

JUN 27 1986

Mr. W. F. Quinn, Manager, Nuclear Licensing
Arizona Nuclear Power Project
P.O. Box 52034
Phoenix, Arizona 85072-2034

Re: Palo Verde Nuclear Generating Station, Unit 3: Docket No. 50-530A;
Updated Regulatory Guide 9.3 Information

Dear Mr. Quinn:

Pursuant to the NRC's operating license antitrust review of the captioned nuclear plant, the staff requested updated information to Regulatory Guide 9.3 (see letter from Jesse L. Funches to E. E. Van Brunt, Jr., dated December 18, 1985, copy attached). After reviewing Arizona Nuclear's data submittal dated April 11, 1986 (ANPP-36071), staff has identified several areas in your response that require further clarification. Each Licensee and the pertinent question reference are listed below.

Arizona Public Service Company (APS)

Question 1h(1) (Q1h(1)): Please provide the date and amount (type, etc.) of the wholesale power agreement between APS and the Town of Wickenburg.

Q1h(2): Explain the relationship or proposed relationship between APS and the Town of Safford. Did APS approach Safford pursuant to a power sale or did Safford approach APS?

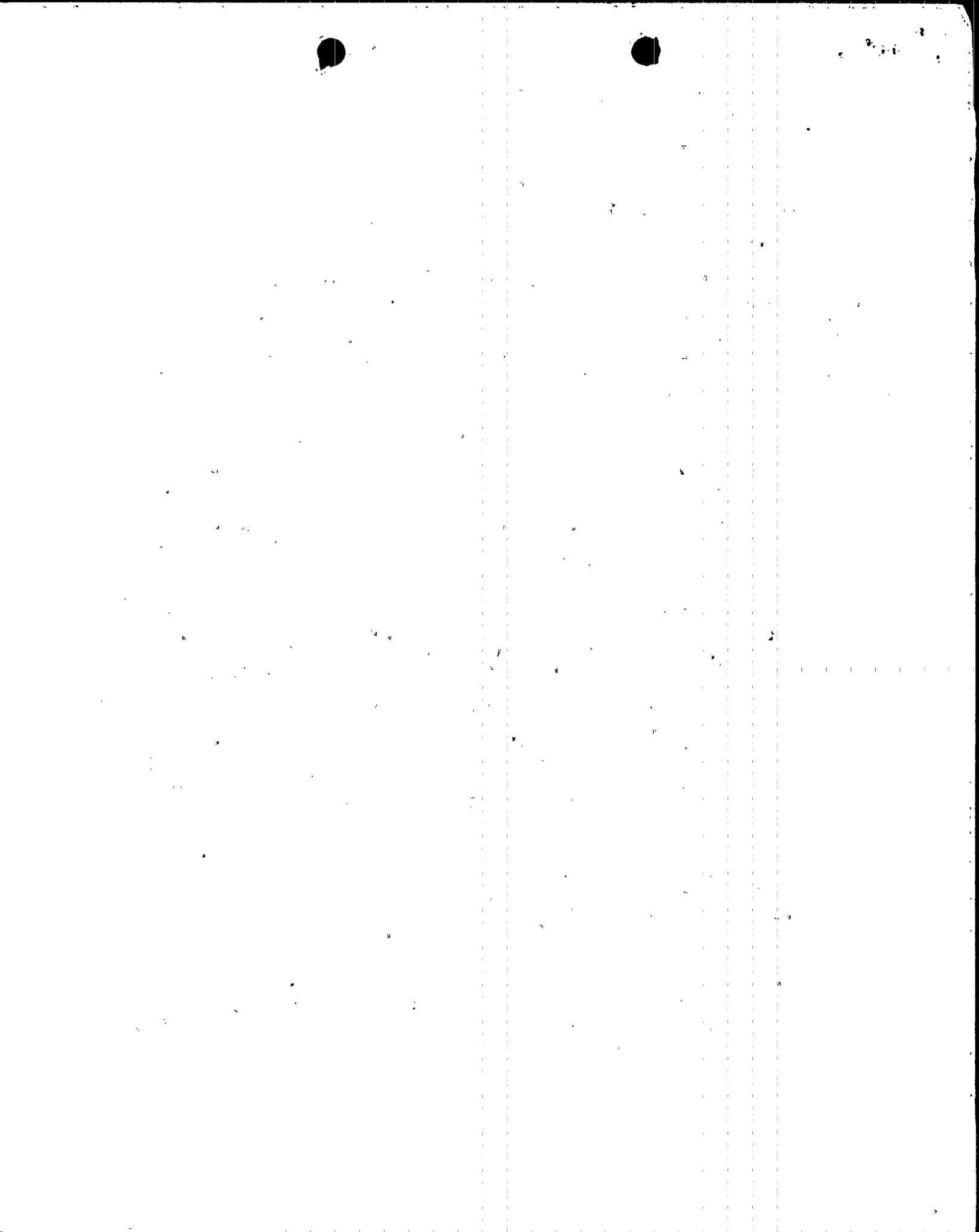
Q2: Arizona Public Service Company's responses concerning implementation of antitrust license conditions are too general. APS's response simply restates the broad tenants of the license conditions, indicating that APS has fulfilled its commitments to the antitrust license conditions attached to the Palo Verde construction permits and operating licenses.

