10 CFR 140.21

APS

A subsidiary of Pinnacle West Capital Corporation

Palo Verde Nuclear Generating Station

Thomas N. Weber
Department Leader
Regulatory Affairs

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102-06571-TNW/RAS/JR
August 17, 2012

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

Subject: **Palo Verde Nuclear Generating Station**
Licensee Guarantee of Payment of Deferred Premium
2012 Annual 10 CFR 140.21 Filing

References: 1) Memo from NRC (Leah P. Tremper), dated November 15, 2006
2) Federal Register Notice 72 FR 59574, Withdrawal of Regulatory Guide, dated October 22, 2007

Pursuant to the requirements of 10 CFR 140.21, Arizona Public Service Company (APS), for itself and on behalf of the Palo Verde Nuclear Generating Station (PVNGS) Participants, has enclosed copies of the American Nuclear Insurers (ANI) Bond for Payment of Retrospective Premiums for each of the three PVNGS Units, together with the 2012 Annual Premium Endorsement evidencing payment for such bonds. The enclosed endorsements are summarized below. Southern California Edison submitted its Statement to the NRC in a letter dated May 31, 2012.

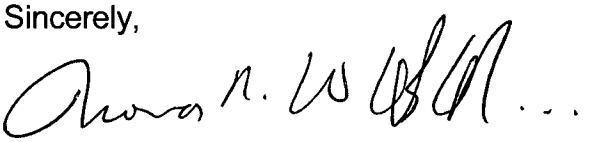
Licensee	**Plant**	**Secondary Financial Protection Certificate #**	**Endorsement Number and Purpose**
• Arizona Public Service Company • Salt River Project Agricultural Improvement and Power District • Public Service Company of New Mexico • El Paso Electric Company, • Southern California Public Power Authority • The Department of Water and Power of the City of Los Angeles	Palo Verde Nuclear Generating Station Unit 1	N – 0088	48 - 2012 Annual Premium ANI Bond for Payment of Retrospective Premiums

MOD 4
NRR

Licensee	Plant	Secondary Financial Protection Certificate #	Endorsement Number and Purpose
• Arizona Public Service Company • Salt River Project Agricultural Improvement and Power District • Public Service Company of New Mexico • El Paso Electric Company, • Southern California Public Power Authority • The Department of Water and Power of the City of Los Angeles	Palo Verde Nuclear Generating Station Unit 2	N – 107	49 - 2012 Annual Premium ANI Bond for Payment of Retrospective Premiums
• Arizona Public Service Company • Salt River Project Agricultural Improvement and Power District • Public Service Company of New Mexico • El Paso Electric Company, • Southern California Public Power Authority • The Department of Water and Power of the City of Los Angeles	Palo Verde Nuclear Generating Station Unit 3	N-114	44 - 2012 Annual Premium ANI Bond for Payment of Retrospective Premiums

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/JR

Enclosures: 2012 Annual Premium Endorsement
ANI Bond for Payment of Retrospective Premiums:
Palo Verde Nuclear Generating Station Units 1, 2 and 3

cc: E. E. Collins Jr. NRC Region IV Regional Administrator
L. K. Gibson NRC NRR Project Manager for PVNGS
M. A. Brown NRC Senior Resident Inspector for PVNGS

Enclosures

2012 Annual Premium Endorsement
ANI Bond for Payment of Retrospective Premiums:
Palo Verde Nuclear Generating Station Units 1, 2 and 3

NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ANNUAL PREMIUM ENDORSEMENT

CALENDAR YEAR 2012

1. **ANNUAL PREMIUM:** It is agreed that the Annual Premium due the companies for the period designated above is: **$9,492.00**

Effective Date of
this Endorsement: **January 1, 2012**
(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 11, 2011**

For the subscribing companies

By _____
President

Endorsement No: **48**

Countersigned by _____

NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ANNUAL PREMIUM ENDORSEMENT

CALENDAR YEAR 2012

1. **ANNUAL PREMIUM:** It is agreed that the Annual Premium due the companies for the period designated above is: **$9,492.00**

