

Plant name:

Palo Verde Nuclear Generating Station, Unit 2

Docket Number:

50-529

1

The minimum financial assurance (MFA) estimate pursuant to 10 CFR 50.75(b) & (c):

\$469,000,000

Did the licensee identify the amount of estimated radiological funds? (Y/N)

Y

2

The total amount of dollars accumulated at the end of the appropriate year: (see below)

Licensee:	% Owned:	Category:	Amount in Trust Fund:
Arizona Public Service Company (APS)	29.10%	1	\$174,763,000
Salt River Project Agricultural Improvement and Power District (SRP)	17.49%	1	\$77,020,000
El Paso Electric Company (EPE)	15.80%	1	\$51,916,000
Southern California Edison Company (SCE)	15.80%	1	\$256,671,000
Public Service Company of New Mexico (PNM)	10.20%	1	\$53,766,000
Southern California Public Power Authority (SCPPA)	5.91%	1	\$52,638,000
Los Angeles Department of Water and Power (LADWP)	5.70%	1	\$38,261,000

Total Trust Fund Balance

\$705,035,000

3

Schedule of the annual amounts remaining to be collected: (provided/none)

Provided

4

Assumptions used in determining rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections: (see below)

Rate of Return on Earnings	Escalation Rate	Rate(s) of Other Factors	Real Rate of Return	PUC Verified (Y/N)	Allowed through Decom (Y/N)	RAI Needed (Y/N)	Post-RAI		
							PUC Verified (Y/N)	Allowed through Decom (Y/N)	Rates Determined (Y/N)
Variable <sup>1</sup>	Variable <sup>1</sup>		Variable <sup>1</sup>	N		Y	Y	N	N <sup>2</sup>

5

Any contracts upon which the licensee is relying? (Y/N)

N

6

Any modifications to a licensee's method of providing decommissioning funding assurance? (Y/N)

N

7

Any material changes to trust agreements? (Y/N)

N

If a change has occurred, the reviewer will document on this sheet that a change has occurred and identify the reviewer who will evaluate the change: (see below)

<sup>1</sup> Rates provided are considered variable because the rates are not consistent throughout the licensee(s) and/or years of operation.

<sup>2</sup> For EPE, year-to-year rates cannot be determined from the submitted information since they are determined by the FERC, the Public Utility Commission of Texas and the New Mexico Public Regulation commission, which have issued various orders and rules related to decommissioning funding, investment criteria, and/or fund operations.

**Plant name:** Palo Verde Nuclear Generating Station, Unit 2      **Docket Number:** 50-529

**Date of Operation:**                      **Month:** 12      **Day:** 31      **Year:** 2010  
**Termination of Operations:**                      4      24      2026

BWR/PWR	MWth	1986\$	ECI	Base Lx		Lx	Px	Latest Month Px	Base Px	Fx	Latest Month Fx	Base Fx		Ex		Bx
PWR	3990	\$105,000,000	112.5	2.06	0.65	2.32	1.676	191.4	114.2	3.049	250.0	82.0	0.13	2.253	0.22	12.28

**NRC Minimum:** \$472,584,981      **Site Specific:** \$578,116,000

Licensee:	% Owned:	Category	Amount of NRC Minimum/Site Specific:	Amount in Trust Fund:
Arizona Public Service Company (APS)	29.10%	1	\$168,231,756	\$174,763,000
Salt River Project Agricultural Improvement and Power District (SRP)	17.49%	1	\$101,112,488	\$77,020,000
El Paso Electric Company (EPE)	15.80%	1	\$91,342,328	\$51,916,000
Southern California Edison Company (SCE)	15.80%	1	\$91,342,328	\$256,671,000
Public Service Company of New Mexico (PNM)	10.20%	1	\$58,967,832	\$53,766,000
Southern California Public Power Authority (SCPPA)	5.91%	1	\$34,166,656	\$52,638,000
Los Angeles Department of Water and Power (LADWP)	5.70%	1	\$0	\$38,261,000

Total Fund Balance: \$705,035,000

**Step 1:**  
**Earnings Credit:**

Trust Fund Balance:	Real Rate of Return per year	Years Left in License	Total Earnings:	Does Licensee Pass:
\$705,035,000	2%	15.31	\$954,805,787	YES

**Step 2:**  
**Accumulation:**

Value of Annuity per year (amount/See Annuity Sheet)	Real Rate of Return per year	Number of Annual Payments:	Total Annuity:
See Annuity Sheet	See Annuity Sheet		See Total Step 2

Total Annuity	Real Rate of Return per year	Years remaining after annuity	Total Step 2:
See Total Step 2	See Annuity Sheet	N/A	\$159,749,302

