

June 4, 2002

Mr. James M. Levine
Executive Vice President, Generation
Arizona Public Service Company
and
Chief Operating Officer
Pinnacle West Energy Corporation
P.O. Box 53999
Phoenix, AZ 85072-3999

SUBJECT: REQUEST FOR WITHHOLDING INFORMATION FROM PUBLIC DISCLOSURE
FOR PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 -
RE: APPLICATION FOR ORDER AND CONFORMING ADMINISTRATIVE
AMENDMENTS FOR LICENSE TRANSFER (TAC NOS. MB4821 THROUGH
MB4823, AND MB4824 THROUGH MB4826)

Dear Mr. Levine:

By the letter dated April 15, 2002 (102-04686), the Arizona Public Service Company (APS) submitted information related to its request for an Order, and conforming administrative amendments, for a license transfer from APS to Pinnacle West Energy Corporation (PWE), for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3, (Palo Verde). Attachment 4 to that letter contained both the non-proprietary (Attachment 4) and proprietary (Attachment 4A) versions of PWE financial projections to support the license transfer.

By the affidavit dated April 15, 2002, signed by you, which is Attachment 6 to the application, it was requested that the Nuclear Regulatory Commission (NRC) withhold the information designated proprietary information by the missing numbers and notes for the following 5 tables in Attachments 4 and 4A labeled: Schedule 1, Schedule 2, Schedule 3, Schedule 4, and Comparison of Power Sales Revenues vs. O&M Expenses.

The affidavit stated that information designed proprietary in Attachment 4a to the letter dated April 15, 2002 (hereafter known as "This information"), should be exempt from mandatory public disclosure for the following reasons:

1. This information is and has been held in confidence by PWE.
2. This information is of a type that is customarily held in confidence by PWE, and there is a rational basis for doing so because the information contains sensitive financial information concerning projected revenues and operating expenses of PWE.
3. This information is not available in public sources and could not be gathered readily from other publicly available information.

4. Public disclosure of this information would create substantial harm to the competitive position of PWE by disclosing its internal financial projections.

We have reviewed the information that is sought to be withheld from public disclosure in accordance with the requirements of 10 CFR 2.790, and on the basis of your statements in the affidavit. Based on our review, we have determined that the information sought to be withheld contains proprietary commercial information and should, in accordance with 10 CFR 2.790(b)(5), be withheld from public disclosure. Therefore, the information designated as proprietary, by only appearing in Attachment 4A to the April 15, 2002, application from APS, will be withheld from public disclosure pursuant to 10 CFR 2.790(b)(5) and Section 103(b) of the Atomic Energy Act of 1954, as amended.

Withholding from public inspection shall not affect the right, if any, of persons properly and directly concerned to inspect the information. If the need arises, we may send copies of this information to our consultants working in this area. If this is done, we will, of course, ensure that the consultants have signed the appropriate agreements for handling proprietary information.

If the basis for withholding this information from public inspection should change in the future such that the information could then be made available for public inspection, you should promptly notify the NRC of this fact. You should also understand that the NRC may have cause to review this determination in the future, for example, if the scope of a Freedom of Information Act request includes this information. In all review situations, if the NRC makes a determination adverse to the above determination, you will be notified in advance of any public disclosure.

If you have any questions regarding this matter, please contact me at 301-415-1307, or through the internet at jnd@nrc.gov.

Sincerely,

/RA/

Jack Donohew, Senior Project Manager, Section 2
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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

cc: See next page

4. Public disclosure of this information would create substantial harm to the competitive position of PWE by disclosing its internal financial projections.

We have reviewed the information that is sought to be withheld from public disclosure in accordance with the requirements of 10 CFR 2.790, and on the basis of your statements in the affidavit. Based on our review, we have determined that the information sought to be withheld contains proprietary commercial information and should, in accordance with 10 CFR 2.790(b)(5), be withheld from public disclosure. Therefore, the information designated as proprietary, by only appearing in Attachment 4A to the April 15, 2002, application from APS, will be withheld from public disclosure pursuant to 10 CFR 2.790(b)(5) and Section 103(b) of the Atomic Energy Act of 1954, as amended.

Withholding from public inspection shall not affect the right, if any, of persons properly and directly concerned to inspect the information. If the need arises, we may send copies of this information to our consultants working in this area. If this is done, we will, of course, ensure that the consultants have signed the appropriate agreements for handling proprietary information.

If the basis for withholding this information from public inspection should change in the future such that the information could then be made available for public inspection, you should promptly notify the NRC of this fact. You should also understand that the NRC may have cause to review this determination in the future, for example, if the scope of a Freedom of Information Act request includes this information. In all review situations, if the NRC makes a determination adverse to the above determination, you will be notified in advance of any public disclosure.

If you have any questions regarding this matter, please contact me at 301-415-1307, or through the internet at jnd@nrc.gov.

Sincerely,

/RA/

Jack Donohew, Senior Project Manager, Section 2
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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

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

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April 2002