Effective Date of
this Endorsement: **January 1, 2012**
(12:01 A.M. Standard Time)

To form a part of Certificate No. **N -0107**

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

Date of Issue: **November 11, 2011**

For the subscribing companies

By _____
President

Endorsement No: **49**

Countersigned by _____

NUCLEAR ENERGY LIABILITY INSURANCE
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ANNUAL PREMIUM ENDORSEMENT

CALENDAR YEAR 2012

1. **ANNUAL PREMIUM:** It is agreed that the Annual Premium due the companies for the period designated above is: **$9,492.00**

Effective Date of this Endorsement: **January 1, 2012** (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 11, 2011**

For the subscribing companies

By _____
President

Endorsement No: **44**

Countersigned by _____

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

Certificate No. N-88

Forming Part of Master

Policy No. 1

CERTIFICATE OF INSURANCE

DECLARATIONS AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Certificate of Insurance

This is to certify that the persons and organizations designated in Item 1 of the Declarations are named insureds under the Master Policy - Nuclear Energy Liability Insurance (Secondary Financial Protection), herein called the "Master Policy", issued by Nuclear Energy Liability Insurance Association.

Such insurance as is provided by the Master Policy applies, through this certificate, only:

(a) to the insureds identified in Items 1 and 2 of the Declarations,

(b) for the certificate period stated in Item 6 of the Declarations,

(c) to bodily injury or property damage

(1) with respect to which the primary financial protection described in Item 4 of the Declarations would apply but for exhaustion of its limit of liability as described in Condition 6 of the Master Policy, and

(2) which is caused during the certificate period stated in Item 6 of the Declarations by a nuclear incident arising out of or in connection with the nuclear reactor described in Item 3 of the Declarations, and

(3) which is discovered and for which written claim is made against the insured not later than ten years after the end of the certificate period stated in Item 6 of the Declarations. However, with respect to bodily injury or property damage caused by an extraordinary nuclear occurrence this subparagraph (3) shall not operate to bar coverage for bodily injury or property damage which is discovered and for which written claim is made against the insured not later than twenty years after the date of the extraordinary nuclear occurrence.

Declarations

Item 1. Named insureds and addresses:

(a) Arizona Public Service Company-P.O. Box 21666, Phoenix, Arizona 85036

(b) Salt River Project Agricultural Improvement and Power District-P.O. Box 1980, Phoenix, Arizona 85001

(c) El Paso Electric Company-P.O. Box 982, El Paso, Texas 79946

(d) Southern California Edison Company-P.O. Box 800, Rose Mead, California 91770

(e) Public Service Company of New Mexico-Alvarado Square, Albuquerque, New Mexico 87158

(f) Southern California Public Power Authority-c/o Los Angeles Department of Water & Power, 111 North Hope Street, Los Angeles, California 90012

Item 2. Additional insureds:

Any other person or organization who would be insured under the primary financial protection identified in Item 4 of the Declarations but for exhaustion of the limit of liability of such primary financial protection.

Item 3. Description and location of nuclear reactor: Unit 1 of the Palo Verde Nuclear Generating Station is located in Maricopa County, Arizona.

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

Nuclear Energy Liability Insurance Association's Policy NF- 266	$124,000,000
Mutual Atomic Energy Liability Underwriters' Policy MF-	$ 36,000,000

(b) The following endorsements, attached to the primary financial protection policies listed in Item 4 (a) also apply to the insurance afforded by the Master Policy through this certificate as though they were attached hereto:

(1) Waiver of Defenses Endorsement (Extraordinary Nuclear Occurrence) and

(2) Supplementary Endorsement - Waiver of Defenses - Reactor Construction at the Facility,

(b) The following endorsements, attached to the primary financial protection policies listed in Item 4 (a) also apply to the insurance afforded by the Master Policy through this certificate as though they were attached hereto:

(1) Waiver of Defenses Endorsement (Extraordinary Nuclear Occurrence) and

(2) Supplementary Endorsement - Waiver of Defenses - Reactor Construction at the Facility,

(c) The limits of liability provided under the primary financial protection specified in Item 4 (a) above are not shared with any other reactor except as follows:

no exception

Item 5. Limits of Liability: The amount of retrospective premium actually received by the companies plus the amount of the companies' contingent liability, if any, pursuant to Conditions 2, 3 and 4 of the Master Policy.

