

May 26, 2000

Mr. Gregg R. Overbeck  
Senior Vice President, Nuclear  
Arizona Public Service Company  
P. O. Box 52034  
Phoenix, AZ 85072-2034

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 - NOTICE OF CONSIDERATION OF APPROVAL OF APPLICATION REGARDING PROPOSED CORPORATE RESTRUCTURING OF PUBLIC SERVICE COMPANY OF NEW MEXICO AND CONFORMING AMENDMENTS, AND OPPORTUNITY FOR A HEARING (TAC NOS. MA8406, MA8407, AND MA8408)

Dear Mr. Overbeck:

Enclosed is a copy of a "Notice of Consideration of Approval of Application Regarding Proposed Corporate Restructuring of Public Service Company of New Mexico and Conforming Amendments, and Opportunity for a Hearing," related to the application dated March 3, 2000, filed by Public Service Company of New Mexico (PNM), and the application dated April 26, 2000, filed by Arizona Public Service Company providing the conforming amendments request.

The March 3, 2000, application seeks approval (pursuant to 10 CFR 50.80) of the proposed indirect transfer of Facility Operating Licenses Nos. NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3, respectively, to the extent held by PNM, to a new holding company, Manzano Corporation (Manzano). Manzano was formed to become the holding company of PNM to implement the public utility restructuring requirements of the New Mexico Electric Utility Industry Restructuring Act of 1999. The proposed restructuring encompasses the formation of Manzano, the transfer by PNM of its electric and gas transmission and distribution businesses to an affiliated company (with PNM and such affiliated company being under common control by Manzano), and a change in PNM's name to Manzano Energy Corporation (Manzano Energy).

The April 26, 2000, application seeks approval (pursuant to 10 CFR 50.90) of the issuance of conforming amendments to the licenses to reflect the proposed restructuring as it involves PNM's name change.

G. R. Overbeck

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

Sincerely,

*/RA/*

Mel B. Fields, Project Manager, Section 2  
Project Directorate IV & Decommissioning  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. STN 50-528, STN 50-529,  
and STN 50-530

Enclosure: Notice

cc w/encl: See next page

G. R. Overbeck

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*/RA/*

Mel B. Fields, Project Manager, Section 2  
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and STN 50-530

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cc w/encl: See next page

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Palo Verde Generating Station, Units 1, 2, and 3

cc:

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UNITED STATES NUCLEAR REGULATORY COMMISSION  
ARIZONA PUBLIC SERVICE COMPANY, ET AL.  
PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3  
DOCKET NOS. STN 50-528, STN 50-529, AND STN 50-530  
NOTICE OF CONSIDERATION OF APPROVAL OF APPLICATION REGARDING  
PROPOSED CORPORATE RESTRUCTURING OF PUBLIC SERVICE COMPANY OF  
NEW MEXICO AND CONFORMING AMENDMENTS,  
AND OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (the Commission) is considering the issuance of an order under 10 CFR 50.80 approving the indirect transfer of Facility Operating Licenses Nos. NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station (Palo Verde), Units 1, 2, and 3, respectively, to the extent held by Public Service Company of New Mexico (PNM), one of seven joint owners or lessees of Palo Verde. The indirect transfers would occur in connection with a proposed corporate restructuring of PNM. The Commission is also considering approving conforming license amendments to reflect the proposed renaming of PNM, which is part of the restructuring plan for PNM. The facility is located in Maricopa County, Arizona.

According to an application filed by PNM dated March 3, 2000, the proposed indirect transfers of the Palo Verde licenses as held by PNM would be to a newly created holding company, Manzano Corporation (Manzano). Manzano, which presently exists as a subsidiary of PNM, was formed to eventually become the holding company for PNM to implement the public utility restructuring requirements of the New Mexico Electric Utility Industry Restructuring Act of 1999. The proposed restructuring of PNM encompasses the formation of Manzano as a

holding company, the transfer by PNM of its electric and gas transmission and distribution businesses to an affiliated company (with PNM and such affiliated company being under common control by Manzano), and a change in PNM's name to Manzano Energy Corporation (Manzano Energy).

Arizona Public Service Company, the sole licensed operator of the facility, would remain as the managing agent for the joint owners or lessees of the facility and would continue to have exclusive responsibility for the management, operation, and maintenance of Palo Verde. The application does not propose a change in the rights, obligations, or interests of the other licensees of Palo Verde. In addition, no physical changes to Palo Verde or operational changes are being proposed.

By letter dated April 26, 2000, Arizona Public Service Company submitted the associated conforming amendments request. The proposed amendments would reflect the change in the name of Public Service Company of New Mexico to Manzano Energy Corporation in the licenses.

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 underlying transaction that will effectuate the indirect transfer will not affect the qualifications of the holder of 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 amendments, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

As provided in 10 CFR 2.1315, unless otherwise determined by the Commission with regard to a specific application, the Commission has determined that any amendment to the license of a utilization facility which does no more than conform the license to reflect the transfer action involves no significant hazards consideration. No contrary determination has been made with respect to this specific license amendment application. In light of the generic determination reflected in 10 CFR 2.1315, no public comments with respect to significant hazards considerations are being solicited, notwithstanding the general comment procedures contained in 10 CFR 50.91.

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.

By June 15, 2000, any person whose interest may be affected by the Commission's action on the application may request a hearing, and, if not the applicants, 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 M, "Public Notification, Availability of Documents and Records, Hearing Requests and Procedures for Hearings on License Transfer Applications," of 10 CFR Part 2. In particular, such requests and petitions must comply with the requirements set forth in 10 CFR 2.1306, and should address the considerations contained in 10 CFR 2.1308(a). Untimely requests and petitions may be denied, as provided in 10 CFR 2.1308(b), 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 2.1308(b)(1)-(2).

Requests for a hearing and petitions for leave to intervene should be served upon counsel for PNM, Matias F. Travieso-Diaz, Esq., Shaw Pittman, 2300 N Street, NW,

Washington, DC 20037; the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555 (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 2.1313.

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, by June 26, 2000, 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 license transfer application filed by PNM dated March 3, 2000, and the application for the proposed license amendments filed by the Arizona Public Service Company dated April 26, 2000, which are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street,

NW., Washington, DC, and accessible electronically through the ADAMS Public Electronic Reading Room link at the NRC Web site <http://www.nrc.gov>.

Dated at Rockville, Maryland this 23rd day of May 2000.

FOR THE NUCLEAR REGULATORY COMMISSION

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Mel B. Fields, Project Manager, Section 2  
Project Directorate IV & Decommissioning  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation