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Generating Station

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102-04461-AKK/SAB/CJJ  
June 29, 2000

U. S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Mail Station: P1-37  
Washington, DC 20555-0001

Dear Sirs:

**Subject: Palo Verde Nuclear Generating Station (PVNGS)  
Units 1, 2, and 3  
Docket Nos. STN 50-528/529/530  
Licensee Guarantee of Payment of Deferred Premium**

Pursuant to the requirements of 10 CFR 140.21 (e), Arizona Public Service Company (APS), for itself and on behalf of the PVNGS Participants, has enclosed projected cash flow statements for each participant. Please note that the projected cash flow statement for the El Paso Electric Company is considered a confidential document, for which an affidavit is provided. The affidavit sets forth the basis on which the Commission may withhold the information from public disclosure. Accordingly, it is requested that the El Paso Electric Company projected cash flow statement be withheld from public disclosure.

To better coincide with the dates of issuance of the projected cash flow statement for the participants, this submittal will be made by August 1<sup>st</sup> in future years.

Should you have questions regarding this submittal, please contact Scott A. Bauer at (623) 393-5978. No commitments are being made to the NRC in this letter.

Sincerely,

AKK/SAB/CJJ/kg

Enclosure

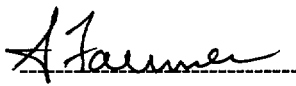
cc: E. W. Merschoff (w/o enclosure)  
M. B. Fields (enclosure)  
J. H. Moorman (w/o enclosure)

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**INTERNAL CASH FLOW PROJECTION OF SALT RIVER PROJECT  
(JOINT OWNER OF PALO VERDE NUCLEAR GENERATING STATION)  
FOR FISCAL YEARS ENDED APRIL 30, 2000 AND 1999  
(\$000)**

|   | <b>1999<br/>ACTUAL</b> | <b>2000<br/>ACTUAL</b> |
|---|------------------------|------------------------|
| Net Income After Taxes                              | \$ 111,519             | \$ 118,680             |
| Less Dividends Paid:                                |                        |                        |
| Preferred Dividend Requirements                     |                        |                        |
| Dividends on common Stock                           |                        |                        |
| Retained Earnings                                   | 111,519                | 118,680                |
| Adjustments:  |                        |                        |
| Depreciation and Amortization                       | 290,459                | 367,970                |
| Deferred Income Taxes and<br>Investment Tax Credits |                        |                        |
| Allowance for Funds Used<br>During Construction     | 8,158                  | 5,656                  |
| Total Adjustments                                   | 298,617                | 373,626                |
| Internal Cash Flow                                  | 410,136                | 492,306                |
| Average Quarterly Cash Flow                         | \$ 102,534             | \$ 123,077             |
| Percentage Ownership in all Nuclear Units           |                        |                        |
| Unit 1  | 17.49%                 | 17.49%                 |
| Unit 2  | 17.49%                 | 17.49%                 |
| Unit 3  | 17.49%                 | 17.49%                 |

I, Scott Farmer, Manager of Corporate Accounting Services of the Salt River Agricultural Improvement and Power District certify that the above figures are based upon our accounting records, and agree, as appropriate with our audited financial statements.

  
Scott Farmer

**Southern California Public Power Authority**  
**Combined Statement of Cash Flows**  
*(Amounts in thousands)*

Year Ended June 30, 1999

|  | Palo Verde<br>Project | Southern<br>Transmission<br>System Project | Hoover<br>Upgrading<br>Project | Mead-Phoenix<br>Project | Mead-Adelanto<br>Project | Multiple Project<br>Fund | San Juan<br>Project | Projects'<br>Stabilization<br>Fund | Total      |
|--|-----------------------|--|--------------------------------|-------------------------|--------------------------|--------------------------|---------------------|------------------------------------|------------|
| Cash flows from operating activities:  |                       |  |                                |                         |                          |                          |                     |                                    |            |
| Operating income (loss)  | \$ 102,899            | \$ 42,512                                  | \$ (144)                       | \$ 4,585                | \$ 12,394                | \$ -                     | \$ 689              | \$ -                               | \$ 162,935 |
| Adjustments to reconcile operating income to net cash provided by operating activities - |                       |  |                                |                         |                          |                          |                     |                                    |            |
| Depreciation   | 26,750                | 19,637                                     | 4                              | 1,418                   | 4,478                    | -                        | 9,439               | -                                  | 61,726     |
| Decommissioning  | 11,975                | -  | -                              | -                       | -                        | -                        | 3,113               | -                                  | 15,088     |
| Advances for capacity and energy   | -                     | -  | 1,876                          | -                       | -                        | -                        | -                   | -                                  | 1,876      |
| Amortization of nuclear fuel   | 8,877                 | -  | -                              | -                       | -                        | -                        | -                   | -                                  | 8,877      |
| Changes in assets and liabilities:   |                       |  |                                |                         |                          |                          |                     |                                    |            |
| Accounts receivable  | (304)                 | -  | -                              | 855                     | 2,962                    | -                        | 6,105               | -                                  | 9,618      |
| Materials and supplies   | 284                   | -  | -                              | -                       | -                        | -                        | 30                  | -                                  | 314        |
| Accounts payable and accruals  | 8,983                 | 4,291                                      | (18)                           | 203                     | 716                      | -                        | (2,704)             | -                                  | 11,471     |
| Net cash provided by operating activities  | 159,464               | 66,440                                     | 1,718                          | 7,061                   | 20,550                   | -                        | 16,672              | -                                  | 271,905    |
| Cash flows from noncapital financing activities:   |                       |  |                                |                         |                          |                          |                     |                                    |            |
| Advances from participants   | -                     | -  | -                              | -                       | -                        | -                        | -                   | 4,743                              | 4,743      |
| Participant withdrawals  | -                     | -  | -                              | -                       | -                        | -                        | -                   | (456)                              | (456)      |
| Net cash provided by noncapital financing activities                                     | -                     | -  | -                              | -                       | -                        | -                        | -                   | 4,287                              | 4,287      |
| Cash flows from capital and related financing activities:                                |                       |  |                                |                         |                          |                          |                     |                                    |            |
| Additions to plant, net  | (10,733)              | 40   | -                              | -                       | -                        | -                        | (1,069)             | -                                  | (11,762)   |
| Debt interest payments   | (48,290)              | (53,472)                                   | (1,562)                        | (5,205)                 | (15,771)                 | (16,511)                 | (11,574)            | -                                  | (152,385)  |
| Proceeds from sale of bonds  | 55,972                | -  | -                              | -                       | -                        | -                        | -                   | -                                  | 55,972     |
| Float forward contract proceeds  | -                     | -  | -                              | -                       | -                        | -                        | -                   | -                                  | -          |
| Payment for defeasance of revenue bonds  | (59,250)              | -  | -                              | -                       | -                        | -                        | -                   | -                                  | (59,250)   |
| Principal payments on debt   | (32,015)              | (21,970)                                   | (550)                          | -                       | -                        | -                        | (6,540)             | -                                  | (61,075)   |
| Decommissioning fund   | (10,683)              | -  | -                              | -                       | -                        | -                        | -                   | -                                  | (10,683)   |
| Payment for bond issue costs   | (765)                 | -  | -                              | -                       | -                        | -                        | -                   | -                                  | (765)      |
| Net cash used for capital and related financing activities                               | (105,764)             | (75,402)                                   | (2,112)                        | (5,205)                 | (15,771)                 | (16,511)                 | (19,183)            | -                                  | (239,948)  |
| Cash flows from investing activities   |                       |  |                                |                         |                          |                          |                     |                                    |            |
| Interest received on investments   | 9,208                 | 7,190                                      | 378                            | 1,871                   | 5,599                    | 18,778                   | 2,291               | 1,056                              | 46,371     |
| Purchases of investments   | (315,216)             | (89,286)                                   | (7,738)                        | (31,722)                | (106,904)                | (2,263)                  | (12,805)            | (21,765)                           | (587,699)  |
| Proceeds from sale/maturity of investments   | 213,947               | 70,304                                     | 6,080                          | 30,232                  | 98,277                   | -                        | 8,833               | 16,818                             | 444,491    |
| Net cash provided by (used for) investing activities                                     | (92,061)              | (11,792)                                   | (1,280)                        | 381                     | (3,028)                  | 16,515                   | (1,681)             | (3,891)                            | (96,837)   |
| Net increase (decrease) in cash and cash equivalents                                     | (38,361)              | (20,754)                                   | (1,674)                        | 2,237                   | 1,751                    | 4                        | (4,192)             | 396                                | (60,593)   |
| Cash and cash equivalents at beginning of year   | 85,792                | 51,863                                     | 2,690                          | 2,676                   | 7,906                    | 76                       | 18,509              | 7,979                              | 177,491    |
| Cash and cash equivalents at end of year   | \$ 47,431             | \$ 31,109                                  | \$ 1,016                       | \$ 4,913                | \$ 9,657                 | \$ 80                    | \$ 14,317           | \$ 8,375                           | \$ 116,898 |

The accompanying notes are an integral part of these combined financial statements.

# LOS ANGELES DEPARTMENT OF WATER & POWER

## 2000 Internal Cash Flow Projection

### For Palo Verde Nuclear Power Station

|  | <i>in thousands</i> | 1998-99<br>Actual | 1999-00<br>Projection |
|--|---------------------|-------------------|-----------------------|
| Net Income                                   |                     | \$ 312,088        | \$ 327,800            |
| Transfer to the City                         |                     | (108,146)         | (112,000)             |
|  |                     | <u>203,942</u>    | <u>215,800</u>        |
| Adjustments:                                 |                     |                   |                       |
| Depreciation & amortization                  |                     | 269,369           | 274,490               |
| Allowance for funds used during construction |                     | (2,761)           | (2,160)               |
| Total Adjustments                            |                     | <u>266,608</u>    | <u>272,330</u>        |
| Internal Cash Flow                           |                     | <u>\$ 470,550</u> | <u>\$ 488,130</u>     |

# SOUTHERN CALIFORNIA EDISON COMPANY

## 2000 Internal Cash Flow Projection

(Dollars in Thousands)

|  | 1999<br><u>Actual</u> | 2000<br><u>Projected</u> |
|--|-----------------------|--------------------------|
| Net Income After Taxes                               | \$509,421             | (1)                      |
| Dividends Paid                                       | <u>\$685,731</u>      | (1)                      |
| Retained Earnings                                    | (\$176,310)           | (1)                      |
| Adjustments:   |                       |                          |
| Depreciation & Decommissioning                       | \$1,546,312           | \$1,522,768              |
| Net Deferred Taxes & ITC                             | \$177,599             | (\$199,860)              |
| Allowance for Funds Used During Construction         | <u>(\$24,296)</u>     | <u>(\$22,913)</u>        |
| Total Adjustments                                    | \$1,699,615           | \$1,299,995              |
| Internal Cash Flow                                   | \$1,523,305           | (1)                      |
| Average Quarterly Cash Flow                          | \$380,826             | (1)                      |
| Percentage Ownership in All Nuclear Units:           |                       |                          |
| San Onofre Nuclear Generating Station Units 2 & 3    |                       |                          |
| o Southern California Edison Company                 | 75.05%                |                          |
| o San Diego Gas & Electric Company                   | 20.00%                |                          |
| o City of Anaheim                                    | 3.16%                 |                          |
| o City of Riverside                                  | 1.79%                 |                          |
| Palo Verde Nuclear Generating Station Units 1, 2 & 3 | 15.80%                |                          |
| Maximum Total Contingent Liability:                  |                       |                          |
| San Onofre Nuclear Generating Station Unit 2         | \$10,000              |                          |
| San Onofre Nuclear Generating Station Unit 3         | \$10,000              |                          |
| Palo Verde Nuclear Generating Station Unit 1         | \$1,580               |                          |
| Palo Verde Nuclear Generating Station Unit 2         | \$1,580               |                          |
| Palo Verde Nuclear Generating Station Unit 3         | <u>\$1,580</u>        |                          |
| Total  | \$24,740              |                          |

(1) Company policy prohibits disclosure of financial data which will enable unauthorized persons to forecast earnings or dividends, unless assured confidentiality.

2000 PRO FORMA CASH FLOW STATEMENT  
FOR PUBLIC SERVICE COMPANY OF NEW MEXICO  
(EXCLUDING NON-UTILITY SUBSIDIARIES)

|                                 | <u>1999 Actual</u><br>(In Thousands) | <u>2000 Projected</u> |
|---------------------------------|--------------------------------------|-----------------------|
| Net Income After Taxes          | 73,488                               | (1)                   |
| Less Dividends Paid             | <u>34,011</u>                        | (1)                   |
| Earnings Retained               | 39,477                               | (1)                   |
| Adjustments:                    |                                      |                       |
| Depreciation & Amortization     | 96,053                               | 98,596                |
| Deferred Income Taxes & ADITC   | 8,776                                | (9,100)               |
| AFUDC                           | 0                                    | 0                     |
| Other, net                      | <u>21,659</u>                        | <u>14,494</u>         |
| Total adjustments               | 126,488                              | 103,990               |
| <br>INTERNAL CASH FLOW          | <br>165,965                          | <br>(1)               |
| <br>Average Quarterly Cash Flow | <br>41,491                           | <br>(1)               |

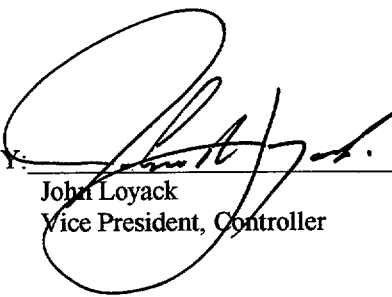
(1) Financial forecast data which will enable earnings or dividend forecasts by unauthorized persons is not provided.