Item 6. Certificate Period: Beginning at the same time and date that the Facility Operating License issued by the United States Nuclear Regulatory Commission for the reactor described in Item 3 of this certificate becomes effective and continuing to the effective date and time of cancellation or termination of the Master Policy or this certificate, whichever first occurs, eastern standard time.

Item 7. Maximum retrospective premium (exclusive of allowance for premium taxes) payable pursuant to Condition 2 of the Master Policy with respect to each nuclear incident: $3,875,000.

Item 8. Portion of the annual premium payable for the companies' contingent liability described in Condition 4 of the Master Policy from the effective date hereof to the end of calendar year 1983 : The pro rata portion of $4,650 for the period from the effective date of this certificate to the end of the calendar year during which such effective date occurs.

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Know All Men By These Presents, that the undersigned do hereby acknowledge that they are named insureds under the Master Policy described in the above Certificate of Insurance and Declarations. The named insureds do hereby covenant with and are held and are firmly bound to the members of Nuclear Energy Liability Insurance Association subscribing the Master Policy (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the Master Policy, as it may be changed from time to time, with interest on such premiums and allowances for taxes to be computed at the rate provided in the Master Policy from the date payment thereof is specified to be due the companies in written notice to the first named insured as provided in Condition 2 of the Master Policy until paid;

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts;

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs, and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply with the covenants and provisions of this Bond and (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of the Master Policy relating to such covenants or provisions;

For the purpose of recording this agreement, a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

The preceding Certificate of Insurance, Declarations and Bond form a part of the Master Policy. Cancellation or termination of the Master Policy or the Certificate of Insurance shall not affect the named insured's obligations under the policy or the Bond to pay the retrospective premiums and allowances for premium taxes, as provided in this Certificate and Condition 2 of the Master Policy.

IN WITNESS WHEREOF, the named insureds have caused this Certificate, these Declarations and this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective as of the time and date of the inception of the Certificate period.

Attest or Witness

Arthur C. Gehr
Partner, Snell & Wilmer

Named Insureds:

Arizona Public Service Company
(Named Insured - Type or Print)

By T. G. Woods, Jr. (SEAL)
(Signature of Officer)

T. G. Woods, Jr., Executive Vice President
(Type or Print Name & Title of Officer)

Date: 6/15/83

Arthur C. Gehr
Partner, Snell & Wilmer

Salt River Project Agricultural Improvement and Power District
(Named Insured - Type or Print)

By R. D. Johnson (SEAL)
(Signature of Officer)

R. D. Johnson, Manager, Generation Dept.
(Type or Print Name & Title of Officer)

Date: 6/15/83

Arthur C. Gehr
Partner, Snell & Wilmer

El Paso Electric Company
(Named Insured - Type or Print)

By R. E. York (SEAL)
(Signature of Officer)

R. E. York, Senior Vice President
(Type or Print Name & Title of Officer)

Date: 6/15/83

Attest or Witness

Arthur C. Gelw
Partner, Snell & Wilmer

Named Insureds:

Southern California Edison Company
(Named Insured - Type or Print)

By Robert Dietch (SEAL)
(Signature of Officer)

Robert Dietch, Vice President
(Type or Print Name & Title of Officer)

Date: 6/15/83

Arthur C. Gelw
Partner, Snell & Wilmer

Public Service Company of New Mexico
(Named Insured - Type or Print)

By C D Bedford (SEAL)
(Signature of Officer)