Total Step 1 + Step 2	Does Licensee Pass:
\$1,114,555,090	YES

**Step 3:**  
**Decom Period:**

Total Earnings:	Real Rate of Return per year	Decom Period:	Total Earnings for Decom:
\$1,114,555,090	2%	7	\$82,859,184

Total of Steps 1 thru 3:	Does Licensee Pass:	Shortfall:
\$1,197,414,273	YES	NO

Signature: Michael Purdie and JoAnn Simpson  
Date: 8/10/2011  
Signature: Aaron L. Szabo  
Date: 8/22/2011

Plant name:

Palo Verde Nuclear Generating Station, Unit 2

Docket Number:

50-529

Date of Operation:

Month:12

Day:31

Year:2010

Termination of Operations:

4

24

2026

If licensee is granted greater than 2% RRR

Step 4:  
Earnings Credit:

Owner	Trust Fund Balance:	Real Rate of Return	Years Left in License	Total Earnings:	Does Licensee Pass:
APS	\$174,763,000	2.00%	15.31	\$987,890,389	YES
SRP	\$77,020,000	2.00%			
EPE	\$51,916,000	2.0375%			
SCE	\$256,671,000	2.00%			
PNM	\$53,766,000	4.50%			
SCPPA	\$52,638,000	2.00%			
LADWP	\$38,261,000	2.00%			

Step 5:  
Accumulation:

Value of Annuity per year	Real Rate of Return per year	Number of Annual Payments:	Total Annuity:
See Annuity Sheet	See Annuity Sheet	0	See Total Step 4

Total Annuity	Real Rate of Return per year	Years remaining after annuity	Total Step 5
See Total Step 4	See Annuity Sheet	N/A	\$167,140,190

Total Step 4 + Step 5	Does Licensee Pass:
\$1,155,030,580	YES

Step 6:  
Decom Period:

Total Earnings:	Real Rate of Return per year	Decom Period:	Total Earnings for Decom:
\$1,155,030,580	2.00%	7	\$85,868,246

Total of Steps 4 thru 6:	Does Licensee Pass:	Shortfall:
\$1,240,898,826	YES	NO

Signature: Michael Purdie and JoAnn Simpson  
Date: 8/10/2011  
Signature: Aaron L. Szabo  
Date: 8/22/2011

Spreadsheet created by: Aaron Szabo, Shawn Harwell  
Formulas verified by: Clayton Pittiglio

ANNUITY  
Termination of Operations:

4

24

2026

APS			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$1,193,213	2%	\$1,615,980
2012	\$1,193,213	2%	\$1,584,295
2013	\$1,193,213	2%	\$1,553,230
2014	\$1,193,213	2%	\$1,522,774
2015	\$1,193,213	2%	\$1,492,916
2016	\$1,193,213	2%	\$1,463,643
2017	\$1,193,213	2%	\$1,434,944
2018	\$1,193,213	2%	\$1,406,808
2019	\$1,193,213	2%	\$1,379,224
2020	\$1,193,213	2%	\$1,352,180
2021	\$1,193,213	2%	\$1,325,667
2022	\$1,193,213	2%	\$1,299,673
2023	\$1,193,213	2%	\$1,274,190
2024	\$1,193,213	2%	\$1,249,205
2025	\$1,193,213	2%	\$1,224,711
2026	\$1,193,213	2%	\$1,200,697
Total:			\$22,380,138

SRP			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$1,988,000	2%	\$2,692,368
2012	\$2,105,000	2%	\$2,794,924
2013	\$2,230,000	2%	\$2,902,837
2014	\$2,362,000	2%	\$3,014,376
2015	\$2,502,000	2%	\$3,130,435
2016	\$2,650,000	2%	\$3,250,597
2017	\$2,807,000	2%	\$3,375,666
2018	\$2,973,000	2%	\$3,505,192
2019	\$3,149,000	2%	\$3,639,900
2020	\$3,335,000	2%	\$3,779,309
2021	\$3,533,000	2%	\$3,925,184
2022	\$3,742,000	2%	\$4,078,867
2023	\$3,963,000	2%	\$4,231,946
2024	\$4,198,000	2%	\$4,394,994
2025	\$4,446,000	2%	\$4,563,365
Total:			\$53,276,961

EPE			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$2,642,412	2%	\$3,578,645
2012	\$2,917,665	2%	\$3,889,743
2013	\$3,033,222	2%	\$3,944,125
2014	\$3,153,356	2%	\$4,019,938
2015	\$3,535,811	2%	\$4,419,114
2016	\$3,675,850	2%	\$4,504,056
2017	\$3,821,436	2%	\$4,590,631
2018	\$4,392,538	2%	\$5,173,223
2019	\$4,566,509	2%	\$5,272,661
2020	\$4,747,370	2%	\$5,374,009
2021	\$5,730,719	2%	\$6,359,958
2022	\$5,957,080	2%	\$6,482,207
2023	\$6,193,650	2%	\$6,606,805
2024	\$8,791,549	2%	\$9,194,117
2025	\$9,139,748	2%	\$9,370,843
Total:			\$82,760,076

