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AUTH. NAME AUTHOR AFFILIATION
HARMON, D. T. Mudge, Rose, Guthrie, Alexander & Ferden
RECIP. NAME RECIPIENT AFFILIATION
KNIGHTON, G. W. NRC - No Detailed Affiliation Given

SUBJECT: Forwards amends for two facility leases adjusting schedules not affecting licensed activities or responsibilities to be executed by util on or about 880222 as required under 871202 Amend 1 to License NPF-74.

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February 12, 1988

Director of Nuclear Reactor Regulation
Attention: Mr. George W. Knighton, Project Director
PWR Project Directorate #7
Division of Pressurized Water Reactor
Licensing-B
Nuclear Regulatory Commission
Washington, D.C. 20555

Re: In the Matter of El Paso Electric Company (Palo Verde Nuclear Generating Station, Unit 3) Docket No. STN 50-530, License No. NPF-74

Dear Mr. Knighton:

Amendment No. 1 issued December 2, 1987 to NRC License No. NPF-74 authorized sale and leaseback transactions by El Paso Electric Company (El Paso) to two equity investors, subject to a condition that the NRC be notified prior to any change in the facility leases. In accordance with this condition, enclosed are copies of amendments to the two facility leases which El Paso entered into pursuant to the authorization above. El Paso intends to execute these two amendments on or about February 22, 1988. The amendments simply adjust

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B005
1/1

certain schedules and do not affect licensed activities or responsibilities.

Sincerely,

David T. Harmon

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New York, New York 10038

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#20

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY #9
LEASE, AS AMENDED BY THIS AMENDMENT NO. 1 THERETO, HAVE #10,11
BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST #(11)
IN FAVOR OF, CHEMICAL BANK, AS INDENTURE TRUSTEE UNDER A #12
TRUST INDENTURE, MORTGAGE, SECURITY AGREEMENT AND #(12)
ASSIGNMENT OF FACILITY LEASE DATED AS OF DECEMBER 1, #(12)
1987, AS AMENDED. THIS AMENDMENT NO. 1 HAS BEEN EXE- #13
CUTED IN SEVERAL COUNTERPARTS. SEE SECTION 3(e) OF THIS #14
AMENDMENT NO. 1 FOR INFORMATION CONCERNING THE RIGHTS OF #15
HOLDERS OF VARIOUS COUNTERPARTS HEREOF. #(15)

THIS COUNTERPART IS NOT THE ORIGINAL COUNTERPART. #16

THE FACILITY LEASE, AS AMENDED BY THIS AMENDMENT #17
NO. 1, GRANTS A SECURITY INTEREST BY A UTILITY, but only #18
if, contrary to the intention of the parties, it should #19
be so construed. Such Lease and this Amendment are #(19)
filed as a utility security interest as a precautionary #20
matter. #(20)

#22,23

AMENDMENT NO. 1 #25
dated as of February 1, 1988 #26
to #27
FACILITY LEASE #28
dated as of December 1, 1987 #29
between #30
THE FIRST NATIONAL BANK OF BOSTON #31
not in its individual capacity, #33
but solely as Owner Trustee #(33)
under a Trust Agreement, dated as #34
of November 1, 1987 with Security #(34)
Pacific Capital Leasing #(34)
Corporation, #(34)
Lessor #36
and #37
EL PASO ELECTRIC COMPANY, #38
Lessee #39

#41,42

Original Facility Lease Recorded on December 31, #44
1987, as Instrument No. 87-769801 in Maricopa County, #45
Arizona Recorder's Office. #(45)

THE FACILITY LEASE, AS AMENDED BY THIS AMENDMENT #46,47
NO. 1, CONTAINS AFTER ACQUIRED PROPERTY PROVISIONS #(47)

#48,49

Receipt of the "Original" counterpart of this Amendment #52
No. 1 is hereby acknowledged on this ___ day of #(52)
February, 1988. #(52)

CHEMICAL BANK, as #54
Indenture Trustee #55

By:_____ #57
Title:_____ #58

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY #60
LEASE, AS AMENDED BY THIS AMENDMENT NO. 1 THERETO, HAVE #61,62
BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST #(62)
IN FAVOR OF, CHEMICAL BANK, AS INDENTURE TRUSTEE UNDER A #63
TRUST INDENTURE, MORTGAGE, SECURITY AGREEMENT AND #(63)
ASSIGNMENT OF FACILITY LEASE DATED AS OF DECEMBER 1, #(63)
1987, AS AMENDED. THIS AMENDMENT NO. 1 HAS BEEN EXE- #64
CUTED IN SEVERAL COUNTERPARTS. SEE SECTION 3(e) OF THIS #65
AMENDMENT NO. 1 FOR INFORMATION CONCERNING THE RIGHTS OF #66
HOLDERS OF VARIOUS COUNTERPARTS HEREOF. #(66)