C. D. Bedford, Vice President
(Type or Print Name & Title of Officer)

Date: 6/20/83

Charles W. Montoya
Assistant Secretary

Southern California Public Power Authority
(Named Insured - Type or Print)

By Robert C. Bunt (SEAL)
(Signature of Officer)

Authorized Representative
(Type or Print Name & Title of Officer)

Date: 6/15/83

(Named Insured - Type or Print)

By (SEAL)
(Signature of Officer)

(Type or Print Name & Title of Officer)

Date:

IN WITNESS WHEREOF, the companies subscribing the Master Policy have caused the Certificate of Insurance and the Declarations to be signed on their behalf by the President of Nuclear Energy Liability Insurance Association to be effective as of the time and date of the inception of the Certificate period, and countersigned below by a duly authorized representative.

Attest or Witness

For the Subscribing Companies of

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

BY: _____
Burt C. Proom, President

Countersigned by _____
(Authorized Representative)

Nuclear Energy Liability Insurance

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ENDORSEMENT TO CERTIFICATE NO. N-107
FORMING PART OF MASTER POLICY NO. 1
NUCLEAR ENERGY LIABILITY INSURANCE
(SECONDARY FINANCIAL PROTECTION)

In consideration of its being added as a second named insured in Certificate No. N-107 by Endorsement thereto and issued concurrently herewith, The Department of Water and Power of the City of Los Angeles hereby executes the following bond:

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Know All Men By These Presents, that the undersigned does hereby acknowledge that Arizona Public Service Company and the undersigned are named insureds under Master Policy No. 1 described in the Certificate of Insurance and Declarations of Certificate No. N-107, which was issued to and signed by Arizona Public Service Company on December 9, 1985 and as amended and that the undersigned is an additional named insured under such Master Policy and Certificate. With respect to such insurance as is afforded by Master Policy No. 1 for excess losses to which such policy applies and which occur on or after January 30, 1986, the undersigned does hereby covenant with and is held and is firmly bound to the subscribing members of Nuclear Energy Liability Insurance Association (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the terms of Master Policy No. 1, as it may be changed from time to time, with interest on such premiums and allowances for taxes to be computed at the rate provided in Master Policy No. 1 from the date payment thereof is specified to be due the companies in a written notice to the first named insured, as provided in Condition 2 of Master Policy No. 1 until paid.

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts.

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply

with the covenants and provisions of this Bond or (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of Master Policy No. 1 relating to such covenants or provisions.

For the purpose of recording this agreement a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

THE ABOVE BOND FORMS A PART OF MASTER POLICY NO. 1. CANCELLATION OR TERMINATION OF MASTER POLICY NO. 1 OR CERTIFICATE NO. N-107 SHALL NOT AFFECT THE OBLIGATIONS OF THE NAMED INSUREDS UNDER MASTER POLICY NO. 1 OF THE BONDS TO PAY THE RETROSPECTIVE PREMIUMS AND ALLOWANCES FOR PREMIUM TAXES AS PROVIDED IN CERTIFICATE NO. N-107 AND CONDITION 2 OF MASTER POLICY NO. 1.

IN WITHNESS WHEREOF, the undersigned named insured has caused this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective from and after the date stated below, eastern standard time.

Attest or Witness

Edna A. Cotton

Named Insured:

The Department of Water and Power of the City of Los Angeles
(Named Insured - Type or Print)

By _____ (SEAL)
(Signature of Officer)

NORMAN E. NICHOLS - ASSISTANT GENERAL MANAGER - POWER
(Type or Print Name & Title of Officer)

Date: August 29, 1986

Effective Date of this Endorsement January 30, 1986 12:01 A.M. Standard Time

Certificate No. N-107

To form a part of Policy No.

Issued to Arizona Public Service Company, et al.

