



Scott A Bauer
 Department Leader
 Regulatory Affairs
 Palo Verde Nuclear
 Generating Station

10CFR140.15(e)

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102-04913-SAB/TNW/CJJ
 March 26, 2003

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, & 3
 Docket Nos. STN 50-528/529/530
 Nuclear Energy Liability Insurance**

Pursuant to 10 CFR 140.15(e), the enclosed are certified copies of the following endorsements to the PVNGS Nuclear Energy Liability Insurance Policies:

Policy No.	Endorsements No.
N-0107	36 & 37
N-0088	35 & 36
N-0114	31 & 32
NF-0266	115, 116, 117 & 118
NW-0625	7

The endorsements are forwarded for your information. No commitments are being made to the NRC by this letter. Should you have any questions, please contact Thomas N. Weber at (623) 393-5764.

Sincerely,

ENCLOSURES

SAB/TNW/CJJ/

cc: E. W. Merschoff
 J. N. Donohew
 N. L. Salgado

M001

Enclosures

**Endorsements to the PVNGS Nuclear Energy Liability
Insurance Policies**

NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ENDORSEMENT TO CERTIFICATE NO. N -0088
Forming Part of Master Policy No. 1
Nuclear Energy Liability Insurance
(Secondary Financial Protection)

It is agreed that effective January 1, 2003, Item 4. (a) of the certificate is amended to read as follows:

Item 4. (a) Identification of primary financial protection applicable to the nuclear reactor and limit(s) of liability thereof:

(1) Facility Form Policy:

Nuclear Energy Liability Insurance Association's
Policy NF-0266 \$300,000,000

(2) Master Worker Policy (Facility Worker Form):

Nuclear Energy Liability Insurance Association's
Master Worker Policy NMWP-2 \$300,000,000

This is to certify that this is a true copy of the original endorsement having the endorsement number and being made part of the Certificate of Insurance bearing the number designated hereon for insurance coverage under the Nuclear Energy Liability Policy (Secondary Financial Protection). No insurance is afforded hereunder.

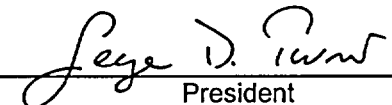


John L. Quattrocchi, Senior Vice President, Underwriting
American Nuclear Insurers

Effective Date of this Endorsement: **January 1, 2003** To form a part of Certificate No. **N -0088**
(12:01 A.M. Standard Time)

Issued to: **Arizona Public Service Company, et al**

Date of Issue: **December 20, 2002** For the subscribing companies

By 
President

Endorsement No.: **35** Countersigned by 

**NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION**

ANNUAL PREMIUM ENDORSEMENT

CALENDAR YEAR 2003

1. **ANNUAL PREMIUM:** It is agreed that the Annual Premium due the companies for the period designated above is: **\$8,629.00**

THIS IS TO CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL CERTIFICATE, BEARING THE NUMBER DESIGNATED HEREON, FOR INSURANCE COVERAGE UNDER THE MASTER POLICY-NUCLEAR ENERGY LIABILITY INSURANCE (SECONDARY FINANCIAL PROTECTION). NO INSURANCE IS AFFORDED BY THIS COPY.



JOHN L. QUATTROCCHI
SENIOR VICE PRESIDENT - UNDERWRITING
AMERICAN NUCLEAR INSURERS

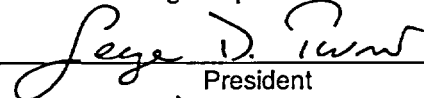
Effective Date of
this Endorsement: **January 1, 2003**
(12:01 A.M. Standard Time)

To form a part of Certificate No. **N -0088**

Issued To: **Arizona Public Service Company, et al**

Date of Issue: **November 19, 2002**

For the subscribing companies

By 
President

Endorsement No: **36**

Countersigned by 

CERTIFIED COPY

NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ENDORSEMENT TO CERTIFICATE NO. N-0114
Forming Part of Master Policy No. 1
Nuclear Energy Liability Insurance
(Secondary Financial Protection)

It is agreed that effective January 1, 2003, Item 4. (a) of the certificate is amended to read as follows:

Item 4. (a) Identification of primary financial protection applicable to the nuclear reactor and limit(s) of liability thereof:

(1) Facility Form Policy:

Nuclear Energy Liability Insurance Association's
Policy NF-0266 \$300,000,000

(2) Master Worker Policy (Facility Worker Form):

Nuclear Energy Liability Insurance Association's
Master Worker Policy NMWP-2 \$300,000,000

This is to certify that this is a true copy of the original endorsement having the endorsement number and being made part of the Certificate of Insurance bearing the number designated hereon for insurance coverage under the Nuclear Energy Liability Policy (Secondary Financial Protection). No insurance is afforded hereunder.



