

July 3, 2007

Mr. James J. Sheppard
President and Chief Executive Officer
STP Nuclear Operating Company
South Texas Project Electric
Generating Station
P.O. Box 330
Wadsworth, TX 77483

SUBJECT: SOUTH TEXAS PROJECT, UNITS 1 AND 2 - NOTICE OF CONSIDERATION
OF APPROVAL OF APPLICATION REGARDING PROPOSED INDIRECT
TRANSFER OF CONTROL OF FACILITY OPERATING LICENSES, AND
OPPORTUNITY FOR A HEARING (TAC NOS. MD5656 AND MD5657)

Dear Mr. Sheppard:

Enclosed is a copy of a "Notice of Consideration of Approval of Application Regarding Proposed Indirect Transfer of Control of Facility Operating Licenses, and Opportunity for a Hearing," related to the application dated May 3, 2007, filed by STP Nuclear Operating Company (the applicant). Pursuant to Section 50.80 of Title 10 of the *Code of Federal Regulations*, the applicant seeks approval of the proposed indirect transfer of control of the licenses to the extent effected by the proposed restructuring.

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: Notice of Consideration

cc w/encl: See next page

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DATE	7/3/07	7/3/07	6/12/07	7/3/07

OFFICIAL RECORD COPY

South Texas Project, Units 1 & 2

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March 2007

South Texas Project, Units 1 & 2

-2-

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March 2007

UNITED STATES NUCLEAR REGULATORY COMMISSION

STP NUCLEAR OPERATING COMPANY

SOUTH TEXAS PROJECT, UNITS 1 AND 2

DOCKET NOS. 50-498 AND 50-499.

NOTICE OF CONSIDERATION OF APPROVAL OF APPLICATION

REGARDING PROPOSED INDIRECT TRANSFER OF CONTROL OF

FACILITY OPERATING LICENSES, AND OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (the Commission, NRC) is considering the issuance of an order under 10 CFR 50.80 approving the indirect transfer of control of Facility Operating Licenses, numbered NPF-76 and NPF-80, for the South Texas Project (STP), Units 1 and 2, respectively, to the extent owned by NRG South Texas LP (NRG South Texas)*.

STP Nuclear Operating Company (STPNOC), acting on behalf of itself and NRG South Texas and its corporate parent, NRG Energy Inc. (NRG Energy), requests that the NRC consent to the indirect transfer of control of STP, Units 1 and 2, licenses to the extent owned by NRG South Texas. NRG South Texas owns 44 percent of STP, Units 1 and 2. NRG Energy plans to reorganize its corporate structure by creating a new publicly-held holding company (NRG HoldCo) that will become the parent company for NRG Energy and its subsidiaries. NRG Energy is seeking NRC consent to the indirect transfer of control of its licenses that result from the establishment of NRG HoldCo. In addition to its 44 percent undivided ownership interest in STP, Units 1 and 2, NRG South Texas holds a corresponding interest in STPNOC, a not-for-profit Texas corporation, which is the licensed operator of STP, Units 1 and 2. Thus, the

* On June 29, 2007, the NRC granted an amendment request changing the name of one of the licensees from Texas Genco, LP, to NRG South Texas LP.

indirect transfer of control of NRG South Texas also results in the indirect transfer of this interest in STPNOC. STPNOC states that this is not a controlling interest in STPNOC and, therefore, there will be no indirect transfer of STPNOC's licenses to operate on behalf of the owners. The applicant indicates that if the NRC concludes that indirect transfer of control of NRG South Texas' interest in STPNOC requires prior NRC consent, it requests such consent.

According to an application for approval filed by STPNOC, in connection with the NRG Energy plans to reorganize its corporate structure by operating a new publicly-held holding company that will become the parent company for NRG Energy and its subsidiaries, the current licensee will continue to operate the facility and hold the licenses.

No physical changes to STP, Units 1 and 2, facilities 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 indirect transfer of a license, if the Commission determines that the proposed restructuring will not affect the qualifications of the licensee 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.

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 counsel for STPNOC and NRG Energy, Mr. John E. Matthews at Morgan, Lewis & Bockius, LLP, 1111 Pennsylvania Avenue, NW, Washington, DC 20004 (tel: 202-739-5524, fax: 202-793-3001; e-mail: jmatthews@morganlewis.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); 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 May 3, 2007, available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area O1F21, 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, or 301-415-4737 or by e-mail to pdrr@nrc.gov.

Dated at Rockville, Maryland this 3rd day of July, 2007.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

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