Date of Issue June 24, 1986

For the subscribing companies

By _____
General Manager

Endorsement No 4

Countersigned by _____

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

☐ AGENTS OR BROKERS COPY
☐ SUBMITTING COMPANY COPY
☐ MAELU COPY

Certificate No. N- 107

Forming Part of Master

Policy No. 1

CERTIFICATE OF INSURANCE

DECLARATIONS AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Certificate of Insurance

This is to certify that the persons and organizations designated in Item 1 of the Declarations are named insureds under the Master Policy - Nuclear Energy Liability Insurance (Secondary Financial Protection), herein called the "Master Policy", issued by Nuclear Energy Liability Insurance Association.

Such insurance as is provided by the Master Policy applies, through this certificate, only:

(a) to the insureds identified in Items 1 and 2 of the Declarations,

(b) for the certificate period stated in Item 6 of the Declarations,

(c) to bodily injury or property damage

(1) with respect to which the primary financial protection described in Item 4 of the Declarations would apply but for exhaustion of its limit of liability as described in Condition 6 of the Master Policy, and

(2) which is caused during the certificate period stated in Item 6 of the Declarations by a nuclear incident arising out of or in connection with the nuclear reactor described in Item 3 of the Declarations, and

(3) which is discovered and for which written claim is made against the insured not later than ten years after the end of the certificate period stated in Item 6 of the Declarations. However, with respect to bodily injury or property damage caused by an extraordinary nuclear occurrence this subparagraph (3) shall not operate to bar coverage for bodily injury or property damage which is discovered and for which written claim is made against the insured not later than twenty years after the date of the extraordinary nuclear occurrence.

Declarations

Item 1. Named insureds and addresses:

(a) Arizona Public Service Company-P.O. Box 21666, Phoenix, Arizona 85036

(b) Salt River Project Agricultural Improvement and Power District-P.O. Box 1980, Phoenix, Arizona 85001

(c) El Paso Electric Company-P.O. Box 982, El Paso, Texas 79946

(d) Southern California Edison Company-P.O. Box 800, Rose Mead, California 91770

(e) Public Service Company of New Mexico-Alvardo Square, Alburquerque, New Mexico 87158

(f) Southern California Public Power Authority-c/o Los Angeles Department of Water & Power, 111 North Hope Street, Los Angeles, California 90012

Item 2. Additional insureds:

Any other person or organization who would be insured under the primary financial protection identified in Item 4 of the Declarations but for exhaustion of the limit of liability of such primary financial protection.

Item 3. Description and location of nuclear reactor: Unit 2 of the Palo Verde Nuclear Generating Station is located in Maricopa County, Arizona.

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

Nuclear Energy Liability Insurance Association's Policy NF- 266	$124,000,000
Mutual Atomic Energy Liability Underwriters' Policy MF- 116	$ 36,000,000

(b) The following endorsements, attached to the primary financial protection policies listed in Item 4 (a) also apply to the insurance afforded by the Master Policy through this certificate as though they were attached hereto:

(1) Waiver of Defenses Endorsement (Extraordinary Nuclear Occurrence) and

(2) Supplementary Endorsement - Waiver of Defenses - Reactor Construction at the Facility,

(b) The following endorsements, attached to the primary financial protection policies listed in Item 4 (a) also apply to the insurance afforded by the Master Policy through this certificate as though they were attached hereto:

(1) Waiver of Defenses Endorsement (Extraordinary Nuclear Occurrence) and

(2) Supplementary Endorsement - Waiver of Defenses - Reactor Construction at the Facility,

(c) The limits of liability provided under the primary financial protection specified in Item 4 (a) above are not shared with any other reactor except as follows:

Unit 1 of the Palo Verde Nuclear Generating Station.

Item 5. Limits of Liability: The amount of retrospective premium actually received by the companies plus the amount of the companies' contingent liability, if any, pursuant to Conditions 2, 3 and 4 of the Master Policy.

Item 6. Certificate Period: Beginning at the same time and date that the Facility Operating License issued by the United States Nuclear Regulatory Commission for the reactor described in Item 3 of this certificate becomes effective and continuing to the effective date and time of cancellation or termination of the Master Policy or this certificate, whichever first occurs, eastern standard time.

