

June 17, 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 ADDITIONAL INFORMATION FOR PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 - REGARDING APPLICATION FOR
ORDER AND CONFORMING ADMINISTRATIVE AMENDMENTS FOR LICENSE
TRANSFERS (TAC NOS. MB4824, MB4825, AND MB4826)

Dear Mr. Levine:

By the letter dated April 15, 2002 (102-04686), you submitted information related to a request by the Arizona Public Service Company (APS) and Pinnacle West Energy Corporation (PWE) for an order, and conforming administrative amendments, for license transfers from APS to PWE, for the Palo Verde Nuclear Generating Station, Units 1, 2, And 3, (Palo Verde). It is proposed in the license transfers that PWE would acquire APS's ownership interests in the nuclear generating facilities currently being operated by APS. PWE would also operate these generating facilities.

In conducting its review of your request, the staff has determined that it needs to review a finalized, or an up-to-date, copy of (1) a power sale agreement (PSA) between PWE and Pinnacle West Capital Corporation (PNW), the owner of PWE and APS, and (2) any relevant or applicable agreements that have been or will be executed concerning the nonbypassable wires charges that will be collected by APS and dedicated to the decommissioning trusts for Palo Verde, Units 1, 2, and 3. The existence of PSAs between PWE and PNW is discussed on page 7 of Section VI of the Attachment to the April 15, 2002, letter, and will cover the sale of what would become PWE's share of the power output of Palo Verde to PNW. To complete our review of the license transfers on the schedule you requested, we need to have the PSA and any agreements concerning the nonbypassable wire charges on or before July 11, 2002. If the agreements submitted have not been finalized, then we also request that you keep the staff informed of any substantive changes to the agreements up to the time the staff issues its evaluation of your license transfer request.

James M. Levine

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June 17, 2002

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

Sincerely,

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

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

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

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April 2002