SCE			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$0	2%	\$0
2012	\$0	2%	\$0
2013	\$0	2%	\$0
2014	\$0	2%	\$0
2015	\$0	2%	\$0
2016	\$0	2%	\$0
2017	\$0	2%	\$0
2018	\$0	2%	\$0
2019	\$0	2%	\$0
2020	\$0	2%	\$0
2021	\$0	2%	\$0
2022	\$0	2%	\$0
2023	\$0	2%	\$0
2024	\$0	2%	\$0
2025	\$0	2%	\$0
Total:			\$0

PNM			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$1,659,000	2%	\$2,246,800
2012	\$1,659,000	2%	\$2,202,746
2013	\$1,659,000	2%	\$2,159,454
2014	\$1,659,000	2%	\$2,117,210
2015	\$1,659,000	2%	\$2,075,696
2016	\$1,659,000	2%	\$2,034,496
2017	\$1,659,000	2%	\$1,993,094
2018	\$1,659,000	2%	\$1,951,975
2019	\$1,659,000	2%	\$1,911,623
2020	\$1,659,000	2%	\$1,880,022
2021	\$1,659,000	2%	\$1,843,159
2022	\$1,659,000	2%	\$1,807,019
2023	\$1,659,000	2%	\$1,771,587
2024	\$1,659,000	2%	\$1,736,850
2025	\$1,659,000	2%	\$1,702,794
Total:			\$29,447,125

SCPPA			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	(\$1,298,912)	2%	(\$1,759,130)
2012	(\$1,298,912)	2%	(\$1,724,637)
2013	(\$1,298,912)	2%	(\$1,690,820)
2014	(\$1,298,912)	2%	(\$1,657,667)
2015	(\$1,298,912)	2%	(\$1,625,164)
2016	(\$1,298,912)	2%	(\$1,593,298)
2017	(\$1,298,912)	2%	(\$1,562,057)
2018	(\$1,298,912)	2%	(\$1,531,428)
2019	(\$1,298,912)	2%	(\$1,501,400)
2020	(\$1,298,912)	2%	(\$1,471,961)
2021	(\$1,298,912)	2%	(\$1,443,099)
2022	(\$1,298,912)	2%	(\$1,414,803)
2023	(\$1,298,912)	2%	(\$1,387,062)
2024	(\$1,298,912)	2%	(\$1,359,864)
2025	(\$1,298,912)	2%	(\$1,333,200)
Total:			(\$23,055,590)

LADWP			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	(\$374,230)	2%	(\$506,823)
2012	(\$374,230)	2%	(\$496,886)
2013	(\$374,230)	2%	(\$487,143)
2014	(\$374,230)	2%	(\$477,591)
2015	(\$374,230)	2%	(\$468,227)
2016	(\$374,230)	2%	(\$459,046)
2017	(\$374,230)	2%	(\$450,045)
2018	(\$374,230)	2%	(\$441,220)
2019	(\$374,230)	2%	(\$432,569)
2020	(\$374,230)	2%	(\$424,087)
2021	(\$374,230)	2%	(\$415,772)
Total:			(\$5,059,408)

TOTAL: \$159,749,302

If licensee is granted greater than 2% RRR

APS			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$1,193,213	2.00%	\$1,615,980
2012	\$1,193,213	2.00%	\$1,584,295
2013	\$1,193,213	2.00%	\$1,553,230
2014	\$1,193,213	2.00%	\$1,522,774
2015	\$1,193,213	2.00%	\$1,492,916
2016	\$1,193,213	2.00%	\$1,463,643
2017	\$1,193,213	2.00%	\$1,434,944
2018	\$1,193,213	2.00%	\$1,406,808
2019	\$1,193,213	2.00%	\$1,379,224
2020	\$1,193,213	2.00%	\$1,352,180
2021	\$1,193,213	2.00%	\$1,325,667
2022	\$1,193,213	2.00%	\$1,299,673
2023	\$1,193,213	2.00%	\$1,274,190
2024	\$1,193,213	2.00%	\$1,249,205
2025	\$1,193,213	2.00%	\$1,224,711
2026	\$1,193,213	2.00%	\$1,200,697
Total:			\$22,380,138