Item 7. Maximum retrospective premium (exclusive of allowance for premium taxes) payable pursuant to Condition 2 of the Master Policy with respect to each nuclear incident: $3,875,000.

Item 8. Portion of the annual premium payable for the companies' contingent liability described in Condition 4 of the Master Policy from the effective date hereof to the end of calendar year 1985 : The pro rata portion of $4,650 for the period from the effective date of this certificate to the end of the calendar year during which such effective date occurs.

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Know All Men By These Presents, that the undersigned do hereby acknowledge that they are named insureds under the Master Policy described in the above Certificate of Insurance and Declarations. The named insureds do hereby covenant with and are held and are firmly bound to the members of Nuclear Energy Liability Insurance Association subscribing the Master Policy (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the Master Policy, as it may be changed from time to time, with interest on such premiums and allowances for taxes to be computed at the rate provided in the Master Policy from the date payment thereof is specified to be due the companies in written notice to the first named insured as provided in Condition 2 of the Master Policy until paid;

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts;

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs, and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply with the covenants and provisions of this Bond and (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of the Master Policy relating to such covenants or provisions;

For the purpose of recording this agreement, a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

The preceding Certificate of Insurance, Declarations and Bond form a part of the Master Policy. Cancellation or termination of the Master Policy or the Certificate of Insurance shall not affect the named insured's obligations under the policy or the Bond to pay the retrospective premiums and allowances for premium taxes, as provided in this Certificate and Condition 2 of the Master Policy.

IN WITNESS WHEREOF, the named insureds have caused this Certificate, these Declarations and this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective as of the time and date of the inception of the Certificate period.

Attest or Witness

Associate Secretary

Named Insureds:

Arizona Public Service Company
(Named Insured - Type or Print)

By Edwin E. Van Brunt (SEAL)
(Signature of Officer)
Edwin E. Van Brunt, Jr.
Executive Vice President - ANPP
(Type or Print Name & Title of Officer)

Date: 11-30-85

Salt River Project Agricultural Improvement and Power District
(Named Insured - Type or Print)

ATTEST AND COUNTERSIGN:

SECRETARY

By John R. Lassen (SEAL)
(Signature of Officer)
JOHN R. LASSEN PRESIDENT
(Type or Print Name & Title of Officer)

Date: 11/25/85

El Paso Electric Company
(Named Insured - Type or Print)

By R. E. York (SEAL)
(Signature of Officer)
R. E. York
Senior Vice President
(Type or Print Name & Title of Officer)

Date: 11-15-85

Attest or Witness

Secretary

M. Mason-Plunkett
Assistant Secretary

Charles W. Montoya
Assistant Secretary

Named Insureds:

Southern California Edison Company
(Named Insured - Type or Print)

By _____ (SEAL)
(Signature of Officer)

David J. Fogarty, Executive Vice Presiden
(Type or Print Name & Title of Officer)

Date: 11-8-85

Public Service Company of New Mexico
(Named Insured - Type or Print)

By _____ (SEAL)
(Signature of Officer)

J. L. Wilkins, Senior Vice President
(Type or Print Name & Title of Officer)

Date: 11-1-85

Southern California Public Power Authority
(Named Insured - Type or Print)

By _____ (SEAL)
(Signature of Officer)

Fred Kray, President
(Type or Print Name & Title of Officer)

Date: 11-20-85

[illegible] AGRICULTURAL
[illegible] DISTRICT
(Named Insured - Type or Print)

By _____ (SEAL)
(Signature of Officer)

[illegible]
(Type or Print Name & Title of Officer)

Date: [illegible]

IN WITNESS WHEREOF, the companies subscribing the Master Policy have caused the Certificate of Insurance and the Declarations to be signed on their behalf by the President of Nuclear Energy Liability Insurance Association to be effective as of the time and date of the inception of the Certificate period, and countersigned below by a duly authorized representative.

