genco LLC.
2. Texas Genco LLC is providing additional information in support of its Application for Order Approving Indirect Transfer of Control of Licenses (STP Nuclear Operating Company letter NOC-AE-04001801). The proprietary version of Attachment 5C contains financial projections and proprietary business information related to the ownership and operation of Texas Genco, LP's generation assets, including the South Texas Project Electric Generating Station. This document constitutes proprietary commercial and financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 NRC §§ 2.390(a)(4) and 9.17(a)(4), because:
 - i. This information is and has been held in confidence by Texas Genco LLC.
 - ii. This information is of a type that is customarily held in confidence by Texas Genco LLC, and there is a rational basis for doing so because the information contains sensitive financial information concerning projected revenues and operating expenses of Texas Genco LLC.
 - iii. This information is being transmitted to the NRC voluntarily and in confidence.
 - iv. This information is not available in public sources and could not be gathered readily from other publicly available information.

- v. Public disclosure of this information would create substantial harm to the competitive position of Texas Genco LLC by disclosing to its competitors data related to internal business planning, including financial projections and proprietary business information.

Accordingly, Texas Genco LLC requests that the designated documents be withheld from public disclosure pursuant to the policy reflected in 10 CFR §§ 2.390(a)(4) and 9.17(a)(4).

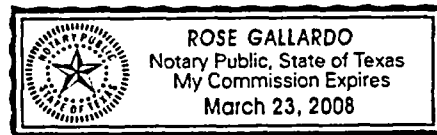
Jack A. Fusco
Jack A. Fusco

STATE OF TEXAS)

COUNTY OF Harris)

Subscribed and sworn to me, a Notary Public, in and for the State of Texas, this 20th day of December, 2004.

Rose Gallardo
Notary Public in and for the State of Texas



Attachment 5C (Proprietary)

Pro forma Balance Sheet, Projected Income and Cash Flow Statements, and
Composition of Revenue Projections for Texas Genco Holdings, Inc. for the Period
between the Closing of the Fossil Assets Acquisition and the Closing of the
Nuclear Assets Acquisition – 30.8% Ownership Case

Attachment 5C (Non-Proprietary)

Pro forma Balance Sheet, Projected Income and Cash Flow Statements, and
Composition of Revenue Projections for Texas Genco Holdings, Inc. for the Period
between the Closing of the Fossil Assets Acquisition and the Closing of the
Nuclear Assets Acquisition – 30.8% Ownership Case

Texas Genco	NRC Application
Pro Forma Balance Sheet, Texas Genco Holdings Inc. (Subsidiary of CenterPoint Energy) - 30.8% Interest	
<i>(Millions)</i>	

<u>ASSETS</u>	<u>As of</u> <u>30-Sep-04</u>	
Current Assets:		
Cash & cash equivalents		
Accounts receivable		
Interest receivable		
Fuel stock		
Materials & supplies, at average cost		
Prepayments and other current assets		
Total current assets	-	
Electric Property, Plant & Equipment - at cost:		
Electric plant in service		(1)
Construction work in progress		
Total electric plant		
Accum prov for depreciation & amortization		
Total property, plant & equipment - net	-	
Other Assets:		
Nuclear decommissioning trust		
Unamortized debt costs		
Intangibles		(1)
Total deferred debits	-	
Assets	\$ -	

CAPITALIZATION AND LIABILITIES

Current Liabilities:		
New revolving credit facility		
Accounts payable		
Net AR and AP - Associated Co.		
Taxes and interest accrued		
Deferred revenue		
Current portion of above market coal supply contract		
Current portion of long-term non-trade derivative		
Current portion of long-term debt		
Other		
Total current liabilities	-	
New senior term loan facility		
New senior delayed draw term loan		
New senior second-priority secured notes		
Total Long-term debt	-	
Accumulated deferred income taxes		
Unamortized investment tax credit		
Above market coal supply contract		
Capacity auction entitlements and other non-trade derivatives		
Benefit obligations		
Nuclear Decommissioning Reserve		
Accrued reclamation costs		
Other		
Total other liabilities	-	
Capitalization:		
Equity		
Capitalization & Liabilities	\$ -	

Note:

(1) Allocation of purchase price subject to confirmation by valuation consultants

Texas Genco	NRC Application
Income Statement - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy) (1)	30.8% Ownership Case
<i>(Millions)</i>	

	Fiscal Year Ending December 31				
	2005 ⁽²⁾	2006	2007	2008	2009
Revenues					
Fuel and Purchased Power					
Gross Margin					
Operations & Maintenance					
General & Administrative					
Taxes Other than Income Taxes					
Nuclear Fuel Amortization Add-Back ⁽³⁾					
Other Income / (Expense)					
EBITDA					
Depreciation & Amortization					
Nuclear Fuel Amortization					
EBIT					
Interest Expense					
Interest Income					
EBT					
Tax Expense					
Net Income					

Notes:

(1) Pro Forma for ROFR acquisition (30.8% ownership in STP)

(2) Assumes STP acquisition closes 12/31/04

(3) Add-back is done strictly for presentation purposes (to show EBITDA); removed in line item below

Texas Genco**Cash Flow Statement - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy) (1)****NRC Application****30.8% Ownership Case***(Millions)*

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Cash Flows From Operating Activities</u>					
Net Income					
Depreciation & Amortization					
Amortization of Fuel-Costs					
Deferred Taxes & ITC					
Change in Pension Liabilities					
Change in Working Capital					
Change in Other Assets & Liabilities					
Cash Flows From Operating Activities					
 Capital Expenditures					
Mandatory Debt Repayment					
Free Cash Flow					

Notes:**(1) Pro Forma for ROFR acquisition (30.8% ownership in STP)****(2) Assumes STP acquisition closes 12/31/04**

Texas Genco
Composition of Revenue Projections - Texas Genco Holdings Inc. (Subsidiary of Centerpoint Energy)

NRC Application
30.8% Ownership Case

	Fiscal Year Ending December 31				
	2005 ⁽¹⁾	2006	2007	2008	2009
<u>Fixed Price Forward Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Merchant Sales</u>					
MW					
Gas Price Forecast for Merchant Sales					
Achieved Merchant Heat Rate South Zone (btu/kW)					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Total Sales</u>					
MW					
Average Price (\$/MWhr)					
Revenue (MM)					
<u>Capacity</u>					
MW					
Capacity Factor					
% of Total Revenue Sold Forward					

Notes:

(1) Assumes STP acquisition closes December, 31 2004; assumes AEP ROFR closes on or before December 31, 2004.