THIS COUNTERPART IS THE ORIGINAL COUNTERPART. #67

THE FACILITY LEASE, AS AMENDED BY THIS AMENDMENT #68
NO. 1, GRANTS A SECURITY INTEREST BY A UTILITY, but only #69
if, contrary to the intention of the parties, it should #70
be so construed. Such Lease and this Amendment are #(70)
filed as a utility security interest as a precautionary #71
matter. #(71)

#74,75

AMENDMENT NO. 1 #77
dated as of February 1, 1988 #78
to #79
FACILITY LEASE #80
dated as of December 1, 1987 #81
between #82
THE FIRST NATIONAL BANK OF BOSTON #83
not in its individual capacity, #85
but solely as Owner Trustee #(85)
under a Trust Agreement, dated as #86
of November 1, 1987 with Security #(86)
Pacific Capital Leasing #(86)
Corporation, #(86)
Lessor #88
and #89
EL PASO ELECTRIC COMPANY, #90
Lessee #91

#93,94

Original Facility Lease Recorded on December 31, #96
1987, as Instrument No. 87-769801 in Maricopa County, #97
Arizona Recorder's Office. #(97)

THE FACILITY LEASE, AS AMENDED BY THIS AMENDMENT #98
NO. 1, CONTAINS AFTER ACQUIRED PROPERTY PROVISIONS #(98)

#99,100

AMENDMENT NO. 1, dated as of February 1, 1988 #105
(Amendment No. 1), to the Facility Lease dated as of #106
December 1, 1987 between THE FIRST NATIONAL BANK OF #107
BOSTON, a national banking association, not in its indi- #108
vidual capacity, but solely as Owner Trustee under a #109
Trust Agreement, dated as of November 1, 1987, with #110
Security Pacific Capital Leasing Corporation (the #(110)
Lessor), and EL PASO ELECTRIC COMPANY, a Texas #111
corporation (the Lessee). #112

W I T N E S S E T H : #115

WHEREAS, the Lessee and the Lessor have here- #118
tofore entered into a Facility Lease dated as of #119
December 1, 1987 (the Facility Lease), providing for the #120
lease by the Lessor to the Lessee of the Undivided #121
Interest and the Real Property Interest; #(121)

WHEREAS, Section 3(e) of the Facility Lease #122
provides for an adjustment to Basic Rent and to the #123
schedules of Casualty Values, Special Casualty Values, #(123)
Termination Values, Modified Special Casualty Values and #124
Enhanced Casualty Values in order to preserve Net #(124)
Economic Return in the event, among other things, of the #125
issuance of Refunding Notes; #(125)

WHEREAS, Refunding Notes are being issued pur- #127
suant to a Supplemental Indenture No. 1, dated as of #128
February 1, 1988, to the Indenture; #(128)

NOW, THEREFORE, in consideration of the #129
premises and of other good and valuable consideration, #130
the receipt and sufficiency of which are hereby acknowl- #(130)
edged, the parties hereto agree as follows: #131

SECTION 1. Payment of Basic Rent on Refunding #131.2
Date. #(131.2)

On the Refunding Date, the Lessee shall pay #(131.2)
the Lessor, as a partial payment of Basic Rent for the #131.3
Undivided Interest due on July 2, 1988, $_____. #131.4

SECTION 2. Amendments. #132

(a) Schedule 1 to the Facility Lease (Schedule #134
of Casualty Values) is hereby replaced with Schedule 1 #(134)
hereto. #(134)

(b) Schedule 2 to the Facility Lease (Schedule #136
of Special Casualty Values) is hereby replaced with #(136)
Schedule 2 hereto. #(136)

(c) Schedule 3 to the Facility Lease (Schedule #138
of Termination Values) is hereby replaced with #(138)
Schedule 3 hereto. #(138)

(d) Schedule 4 to the Facility Lease (Schedule #140
of Modified Special Casualty Values) is hereby replaced #141
with Schedule 4 hereto. #(141)

(e) Schedule 5 to the Facility Lease (Schedule #143
of Enhanced Casualty Values) is hereby replaced with #144
Schedule 5 hereto. #(144)

(f) Schedule 6 to the Facility Lease (Schedule #146
of Basic Rent Payments) is hereby replaced with #147
Schedule 6 hereto. #(147)