Staff needs more specific information concerning requests for transmission over APS's facilities. For example, when a request occurs, provide the name of the requesting party, the date of the request, the proposed destination of the power being transmitted, the amount of power (or energy) being transmitted and APS's action on the request. Where the request was denied, APS should provide justification for such action.

In conjunction with requests for transmission of bulk power over its facilities, APS should highlight the measures it has taken to implement said requests through the planning and construction of new transmission facilities--provided APS received sufficient advance notice to accommodate the requirements of the requesting entity, as provided for in the license conditions.

If no requests for transmission over APS's facilities have been received from an "entity" since the construction permit review, so indicate; however, where requests have been received, please document as indicated above.

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Salt River Project Agricultural and
Improvement District (SRP)

Q1f: Do not exclude any transactions from this response.

Q1f(1): Describe the type and amount of service supplied to the new wholesale customers listed. (To the extent these new customers are referenced in response to Q1h, i.e., request or indications of interest by other electric entities, so indicate.)

Are the contractual arrangements for future sales to the Cities of Azusa, Banning, Colton and Glendale, California and the Imperial Irrigation District, separate and distinct from sales to and agreements with the Southern California Public Power Authority? If so, please elaborate on the contractual arrangements with the Imperial Irrigation District and the four California Cities of Azusa, Banning, Colton and Glendale.

Q2: Salt River Project has provided the same unacceptable response to this question as that provided by Arizona Public Service Company. See APS Q2 above for direction on what information is necessary for a satisfactory response to this data request.

El Paso Electric Company (EPE)

Q1b: Provide names of parties involved in the fifteen bilateral Interchange/Interconnection Agreements with a brief description of each agreement, e.g., economy energy exchange, partial wholesale power service, and the amount of power or energy, if applicable, associated with each agreement.