TOTAL: \$167,140,190

If licensee is granted greater than 2% RRR

SRP			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$1,988,000	2%	\$2,692,368
2012	\$2,105,000	2%	\$2,794,924
2013	\$2,230,000	2%	\$2,902,837
2014	\$2,362,000	2%	\$3,014,376
2015	\$2,502,000	2%	\$3,130,435
2016	\$2,650,000	2%	\$3,250,597
2017	\$2,807,000	2%	\$3,375,666
2018	\$2,973,000	2%	\$3,505,192
2019	\$3,149,000	2%	\$3,639,900
2020	\$3,335,000	2%	\$3,779,309
2021	\$3,533,000	2%	\$3,925,184
2022	\$3,742,000	2%	\$4,078,867
2023	\$3,963,000	2%	\$4,231,946
2024	\$4,198,000	2%	\$4,394,994
2025	\$4,446,000	2%	\$4,563,365
Total:			\$53,276,961

EPE			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$2,642,412	2.0375%	\$3,598,849
2012	\$2,917,665	2.0375%	\$3,894,383
2013	\$3,033,222	2.0375%	\$3,967,781
2014	\$3,153,356	2.0375%	\$4,042,562
2015	\$3,535,811	2.0375%	\$4,442,251
2016	\$3,675,850	2.0375%	\$4,526,076
2017	\$3,821,436	2.0375%	\$4,611,379
2018	\$4,392,538	2.0375%	\$5,194,694
2019	\$4,566,509	2.0375%	\$5,292,598
2020	\$4,747,370	2.0375%	\$5,392,348
2021	\$5,730,719	2.0375%	\$6,379,316
2022	\$5,957,080	2.0375%	\$6,499,547
2023	\$6,193,650	2.0375%	\$6,622,043
2024	\$8,791,549	2.0375%	\$9,211,937
2025	\$9,139,748	2.0375%	\$9,385,555
Total:			\$83,061,418

SCE			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$0	2%	\$0
2012	\$0	2%	\$0
2013	\$0	2%	\$0
2014	\$0	2%	\$0
2015	\$0	2%	\$0
2016	\$0	2%	\$0
2017	\$0	2%	\$0
2018	\$0	2%	\$0
2019	\$0	2%	\$0
2020	\$0	2%	\$0
2021	\$0	2%	\$0
2022	\$0	2%	\$0
2023	\$0	2%	\$0
2024	\$0	2%	\$0
2025	\$0	2%	\$0
Total:			\$0

If licensee is granted greater than 2% RRR

PNM			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	\$1,659,000	4.5%	\$1,245,568
2012	\$1,659,000	4.5%	\$1,115,376
2013	\$1,659,000	4.5%	\$2,981,221
2014	\$1,659,000	4.5%	\$2,852,843
2015	\$1,659,000	4.5%	\$2,729,994
2016	\$1,659,000	4.5%	\$2,612,434
2017	\$1,659,000	4.5%	\$2,499,937
2018	\$1,659,000	4.5%	\$2,392,284
2019	\$1,659,000	4.5%	\$2,289,267
2020	\$1,659,000	4.5%	\$2,190,686
2021	\$1,659,000	4.5%	\$2,096,550
2022	\$1,659,000	4.5%	\$2,006,077
2023	\$1,659,000	4.5%	\$1,919,691
2024	\$1,659,000	4.5%	\$1,837,025
2025	\$1,659,000	4.5%	\$1,757,918
Total:			\$36,536,671

SCPPA			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	(\$1,298,912)	2%	(\$1,759,130)
2012	(\$1,298,912)	2%	(\$1,724,637)
2013	(\$1,298,912)	2%	(\$1,690,820)
2014	(\$1,298,912)	2%	(\$1,657,667)
2015	(\$1,298,912)	2%	(\$1,625,164)
2016	(\$1,298,912)	2%	(\$1,593,298)
2017	(\$1,298,912)	2%	(\$1,562,057)
2018	(\$1,298,912)	2%	(\$1,531,428)
2019	(\$1,298,912)	2%	(\$1,501,400)
2020	(\$1,298,912)	2%	(\$1,471,961)
2021	(\$1,298,912)	2%	(\$1,443,099)
2022	(\$1,298,912)	2%	(\$1,414,803)
2023	(\$1,298,912)	2%	(\$1,387,062)
2024	(\$1,298,912)	2%	(\$1,359,864)
2025	(\$1,298,912)	2%	(\$1,333,200)
Total:			(\$23,055,590)

LADWP			
Year	Annuity:	Real Rate of Return:	Total Accumulation:
2011	(\$374,230)	2%	(\$506,823)
2012	(\$374,230)	2%	(\$496,886)
2013	(\$374,230)	2%	(\$487,143)
2014	(\$374,230)	2%	(\$477,591)
2015	(\$374,230)	2%	(\$468,227)
2016	(\$374,230)	2%	(\$459,046)
2017	(\$374,230)	2%	(\$450,045)
2018	(\$374,230)	2%	(\$441,220)
2019	(\$374,230)	2%	(\$432,569)
2020	(\$374,230)	2%	(\$424,087)
2021	(\$374,230)	2%	(\$415,772)
Total:			(\$5,059,408)