SECTION 3. Miscellaneous. #148

(a) Effective Date of Amendments. The amend- #150
ments set forth in Section 2 hereof shall be and become #(150)
effective upon the execution and delivery of this #151
Amendment No. 2 by the parties hereto. #(151)

(b) Counterpart Execution. This Amendment #153
No. 1 may be executed in any number of counterparts and #(153)
by each of the parties hereto on separate counterparts; #154
all such counterparts shall together constitute but one #155,156
and the same instrument. #(156)

(c) Governing Law. THIS AMENDMENT NO. 1 SHALL #158,159
BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW #160
OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT, #161
PURSUANT TO THE LAW OF THE STATE OF ARIZONA, THE LAW OF #162
THE STATE OF ARIZONA IS MANDATORILY APPLICABLE HERETO. #(162)

(d) Disclosure. Pursuant to Arizona Revised #164
Statutes Section 33-404, the beneficiary of the Trust #165
Agreement is Security Pacific Capital Leasing #(165)
Corporation, a Delaware corporation. The address of the #(165)
beneficiary is Four Embarcadaro Center, Suite 1200, San #166
Francisco, California 94111, Attention: Manager #(166)
Operations Department/LEV. A copy of the Trust #(166)
Agreement is available for inspection at the offices of #167
the Owner Trustee at 100 Federal Street, Boston, #(167)

Massachusetts 02110, Attention of Corporate Trust #168
Division. #(168)

(e) Amendment No. 1. The single executed orig- #170
inal of this Amendment No. 1 marked "THIS COUNTERPART IS #171
THE ORIGINAL COUNTERPART" and containing the receipt of #172
the Indenture Trustee thereon shall be the Original of #173
this Amendment No. 1. No security interest in this #174
Amendment No. 1 may be created or continued through the #175
transfer or possession of any counterpart other than the #176
Original. #177

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 1 to Facility Lease to be duly executed as of the date first above written, in New York, New York by an officer thereunto duly authorized. #179 #180,181 #(181) #(181)

THE FIRST NATIONAL BANK OF BOSTON, not in its individual capacity, but solely as Owner Trustee under a Trust Agreement, dated as of November 1, 1987, with Security Pacific Capital Leasing Corporation #184 #(184) #185 #(185) #186 #(186) #(186) #(186) #(186)

By_____ #188
Account Manager #188.1

EL PASO ELECTRIC COMPANY, #190

By_____ #192
Senior Vice President #193

State of New York)
) ss:
County of New York)

The foregoing instrument was acknowledged before me this ___ day of February, 1988, by WILLIAM ROYER, Senior Vice President of EL PASO ELECTRIC COMPANY, a Texas corporation, on behalf of the corporation.

_____
Notary Public

State of New York)
) ss:
County of New York)

The foregoing instrument was acknowledged before me this ___ day of February, 1988, by _____, Account Manager of THE FIRST NATIONAL BANK OF BOSTON, a national banking association, on behalf of the banking association as Owner Trustee under the Trust Agreement dated as of November 1, 1987 with Security Pacific Capital Leasing Corporation.

_____
Notary Public

SCHEDULE 1 #227
to #228
AMENDMENT NO. 1 #229

SCHEDULE OF CASUALTY VALUES #232

Date	Percentage of Facility Cost	Date	Percentage of Facility Cost

#235
#236
#237,238

SCHEDULE OF SPECIAL CASUALTY VALUES #246

Date	Percentage of Facility Cost	Date	Percentage of Facility Cost

#248
#249
#250,251

SCHEDULE 3 #254
to #255
AMENDMENT NO. 1 #256

SCHEDULE OF TERMINATION VALUES #259

Date	Percentage of Facility Cost	Date	Percentage of Facility Cost

#262
#263
#264,265

SCHEDULE OF MODIFIED SPECIAL CASUALTY VALUES #273

Date	Percentage of Facility Cost	Date	Percentage of Facility Cost

#275
#276
#277,278

SCHEDULE OF ENHANCED CASUALTY VALUES #286

#288
#289
#290,291

Date	Percentage of Facility Cost	Date	Percentage of Facility Cost

SCHEDULE 6 #294
to #295
AMENDMENT NO. 1 #296

SCHEDULE OF BASIC RENT PAYMENTS #299

Date	Percentage of Facility Cost	Date	Percentage of Facility Cost	#301 #302 #303,304
July 2, 1988	*			#304.2 #(304.2)

*Gives effect to the partial payment of rent for the period beginning this date pursuant to Section 1 of this Amendment No. 1.

#299.3
#299.4
#(299.4

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#299.6