

November 21, 2005

Mr. James J. Sheppard  
President and Chief Executive Officer  
STP Nuclear Operating Company  
South Texas Project Electric  
Generating Station  
P. O. Box 289  
Wadsworth, TX 77483

SUBJECT: SOUTH TEXAS PROJECT, UNITS 1 AND 2 - NOTICE OF CONSIDERATION  
OF APPROVAL OF APPLICATION RE: PROPOSED CORPORATE  
RESTRUCTURING AND OPPORTUNITY FOR A HEARING  
(TAC NOS. MC8629 AND MC8630)

Dear Mr. Sheppard:

Enclosed is a copy of a "Notice of Consideration of Approval of Application Regarding Proposed Corporate Restructuring and Opportunity for a Hearing" related to the application dated October 14, 2005, filed by STP Nuclear Operating Company, acting on behalf of Texas Genco, LP (Texas Genco) and NRG Energy, Inc. Pursuant to 10 CFR 50.80, the application seeks approval of the proposed indirect transfer of control of Texas Genco's licenses (Facility Operating License No. NPF-76 and Facility Operating License No. NPF-80 for the South Texas Project, Units 1 and 2, respectively) to own a 44 percent interest in STP.

This notice is being forwarded to the Office of the Federal Register for publication.

Sincerely,

**/RA/**

Mohan C. Thadani, Senior Project Manager  
Plant Licensing Branch IV  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket Nos. 50-498 and 50-499

Enclosure: As stated

cc w/encl: See next page

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**ACCESSION NO: ML052920401**

**NRR-106**

OFFICE	PLBIV/PM	PLBIV/LA	PLBIV/BC	OGC
NAME	MThadani	DJohnson	DTerao	SUttal (NLO w/chandes made)
DATE	11/21/05	11/21/05	11/21/05	11/15/05

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UNITED STATES NUCLEAR REGULATORY COMMISSION

STP NUCLEAR OPERATING COMPANY, ET AL.

SOUTH TEXAS PROJECT, UNITS 1 AND 2

DOCKET NOS. 50-498 AND 50-499

NOTICE OF CONSIDERATION OF APPROVAL OF APPLICATION REGARDING  
PROPOSED CORPORATE RESTRUCTURING AND OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (the Commission) is considering the issuance of an order under Section 50.80 of Title 10 of the *Code of Federal Regulations* (10 CFR) approving the indirect transfer of Facility Operating License No. NPF-76 and Facility Operating License No. NPF-80 for the South Texas Project, Units 1 and 2 (STP), respectively, to the extent currently held by Texas Genco, LP (Texas Genco). The City Public Service Board of San Antonio, and the City of Austin, Texas, co-own the units with Texas Genco but are not involved in this proposed action. STP Nuclear Operating Company (STPNOC) is authorized to act for the owners, and has exclusive responsibility and control over the physical construction, operation, and maintenance of STP.

STP Nuclear Operating Company, acting on behalf of Texas Genco and NRG Energy, Inc. (NRG Energy), has requested that the Commission consent to the indirect transfer of control of Texas Genco's 44 percent interest in STP. NRG Energy and Texas Genco LLC have entered into a definitive agreement for NRG Energy to acquire all of the outstanding equity of Texas Genco LLC, which indirectly owns 100 percent of Texas Genco. Texas Genco and NRG Energy seek NRC consent to the indirect transfer of control of the licenses to the extent held by Texas Genco that will result from NRG Energy's acquisition of Texas Genco LLC.

In addition to its 44 percent undivided ownership interests in STP, Texas Genco holds a corresponding interest in STPNOC, a not-for-profit Texas corporation, which is the licensed

operator of STP. Approval of the indirect transfer of control of the licenses to the extent held by STPNOC is also requested to the extent such approval is necessary. No physical changes to STP or operational changes are being proposed in the application.

Pursuant to 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. The Commission will approve an application for the transfer of a license, if the Commission determines that the proposed transferee is qualified to hold the license and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

Before issuance of the proposed conforming license amendment, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

The filing of requests for hearing and petitions for leave to intervene, and written comments with regard to the license transfer application, are discussed below.

Within 20 days from the date of publication of this notice, any person whose interest may be affected by the Commission's action on the application may request a hearing and, if not the applicant, may petition for leave to intervene in a hearing proceeding on the Commission's action. Requests for a hearing and petitions for leave to intervene should be filed in accordance with the Commission's rules of practice set forth in Subpart C "Rules of General Applicability: Hearing Requests, Petitions to Intervene, Availability of Documents, Selection of Specific Hearing Procedures, Presiding Officer Powers, and General Hearing Management for NRC Adjudicatory Hearings," of 10 CFR Part 2. In particular, such requests and petitions must comply with the requirements set forth in 10 CFR 2.309. Untimely requests and petitions may be denied, as provided in 10 CFR 2.309(c)(1), unless good cause for failure to file on time is established. In addition, an untimely request or petition should address the

factors that the Commission will also consider, in reviewing untimely requests or petitions, set forth in 10 CFR 2.309(c)(1)(i)-(viii).

Requests for a hearing and petitions for leave to intervene should be served upon counsel for STPNOC, Mr. John E. Matthews at Morgan, Lewis & Bockius, LLP, 1111 Pennsylvania Avenue, NW, Washington, DC 20004 (tel: 202-739-5524; fax: 202-739-3001; e-mail: [jmatthews@morganlewis.com](mailto:jmatthews@morganlewis.com)); counsel for NRG Energy, Dr. William R. Hollaway at Skadden, Arps, Slate, Meagher & Flom LLP, 1440 New York Avenue, Washington, DC 20005 (tel: 202-371-7819; fax: 202-371-7939; e-mail: [whollawa@skadden.com](mailto:whollawa@skadden.com)); and counsel for Texas Genco, Mr. Nicholas S. Reynolds at Winston and Strawn, LLP, 1700 K Street, NW, Washington, DC 20006-3817 (tel: 202-282-5717; fax: 202-282-5100; e-mail: [nreynolds@winston.com](mailto:nreynolds@winston.com)); the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001 (e-mail address for filings regarding license transfer cases only: [OGCLT@NRC.gov](mailto:OGCLT@NRC.gov)); and the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications staff, in accordance with 10 CFR 2.302 and 2.305.

The Commission will issue a notice or order granting or denying a hearing request or intervention petition, designating the issues for any hearing that will be held and designating the Presiding Officer. A notice granting a hearing will be published in the *Federal Register* and served on the parties to the hearing.

As an alternative to requests for hearing and petitions to intervene, within 30 days from the date of publication of this notice, persons may submit written comments regarding the license transfer application, as provided for in 10 CFR 2.1305. The Commission will consider and, if appropriate, respond to these comments, but such comments will not otherwise constitute part of the decisional record. Comments should be submitted to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings

and Adjudications staff, and should cite the publication date and page number of this *Federal Register* notice.

For further details with respect to this action, see the application dated October 14, 2005, available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area O1 F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible electronically from the Agencywide Documents Access and Management System's (ADAMS) Public Electronic Reading Room on the Internet at the NRC web site, <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR Reference staff by telephone at 1-800-397-4209, 301-415-4737, or by e-mail to [pdr@nrc.gov](mailto:pdr@nrc.gov).

Dated at Rockville, Maryland this 21st day of November 2005.

FOR THE NUCLEAR REGULATORY COMMISSION

**/RA/**

Mohan C. Thadani, Senior Project Manager  
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South Texas Project, Units 1 & 2

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