John L. Quattrocchi, Senior Vice President, Underwriting
American Nuclear Insurers

Effective Date of
this Endorsement:

January 1, 2003
(12:01 A.M. Standard Time)

To form a part of Certificate No. N -0114

Issued to: **Arizona Public Service Company, et al**

Date of Issue: **December 20, 2002**

For the subscribing companies

By George D. Ruess
President

Endorsement No.: **31**

Countersigned by J. L. Quattrocchi

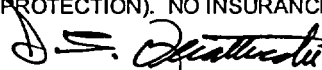
**NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION**

ANNUAL PREMIUM ENDORSEMENT

CALENDAR YEAR 2003

1. **ANNUAL PREMIUM:** It is agreed that the Annual Premium due the companies for the period designated above is: **\$8,629.00**

THIS IS TO CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL CERTIFICATE, BEARING THE NUMBER DESIGNATED HEREON, FOR INSURANCE COVERAGE UNDER THE MASTER POLICY-NUCLEAR ENERGY LIABILITY INSURANCE (SECONDARY FINANCIAL PROTECTION). NO INSURANCE IS AFFORDED BY THIS COPY.



JOHN L. QUATTROCCHI
SENIOR VICE PRESIDENT - UNDERWRITING
AMERICAN NUCLEAR INSURERS

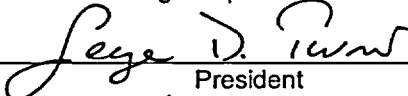
Effective Date of
this Endorsement: **January 1, 2003**
(12:01 A.M. Standard Time)

To form a part of Certificate No. **N -0114**

Issued To: **Arizona Public Service Company, et al**

Date of Issue: **November 20, 2002**

For the subscribing companies

By 
President

Endorsement No: **32**

Countersigned by 

CERTIFIED COPY

NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

AMENDMENT OF CONDITION 4

It is agreed that with respect to bodily injury, property damage, environmental damage or evacuation of the public caused after the effective date of this endorsement by the nuclear energy hazard, the figure "\$200,000,000" stated in Condition 4 of this policy is amended to read "\$300,000,000".

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.



John L. Quattrocchi
Senior Vice President, Underwriting
American Nuclear Insurers

Effective Date of
this Endorsement:

January 1, 2003
(12:01 A.M. Standard Time)

To form a part of Policy No. **NF -0266**

Issued to:

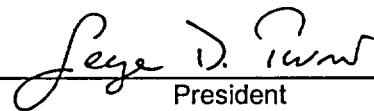
Arizona Public Service Company, et al

Date of Issue:

December 20, 2002

For the subscribing companies

By

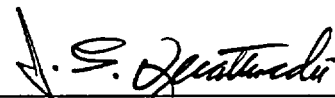


President

Endorsement No.:

115

Countersigned by



CERTIFIED COPY

NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

Endorsement No.111, entitled "LIMITATION OF COVERAGE FOR TERRORIST ACTS (ONE SHARED INDUSTRY AGGREGATE LIMIT), is deleted and replaced with the following:

LIMITATION OF COVERAGE FOR TERRORIST ACTS
(ONE SHARED INDUSTRY AGGREGATE LIMIT)

It is agreed that with respect to bodily injury, property damage, environmental damage or evacuation of the public caused by the nuclear energy hazard and arising out of a terrorist act:

1. the total aggregate liability of the companies shall be \$300,000,000 regardless of (i) the number of terrorist acts affecting this or any other nuclear energy liability policy (Facility Form or Supplier's and Transporter's Form) or (ii) the number of nuclear energy liability policies (Facility Form or Supplier's and Transporter's Form) issued by the Nuclear Energy Liability Insurance Association under which coverage may be sought.
2. the limit of liability shown in Item 4 of the policy Declarations or as amended by endorsement to this policy is subject to the industry aggregate limitation described in paragraph 1 above.
3. the companies may, at their option, reinstate the one shared industry aggregate limit of \$300,000,000, provided that any such reinstatement approved by the companies shall not exceed the balance in the Industry Credit Rating Plan reserve fund.
4. the term "terrorist act" as used herein means a violent or otherwise hostile act or an act dangerous to human life, tangible or intangible property or infrastructure by any person or group, whether acting alone or on behalf of any organization or government, which causes damage to property or injury to persons, or represents a threat thereof and appears to be intended to (i) intimidate or coerce a civilian population; or (ii) disrupt any segment of an economy; or (iii) influence the policy of a government by intimidation or coercion; or (iv) affect the conduct of a government by mass destruction, assassination, kidnapping or hostage-taking.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.