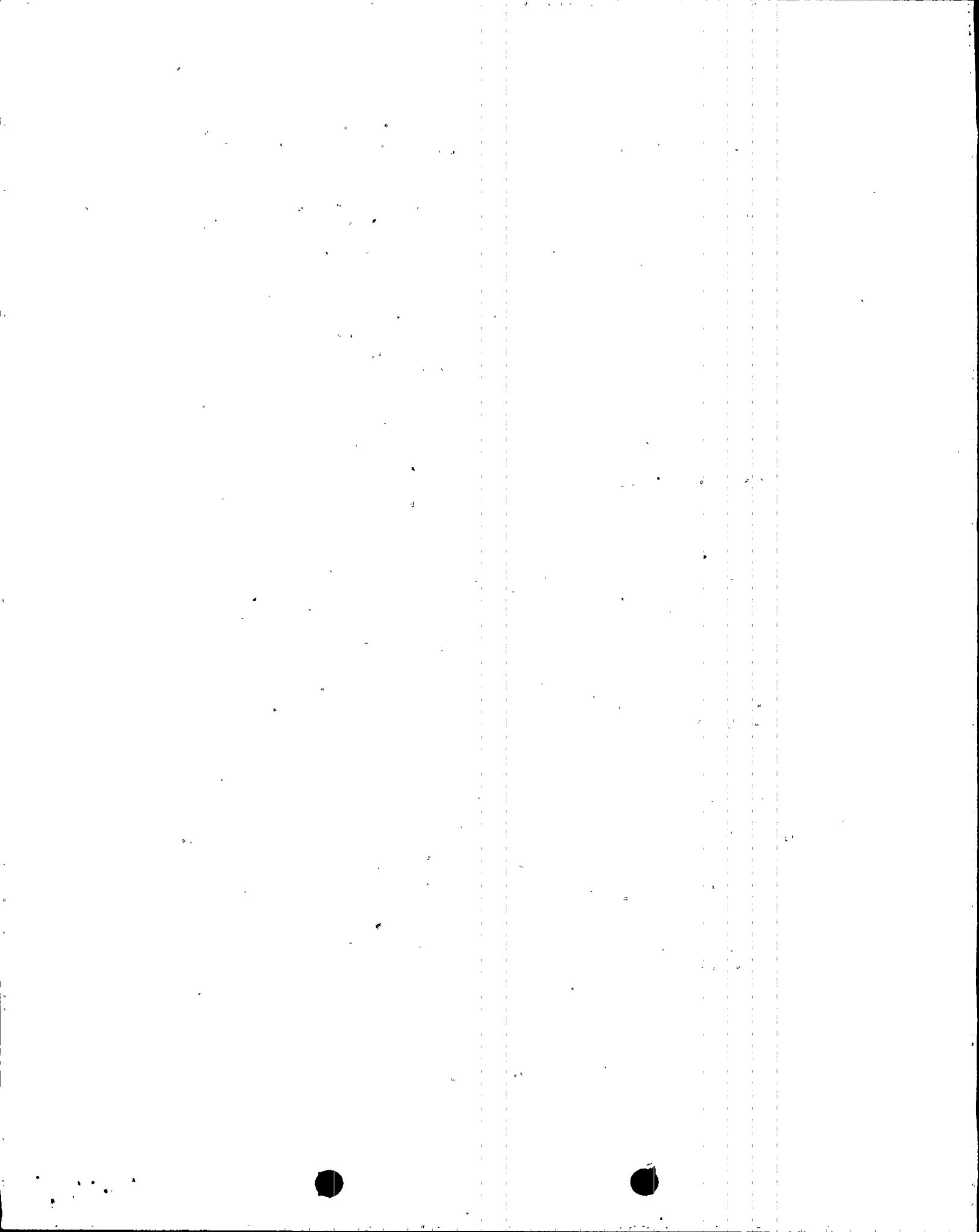
Q1h: Is the list of four companies, Imperial Irrigation District, Texas-New Mexico Power Company, Southern California Edison Company and the Colorado-Ute Electric Association a complete list of organizations contacted by EPE that resulted in a contract to sell firm capacity and/or energy since 1979 or is this list only an illustration of such organizations as alluded to in EPE's response.

Were there requests by other entities to EPE for electric service? (EPE's response only refers to EPE offers to sell); if so, please list, noting names of the parties, date of the request, type of request (quantity of power and energy involved if appropriate) and action taken by EPE.

Southern California Edison Company (SCE)

Q1b(1), (2): Provide a brief description of the Integrated Operations Agreements between SCE and the Cities of Azusa, Banning, Colton and Vernon.

Q1b(3): Provide the tenants of the Western Systems Power Pool Agreement, i.e., what does the Pool expect to accomplish for its members?