Attest or Witness

For the Subscribing Companies of

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

BY: _____
Burt C. Proom, President

Countersigned by _____
(Authorized Representative)

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

Certificate No. N-114

Forming Part of Master

Policy No. 1

CERTIFICATE OF INSURANCE

DECLARATIONS AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Certificate of Insurance

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(a) to the insureds identified in Items 1 and 2 of the Declarations,

(b) for the certificate period stated in Item 6 of the Declarations,

(c) to bodily injury or property damage

(1) with respect to which the primary financial protection described in Item 4 of the Declarations would apply but for exhaustion of its limit of liability as described in Condition 6 of the Master Policy, and

(2) which is caused during the certificate period stated in Item 6 of the Declarations by a nuclear incident arising out of or in connection with the nuclear reactor described in Item 3 of the Declarations, and

(3) which is discovered and for which written claim is made against the insured not later than ten years after the end of the certificate period stated in Item 6 of the Declarations. However, with respect to bodily injury or property damage caused by an extraordinary nuclear occurrence this subparagraph (3) shall not operate to bar coverage for bodily injury or property damage which is discovered and for which written claim is made against the insured not later than twenty years after the date of the extraordinary nuclear occurrence.

Declarations

Item 1. Named insureds and addresses:

(a) Arizona Public Service Company-P.O. Box 21666, Phoenix, Arizona 85036

(b) Salt River Project Agricultural Improvement and Power District - P.O. Box 1980, Phoenix, Arizona 85001

(c) El Paso Electric Company-P.O. Box 982, El Paso, Texas 79946

(d) Southern California Edison Company-P.O. Box 800, Rose Mead, California 91770

(e) Public Service Company of New Mexico-Alvardo Square, Alburquerque, New Mexico 87158

(f) Southern California Public Power Authority Association-111 North Hope Street, Los Angeles, California 90012

(g) The Department of Water and Power of The City of Los Angeles - 111 North Hope Street, Los Angeles, California 90012

Item 2. Additional insureds:

Any other person or organization who would be insured under the primary financial protection identified in Item 4 of the Declarations but for exhaustion of the limit of liability of such primary financial protection.

Item 3. Description and location of nuclear reactor:

Unit 3 of the Palo Verde Nuclear Generating Station located in Maricopa County, Arizona.

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

Nuclear Energy Liability Insurance Association's Policy NF- 266	$124,000,000
Mutual Atomic Energy Liability Underwriters' Policy MF- 116	$ 36,000,000

(b) The following endorsements, attached to the primary financial protection policies listed in Item 4 (a) also apply to the insurance afforded by the Master Policy through this certificate as though they were attached hereto:

(1) Waiver of Defenses Endorsement (Extraordinary Nuclear Occurrence) and

(2) Supplementary Endorsement - Waiver of Defenses - Reactor Construction at the Facility,

(c) The limits of liability provided under the primary financial protection specified in Item 4 (a) above are not shared with any other reactor except as follows:
Unit 1 and 2 of the Palo Verde Nuclear Generating Station.

Item 5. Limits of Liability: The amount of retrospective premium actually received by the companies plus the amount of the companies' contingent liability, if any, pursuant to Conditions 2, 3 and 4 of the Master Policy.

Item 6. Certificate Period: Beginning at the same time and date that the Facility Operating License issued by the United States Nuclear Regulatory Commission for the reactor described in Item 3 of this certificate becomes effective and continuing to the effective date and time of cancellation or termination of the Master Policy or this certificate, whichever first occurs, eastern standard time.

Item 7. Maximum retrospective premium (exclusive of allowance for premium taxes) payable pursuant to Condition 2 of the Master Policy with respect to each nuclear incident: $3,875,000.

Item 8. Portion of the annual premium payable for the companies' contingent liability described in Condition 4 of the Master Policy from the effective date hereof to the end of calendar year 1987 : The pro rata portion of $5,812.50 for the period from the effective date of this certificate to the end of the calendar year during which such effective date occurs.

