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 KNIGHTON, G. W. PWR Project Directorate 7

SUBJECT: Forwards Suppl to 860610 application re sale & leaseback transaction by Public Svc Co of New Mexico. Table lists parent companies of equity investors & expected amount of equity commitments.

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Answer!
Info*

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1. The following information was obtained from a review of the files of the [redacted] and [redacted] on [redacted] and [redacted].

2. The [redacted] of [redacted] was [redacted] on [redacted] and [redacted].

3. The [redacted] of [redacted] was [redacted] on [redacted] and [redacted].

4. The [redacted] of [redacted] was [redacted] on [redacted] and [redacted].

Item	Location	Date	Initials	Remarks
1	[redacted]	[redacted]	[redacted]	[redacted]
2	[redacted]	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]

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866666

July 29, 1986

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: Application in Respect of Sale and Leaseback Transactions
by Public Service Company of New Mexico
Dated February 14, 1986 -
Palo Verde Nuclear Generating Station Unit 2
(Docket No. STN 50-529)

Dear Mr. Knighton:

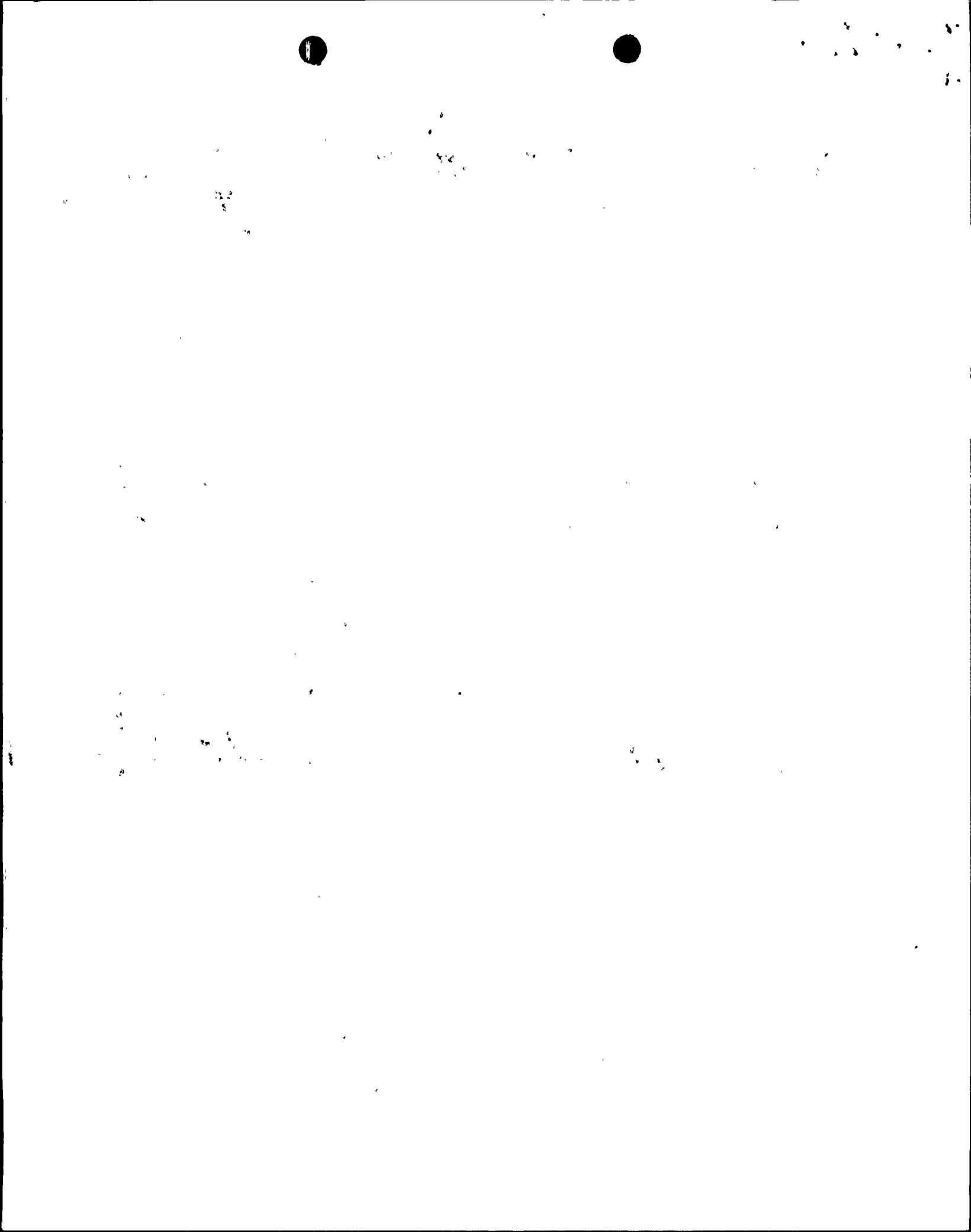
By letter dated April 22, 1986, Public Service Company of New Mexico (PNM) submitted to the Commission its "Filing by Public Service Company of New Mexico with Respect to Additional Financial Information". In that filing, PNM undertook to provide the Commission with certain information concerning Equity Investors with respect to Palo Verde Nuclear Generating Station (PVNGS) Unit 2. Please refer to my letter of June 10, 1986, a copy of which, without enclosure, is attached for convenience of reference. In that letter information was provided concerning certain of the prospective Equity Investors for PNM's ownership interest in PVNGS Unit 2.