Q1c(2): Who is conducting the studies pursuant to the second upgrading (from 1955 MW to 2986 MW) of the Pacific Intertie DC Transmission Line? How will this second upgrade in capacity be allocated?

Provide additional details of the amendment to the California Department of Water Resources Power Contract (dated October 11, 1979) that would change the firm transmission service to the Department of Water Resources power plant and pumping plants. (Supply date agreement was signed and any change in the amount of transmission service provided.)

Q1f: Were the Cities of Buckskin and Moonridge formerly wholesale customers of APS? When were these two loads transferred to SCE and how large was each load?

When did Anza Cooperative switch suppliers? Is Anza now solely supplied by Arizona Electric Power Cooperative?

Q1h(6): Did the City of Anaheim accept SCE's proposal to (1) provide interruptible transmission service from the Four Corners plant, and (2) integrate the purchase as non-firm energy beginning July 1, 1983?

Q1h(14): What was Vernon's reaction to SCE's unilateral filing of a firm transmission agreement with the FERC on February 24, 1986?

Q1h(34): How have ownership and usage rights been apportioned in the proposed new 1600MW (500kV) transmission line linking California and the Pacific Northwest scheduled for completion in 1991? (Is the method of determining ownership and usage rights different from the procedures employed in Q1c(2) above?)

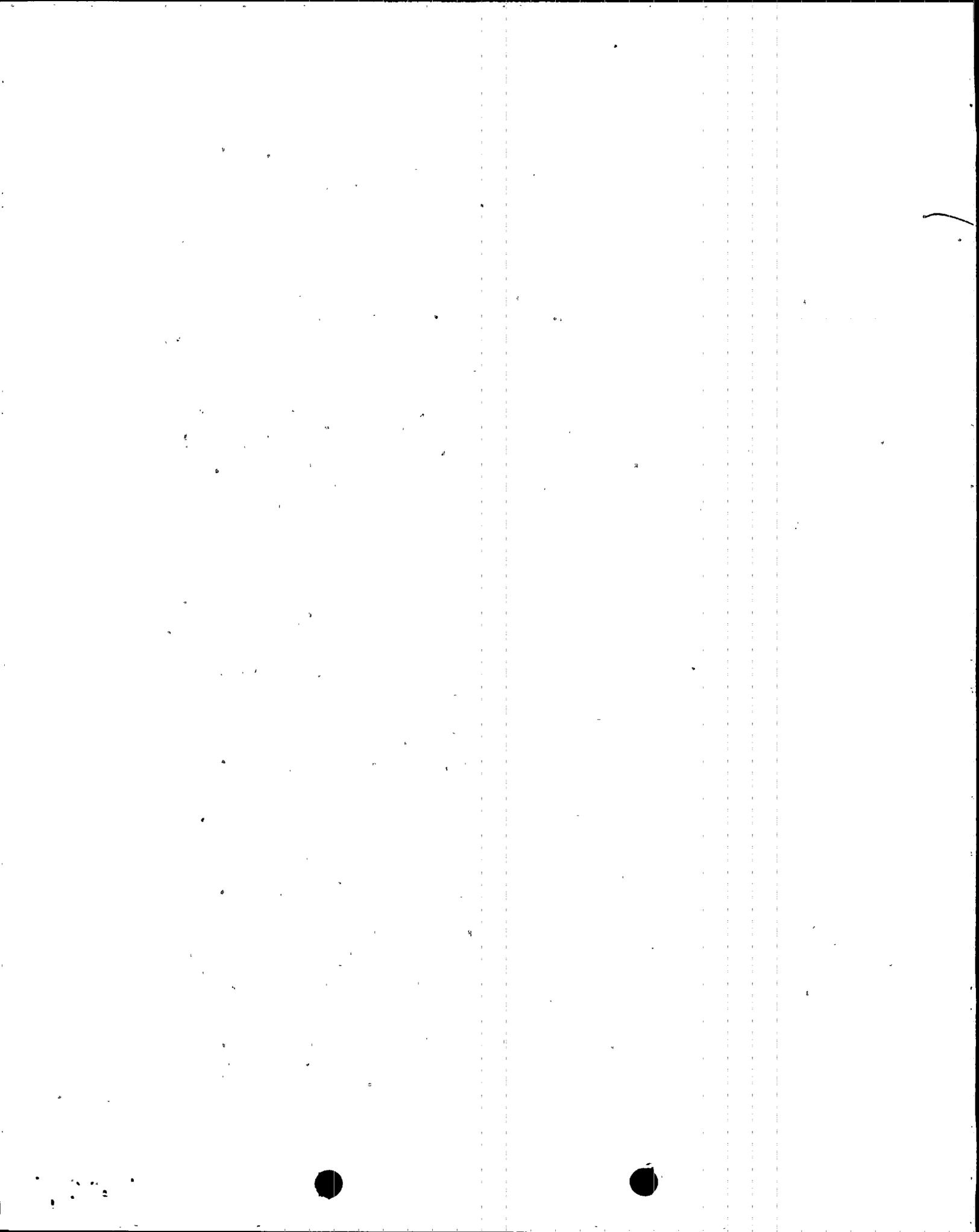
Q1h(44): When was the California Companies Pacific Intertie Agreement consummated and what are the tenants of the agreement (generally)? Has SCE made any capacity rights (firm or non-firm) in the proposed upgraded Pacific Intertie DC Transmission Line available to other entities? To what extent will SCE's increased capacity in the DC Intertie be used to supply the loads of entities requesting usage rights in the upgraded Intertie?