BOND FOR PAYMENT OF RETROSPECT PREMIUMS

Know All Men By These Presents, that the undersigned do hereby acknowledge that they are named insureds under the Master Policy described in the above Certificate of Insurance and Declarations. The named insureds do hereby covenant with and are held and are firmly bound to the members of Nuclear Energy Liability Insurance Association subscribing the Master Policy (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the Master Policy, as it may be changed from time to time, with interest on such premiums and allowances for taxes to be computed at the rate provided in the Master Policy from the date payment thereof is specified to be due the companies in written notice to the first named insured as provided in Condition 2 of the Master Policy until paid;

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts;

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs, and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply with the covenants and provisions of this Bond and (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of the Master Policy relating to such covenants or provisions;

For the purpose of recording this agreement, a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

The preceding Certificate of Insurance, Declarations and Bond form a part of the Master Policy. Cancellation or termination of the Master Policy or the Certificate of Insurance shall not affect the named insured's obligations under the policy or the Bond to pay the retrospective premiums and allowances for premium taxes, as provided in this Certificate and Condition 2 of the Master Policy.

IN WITNESS WHEREOF, the named insureds have caused this Certificate, these Declarations and this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective as of the time and date of the inception of the Certificate period.

Attest or Witness

Named Insureds:

Arizona Public Service Company
(Named Insured - Type or Print)

By Edwin E. Van Brunt (SEAL)
(Signature of Officer)

Edwin E. Van Brunt, Jr.
Executive Vice President - ANPP
(Type or Print Name & Title of Officer)

Date: February 16, 1987

Paul Shea
SECRETARY

Salt River Project Agricultural Improvement and Power District
(Named Insured - Type or Print)

By John R. Lassen (SEAL)
(Signature of Officer)

JOHN R. LASSEN PRESIDENT
(Type or Print Name & Title of Officer)

Date: FEBRUARY 26, 1987

Cecilia R. Shea
ASST SECRETARY

El Paso Electric Company
(Named Insured - Type or Print)

By J. E. Wasiak (SEAL)
(Signature of Officer)

Joseph E. Wasiak
Vice President
(Type or Print Name & Title of Officer)

Date: March 5, 1987

Attest or Witness

Jennifer Moran
JENNIFER MORAN Secretary

O. S. Beach
Assistant Secretary

Frank Sulas
Asst. Secretary

Edward A. Cutts
Asst. Chief Engineer-Power

Named Insureds:

Southern California Edison Company
(Named Insured - Type or Print)

By David J. Fogarty (SEAL)
(Signature of Officer)
David J. Fogarty
Executive Vice President
(Type or Print Name & Title of Officer)

Date: March 12, 1987

Public Service Company of New Mexico
(Named Insured - Type or Print)

By R. D. Barkey (SEAL)
(Signature of Officer)

Vice President & Corporate Controller
(Type or Print Name & Title of Officer)

Date: March 23, 1987

Southern California Public Power Authority Association
(Named Insured - Type or Print)

By Arthur J. Glancini (SEAL)
(Signature of Officer)

Executive Director-Treasurer/Auditor
(Type or Print Name & Title of Officer)

Date: 3/17/87

The Department of Water and Power of The City of Los Angeles
(Named Insured - Type or Print)

By Norman E. Nichols (SEAL)
(Signature of Officer)

Norman E. Nichols
Assistant General Manager - Power
(Type or Print Name & Title of Officer)

Date: March 20, 1987

IN WITNESS WHEREOF, the companies subscribing the Master Policy have caused the Certificate of Insurance and the Declarations to be signed on their behalf by the President of Nuclear Energy Liability Insurance Association to be effective as of the time and date of the inception of the Certificate period, and countersigned below by a duly authorized representative.

Attest or Witness

For the Subscribing Companies of

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

BY: _____
Burt C. Proom, President

Countersigned by _____
(Authorized Representative)