Percentage Entitlement in all Nuclear Units:

Palo Verde Unit 1---10.2%  
Palo Verde Unit 2---10.2%  
Palo Verde Unit 3---10.2%

I, John Loyack, Vice President and Controller, Public Service Company of New Mexico certify that these cashflow calculations utilize the Company's approach to estimating cash flows for internal management reports and planning purposes.

BY: \_\_\_\_\_

  
John Loyack  
Vice President, Controller

**INTERNAL CASHFLOW PROJECTION OF ARIZONA PUBLIC SERVICE COMPANY**  
(Joint Owner Of Palo Verde Nuclear Generating Station\*\*)

(\$000)

|  | <u>1998<br/>Actual</u> | <u>1999<br/>Actual</u> | <u>2000<br/>Estimate</u> |
|--|------------------------|------------------------|--------------------------|
| 1. Net Income After Taxes - Continuing Operations                    | \$255,247              | \$268,322              | (4)                      |
| Less:  |                        |                        |                          |
| 2. Non-Cash Extraordinary Charge After Deferred Income Tax           | -                      | 139,885                | -                        |
| 3. Dividends Paid on Preferred Stock                                 | 10,279                 | 1,393                  | (4)                      |
| 4. Dividends Paid on Common Stock                                    | <u>170,000</u>         | <u>170,000</u>         | <u>(4)</u>               |
| 5. Retained Earnings   | 74,968                 | (42,956)               | (4)                      |
| Adjustments:   |                        |                        |                          |
| 6. Non-Cash Extraordinary Charge After Deferred Income Tax           | -                      | 139,885                | -                        |
| 7. Accelerated Amortization of Regulatory Assets (1)                 | 118,945                | 118,708                | 115,771                  |
| 8. Depreciation and Amortization (2)                                 | 290,485                | 294,720                | 314,422                  |
| 9. Deferred income Taxes   | (26,374)               | (29,654)               | (56,540)                 |
| 10. Deferred ITC (Net)   | (27,628)               | (27,626)               | (270)                    |
| 11. Allowance for Funds Used During Construction (Equity & Borrowed) | (16,263)               | (6,679)                | (9,633)                  |
| 12. Decommissioning  | (11,444)               | (11,444)               | (11,444)                 |
| 13. Deferred Expenses (Direct Access)                                | <u>(4,922)</u>         | <u>(5,375)</u>         | <u>(7,400)</u>           |
| 14. Total Adjustments  | 322,799                | 472,535                | 344,906                  |
| 15. Internal Cash Flow (Line 4 + Line 12)                            | 397,767                | 429,579                | (4)                      |
| 16. Average Quarterly Cash Flow (Line 13/4)                          | 99,442                 | 107,395                | (4)                      |

NOTES: \*\* Percentage Ownership in All Nuclear Units:

Unit 1 - 29.1%

Unit 2 - 29.1% (3)

Unit 3 - 29.1%

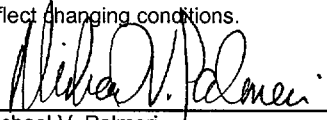
(1) Related to 4/96 ACC settlement agreement.

(2) Includes Nuclear Fuel Amortization.

(3) Includes the leased portion of Palo Verde Unit 2.

(4) Company policy prohibits disclosure of financial forecast data which will enable earnings or dividend forecasts by unauthorized persons, unless assured of confidentiality.

I, Michael V. Palmeri, Vice President, Finance of APS, certify that these cashflow calculations utilize the Company's approach to estimating cash flows for internal management reports and planning purposes. The 1998 and 1999 cashflows agree as appropriate with the Company's Audited Annual Reports. The 2000 estimate of cashflows is based on the 2000 Company Budget. The 2000 estimate does not reflect actual results to date, as the Budget is not revised to reflect changing conditions.

  
\_\_\_\_\_  
Michael V. Palmeri  
Vice President, Finance, APS