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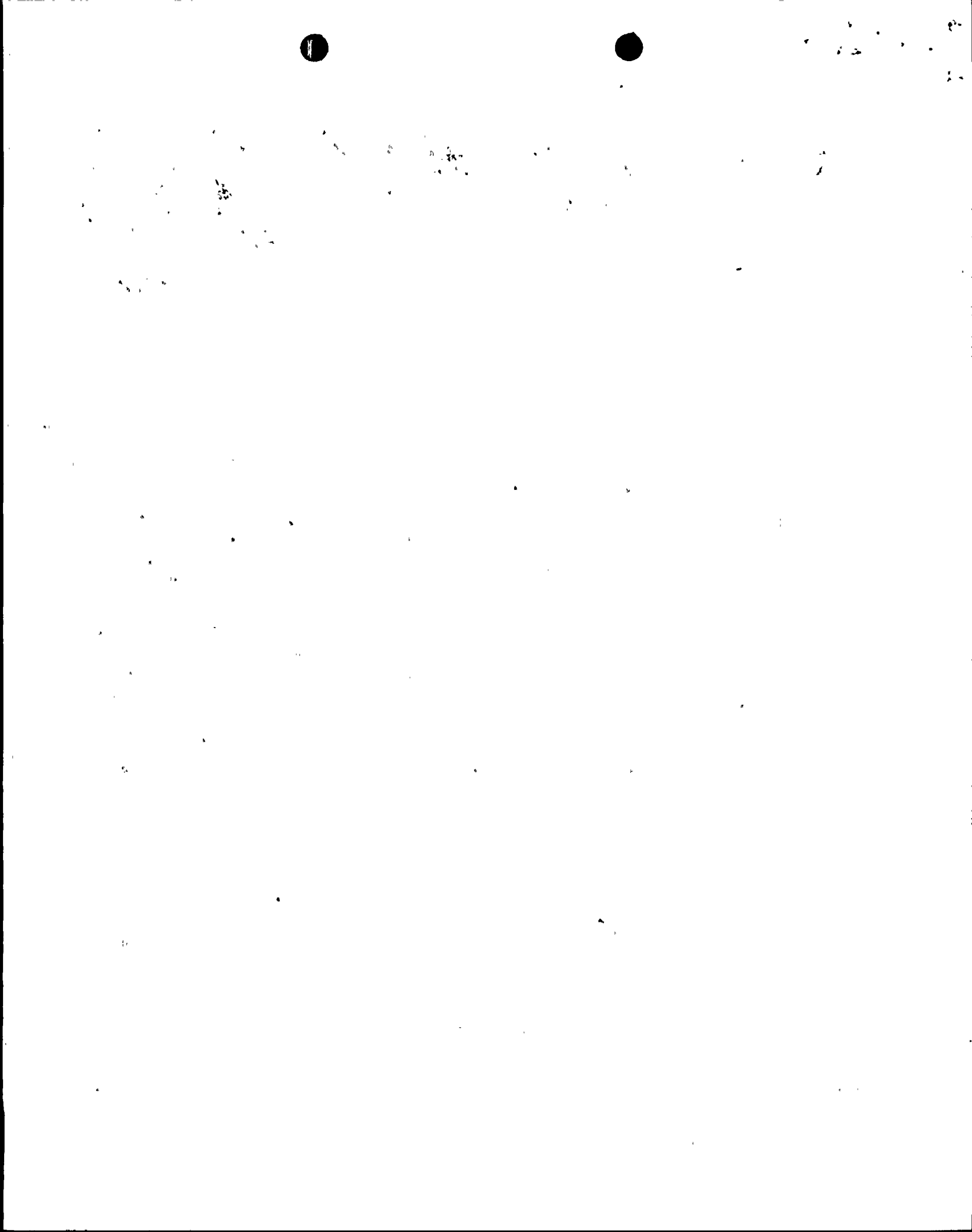
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Following is a table which shows the identity of the parent company of each Equity Investor from whom a commitment has been received or is expected to be received and the expected amount of the expected equity commitment. The undertaking of PNM set forth in Section 6 of the above-captioned Application (concerning submission of financial information with respect to prospective Equity Investors) will continue to apply to any newly identified Equity Investors.

<u>Prospective Equity Investor</u> ¹	<u>Equipment Cost</u>	<u>Equity</u> ²	<u>Debt</u> ²
Citicorp ³	\$100,000,000	20%	80%
Emerson Electric Co. ³	100,000,000	20	80
Mellon Bank Corporation ³	50,000,000	20	80
Beneficial Corporation	50,000,000	20	80
Drexel Burnham Lambert Incorporated	75,000,000	20	80
First Chicago Corp.	<u>30,000,000</u>	20	80
TOTAL	<u>\$405,000,000</u> ⁴		

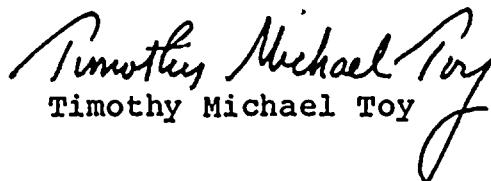
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- (1) The Equity Investor will be a direct or indirect subsidiary or affiliate of the named corporation.
 - (2) Approximate, with an equity range of 20% to 28%.
 - (3) Previously identified in June 10, 1986 letter.
 - (4) Equipment cost allocated to one or more Equity Investors may be increased upward prior to closing so that, in the aggregate, up to the expected \$450 million in total value of PNM's 10.2% undivided interest in Unit 2 would be sold and leased back.



Enclosed herewith are the currently available interim and annual financial statements for each of the Equity Investors identified above (other than those for which such information was provided under cover of the above-described June 10, 1986 letter). As the Application makes clear, no Equity Investor will, as a result of its interest in PVNGS Unit 2, have any liability for payment of operation or decommissioning costs or costs of capital improvements for such unit. PNM is and remains responsible for these and similar items.

If I can be of further assistance, please do not hesitate to call.

Sincerely,


Timothy Michael Toy

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