John L. Quattrocchi, Senior Vice President, Underwriting
American Nuclear Insurers

Effective Date of
this Endorsement:

January 1, 2003
(12:01 A.M. Standard Time)

To form a part of Policy No. **NF -0266**

Issued to:

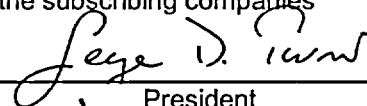
Arizona Public Service Company, et al

Date of Issue:

December 20, 2002

For the subscribing companies

By

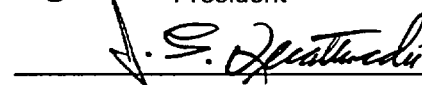


President

Endorsement No.:

116

Countersigned by



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NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

INCREASE OF LIMIT OF LIABILITY ENDORSEMENT
(After Prior Increase)

It is agreed that:

1. The limit of the companies' liability stated in Item 4 of the declarations as amended by the Increase of Limit of Liability Endorsement(s) listed below is further amended to read \$ 300,000,000; but in the event that any payments have heretofore been made by the companies for loss or expense covered by the policy, each of those limits of liability including the limit of liability as amended by this endorsement is reduced in accordance with Condition 3 of the policy by the total amount of those payments, except to the extent that any such reduced limit of liability may have been previously restored in accordance with a Restoration of Limit of Liability Endorsement.
2. The increase in the limit of liability provided by this endorsement applies only with respect to obligations assumed or expenses incurred because of bodily injury, property damage, environmental damage or evacuation of the public caused, during the period from the effective date of this endorsement to the date of termination of the policy, by the nuclear energy hazard.
3. The original limit of liability stated in Item 4 of the declarations, the limit(s) of liability stated in the Increase of Limit of Liability Endorsement(s) listed below and the amended limit of liability stated in paragraph 1 above shall not be cumulative, and each payment made by the companies after the effective date of this endorsement for any loss or expense covered by the policy shall reduce by the amount of such payment each of those limits of liability, regardless of which limit of liability applies with respect to the bodily injury, property damage, environmental damage or evacuation of the public out of which such loss or expense arises.

Previous Increase of Limit of Liability Endorsement(s)
Endorsement No.(s): 9, 23, 47, 92 and 97

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.



John L. Quattrocchi, Senior Vice President, Underwriting, American Nuclear Insurers

Effective Date of
this Endorsement:


January 1, 2003
(12:01 A.M. Standard Time)

To form a part of Policy No. **NF -0266**


Issued to: **Arizona Public Service Company, et al**

Date of Issue: **December 20, 2002**

For the subscribing companies

By 
President

Endorsement No.: **117**

Countersigned by 

CERTIFIED COPY

**NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION**

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 2003

1. **ADVANCE PREMIUM:** It is agreed that the Advance Premium due the companies for the period designated above is: **\$862,580.00**

2. **STANDARD PREMIUM AND RESERVE PREMIUM:** In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is: **\$661,765.00**

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.



John L. Quattrocchi, Senior Vice President - Underwriting
American Nuclear Insurers

Effective Date of
this Endorsement: **January 1, 2003**
(12:01 A.M. Standard Time)

To form a part of Policy No. **NF -0266**

Issued To: **Arizona Public Service Company, et al**

Date of Issue: **December 20, 2002**

For the subscribing companies

By Sege D. Purns
President

Endorsement No: **118**

Countersigned by



**NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION**

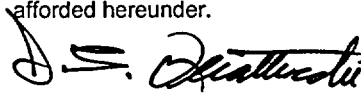
ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 2003

1. **ADVANCE PREMIUM:** It is agreed that the Advance Premium due the companies for the period designated above is: **\$116,057.00**

2. **STANDARD PREMIUM AND RESERVE PREMIUM:** In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is: **\$88,875.00**

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Certificate of Insurance bearing the number designated hereon for insurance coverage under the Nuclear Energy Liability Policy (Facility Workers Form) No insurance is afforded hereunder.



John L. Quattrocchi, Senior Vice President - Underwriting
American Nuclear Insurers

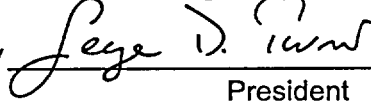
Effective Date of
this Endorsement: **January 1, 2003**
(12:01 A.M. Standard Time)

To form a part of Certificate No. NW -0625

Issued To: **Arizona Public Service Company, et al**

Date of Issue: **November 21, 2002**


For the subscribing companies

By 

President

Endorsement No: **7**

Countersigned by



Countersigned by

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