



A subsidiary of Pinnacle West Capital Corporation

10 CFR 140.21(e)

Palo Verde Nuclear
Generating Station

Thomas N. Weber
Department Leader
Regulatory Affairs

Tel. 623-393-5764
Fax 623-393-5442

Mail Station 7636
PO Box 52034
Phoenix, Arizona 85072-2034

102-06051-TNW/KAR
August 21, 2009

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

Dear Sir:

**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, except Southern California Edison, who submitted their Statement to the NRC in a letter dated May 27, 2009.

Please note that the projected cash flow statement for Arizona Public Service Company, El Paso Electric Company, Salt River Project and Public Service Company of New Mexico are considered confidential documents, for which affidavits of each company are provided. The affidavits set forth the bases upon which the Commission is asked to withhold the information from public disclosure. Accordingly, it is requested that the projected cash flow statements for Arizona Public Service Company, El Paso Electric Company, Salt River Project and Public Service Company of New Mexico be withheld from public disclosure.

No commitments are being made to the NRC in this letter. Should you need further information regarding this submittal, please contact Russell A. Stroud, Licensing Section Leader, at (623) 393-5111.

Sincerely,

TNW/RAS/KAR/gat

Enclosure

cc: E. E. Collins Jr. NRC Region IV Regional Administrator
J. R. Hall NRC NRR Project Manager
R. I. Treadway NRC Senior Resident Inspector for PVNGS

M001
NRR

A member of the STARS (Strategic Teaming and Resource Sharing) Alliance

UNITED STATES NUCLEAR REGULATORY COMMISSION
PALO VERDE NUCLEAR GENERATING STATION
DOCKET NO. 50-528/529/530

**AFFIDAVIT IN SUPPORT OF THE REQUEST OF ARIZONA PUBLIC SERVICE COMPANY
THAT PORTIONS OF ITS 2009 SUBMITTALS UNDER 10 CFR 140.21(e) IN THIS DOCKET BE
WITHHELD FROM PUBLIC DISCLOSURE.**

I, Chris N. Froggatt, being duly sworn, depose and state as follows:

1. I am Vice President and Treasurer of Arizona Public Service Company, an Arizona corporation (the "Company").

2. In my capacity as Vice President and Treasurer of the Company, I am familiar with and I am responsible for the development of the information (hereinafter the "Confidential Information") described in Paragraph 3 of this Affidavit, for which confidential treatment is sought in accordance with the rules of the Nuclear Regulatory Commission (the "Commission") at 10 CFR 2.390(b).

3. The Confidential Information sought to be withheld from public disclosure consists of the Company's Internal Cashflows Statement, which the Company is submitting to the Commission along with this Affidavit. The Confidential Information is submitted in compliance with the Commission's regulations at 10 CFR 140.21(e), pertaining to the Company's "Guarantee of Payment of Deferred Premiums Annual Report". The Confidential Information includes material non-public information, such as projected earnings, dividend plans, and other projected adjustments.

4. The Company bases its request that the Confidential Information be withheld from public disclosure on the grounds that: the Confidential Information is confidential commercial or financial information coming within the meaning of 10 CFR 2.390(a)(4); it is not publicly known or available in public sources, has not heretofore been publicly disclosed and is safeguarded by the Company as Confidential Information in accordance with the Company's policies and procedures for the protection of proprietary and confidential Company information; the Confidential Information includes projections of the Company's earnings, dividends and cash flows for calendar year 2009, and as such it is a good faith estimation which the Company is not otherwise under a legal obligation to update, disclose or make publicly available, does not constitute final or official publication of that information, and it is not presently eligible for broad public dissemination because it is only a good faith estimation and not a final opinion or statement of fact; such estimates are subject to numerous risks, including those described under "Risk Factors" in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and under "Forward-Looking Statements" in Part I, Item 2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009; consistent with the Company's treatment of the Confidential Information as such, it is at the same time of its filing with the Commission transmitting the Confidential Information to the Commission in confidence and is seeking the Commission's concurrence that the Confidential Information will be withheld from public disclosure under the Commission's rules at 10 CFR 2.309(b) for the reasons stated in this Affidavit.

5. The Company requests that the Commission withhold the Confidential Information from public disclosure because its dissemination in a manner not controlled by the Company or inconsistent with the rules and regulations of the Securities and Exchange Commission ("SEC") may result in violations of certain SEC regulations, resulting in significant harm to the Company.

6. The Confidential Information, being a one-page document, has been conspicuously marked "**PROPRIETARY – FINANCIAL INFORMATION**" in compliance with the Commission's

rules at 10 CFR 2.390(b)(1)(i)(A) and (B). Moreover, those portions of the document containing information specifically sought to be protected have been flagged with notations indicating their confidential nature as commercial or financial information not publicly known.

WHEREFORE, the undersigned has signed his name as of the 30th day of July, 2009.

Chris N. Froggatt
Chris N. Froggatt

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED to and sworn before me this 30 day of July, 2009.

Cheryl Houser
Notary Public



My Commission Expires: 11-6-2012

**ATTACHMENT - 3
NON-PROPRIETARY VERSION**

**ARIZONA PUBLIC SERVICE COMPANY
Joint Owner Of Palo Verde Nuclear Generating Station**
INTERNAL CASHFLOWS
(\$Millions)**

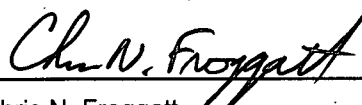
| | <u>2008</u> <u>Results</u> | <u>2009</u> <u>Projected</u> |
|--|-------------------------------|---------------------------------|
| 1. Net Income After Taxes - Continuing Operations | 262.3 | (e) |
| Less: | | |
| 2. Dividends Paid on Preferred Stock | - | (e) |
| 3. Dividends Paid on Common Stock | 170.0 | (e) |
| 4. Retained Earnings | <u>92.3</u> | <u>(e)</u> |
| Adjustments: | | |
| 5. Depreciation and Amortization (a) | 416.7 | 444.3 |
| 6. Deferred income Taxes (b) | 53.1 | 45.5 |
| 7. Allowance for Funds Used During Construction (Equity & Borrowed) | (32.9) | (45.3) |
| 8. Decommissioning | (20.7) | (21.8) |
| 9. Deferred Fuel | 102.9 | 32.9 |
| 10. Other balance sheet assets and liabilities | (31.2) | n/a |
| 11. Total Adjustments (c) | <u>487.9</u> | <u>456</u> |
| 12. Internal Cash Flow | 580.2 | (e) |
| 13. Average Quarterly Cash Flow | 145.1 | (e) |

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

Unit 1 - 29.1%
Unit 2 - 29.1% (d)
Unit 3 - 29.1%

- (a) Includes Nuclear Fuel Amortization
- (b) Includes Change in unrecognized tax benefits
- (c) Projected period excludes forecasted changes in working capital.
- (d) Includes the leased portion of Palo Verde Unit 2.
- (e) Company policy prohibits disclosure of financial forecast data which will enable earnings or dividend forecasts by unauthorized persons, unless assured of confidentiality.

I, Chris N. Froggatt, Vice President and Treasurer of APS, certify that these cashflows utilize the Company's approach to estimating cash flows for internal management reports and planning purposes. 2008 reflects actual results of operations and are consistent with APS 2008 Statement of Cashflows. The 2009 estimate of cashflows is based on the 2009 Company Budget.

 Date: 7/30/09
Chris N. Froggatt
Vice President and Treasurer of APS