Public Service Company of New Mexico (PNM)

(A general comment: regarding PNM's "explanatory notes", the questions and their responses should not exclude transactions or interrelationships between PNM and any other Palo Verde participant or any federal agency. PNM should amend its response(s) accordingly.)

Q1b(3): Please provide summary conclusions of the Rand Report on the Southwest Bulk Power Market Experiment.

Q1h (Citizens): Elaborate on why Citizens Energy Corp. was unable to make appropriate transmission arrangements for a power purchase from PNM in May of 1985.



Q1h (Citizens Utilities): Has Citizens Utilities responded to PNM's proposal to sell 7-10MW of power to Citizens Utilities in September of 1986?

Q1h (Anaheim): Elaborate on the reasons why Anaheim was unable to obtain adequate transmission arrangements for a long-term power purchase from PNM?

Q1h (Burbank/Pasadena): How much "block energy" are the Cities of Burbank and Pasadena purchasing from PNM?

Q1h (Gallup): Has the City of Gallup solicited power suppliers other than PNM for its power requirements?

Q1h (Riverside): Elaborate on the efforts (failures) made by the City of Riverside to obtain transmission rights for a power sale from PNM to the City in May of 1984 and again in November of 1984.

Q1h (HL&P): Did the PNM proposal to sell capacity to Houston Lighting & Power, beginning in the 1988-1990 time period, indicate how the power would be transmitted to HL&P?

Q1h (TNP): Elaborate on the "transmission constraints" within the existing New Mexico transmission system that may prevent a block energy sale from PNM to Texas-New Mexico Power Co. beginning in 1986.

Q1h (Agency): When was the West Texas Municipal Power Agency formed? What Texas municipalities make up the Agency's membership? What is the current status of the PNM proposal (submitted in February of 1986) to sell power to the Agency from 1990 to 1995?

Please provide responses to these questions and clarifications within 60 days of the date of this letter. If you have any questions regarding staff's clarifications outlined above, do not hesitate to call me at 301-492-7707.

Sincerely,

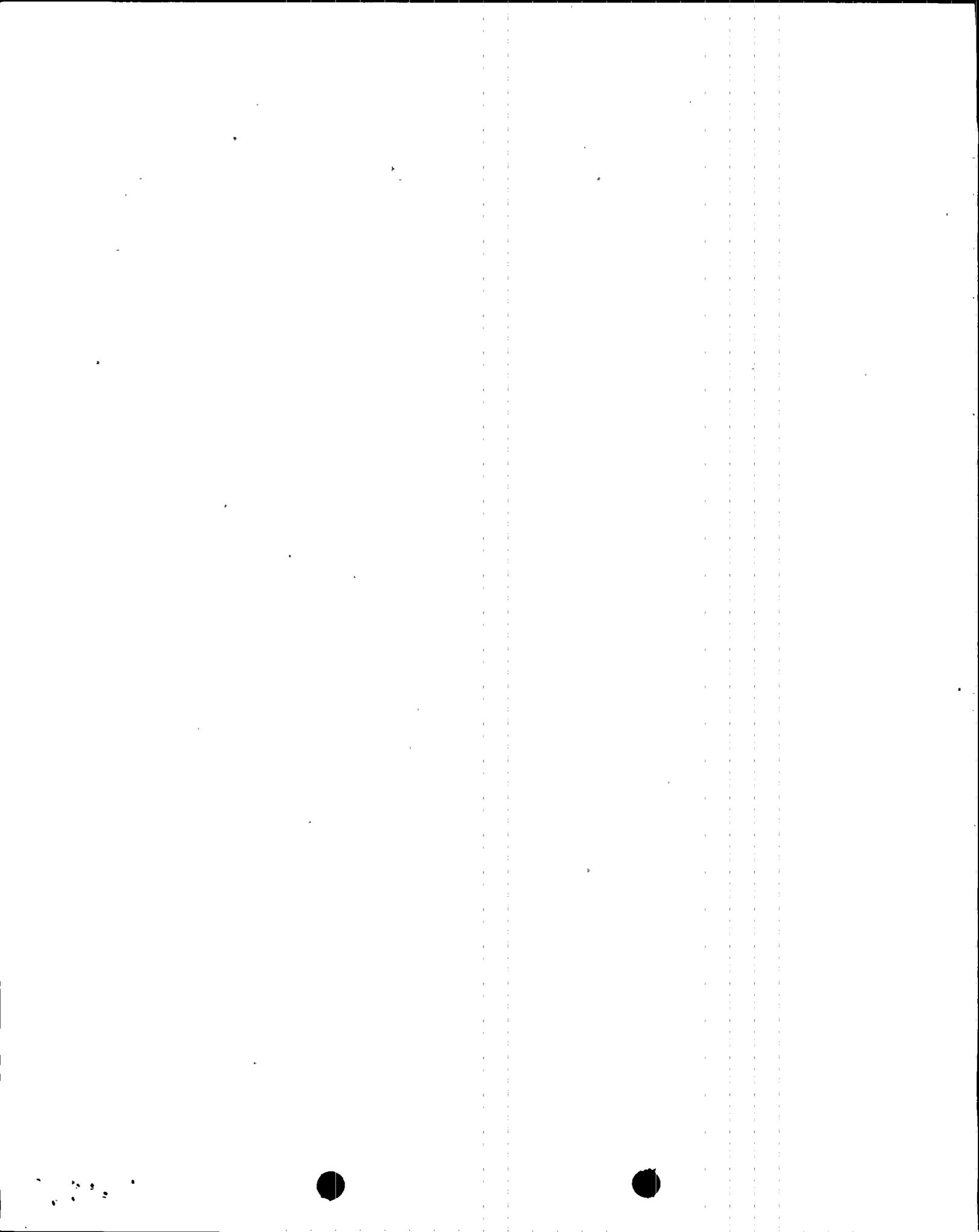
William M. Lambe
Sr. Antitrust Economist/Sr. Resource Analyst
Planning and Resource Analysis Branch
Planning and Program Analysis Staff
Office of Nuclear Reactor Regulation

Enclosure:

As stated

cc: E. E. Van Brunt, Jr. 6/26 #4

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| DATE | : 6/25/86 | : 6/26/86 | : 6/27/86 | : | : | : | : |



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