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 FACIL: STN-50-529 Palo Verde Nuclear Station, Unit 2, Arizona Public 05000529
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 RECIP. NAME RECIPIENT AFFILIATION
 MIRAGLIA, F. J. Division of Pressurized Water Reactor Licensing - B (851125)

SUBJECT: Notices of transfer in beneficial interest in plant by Chase Manhattan Corp.

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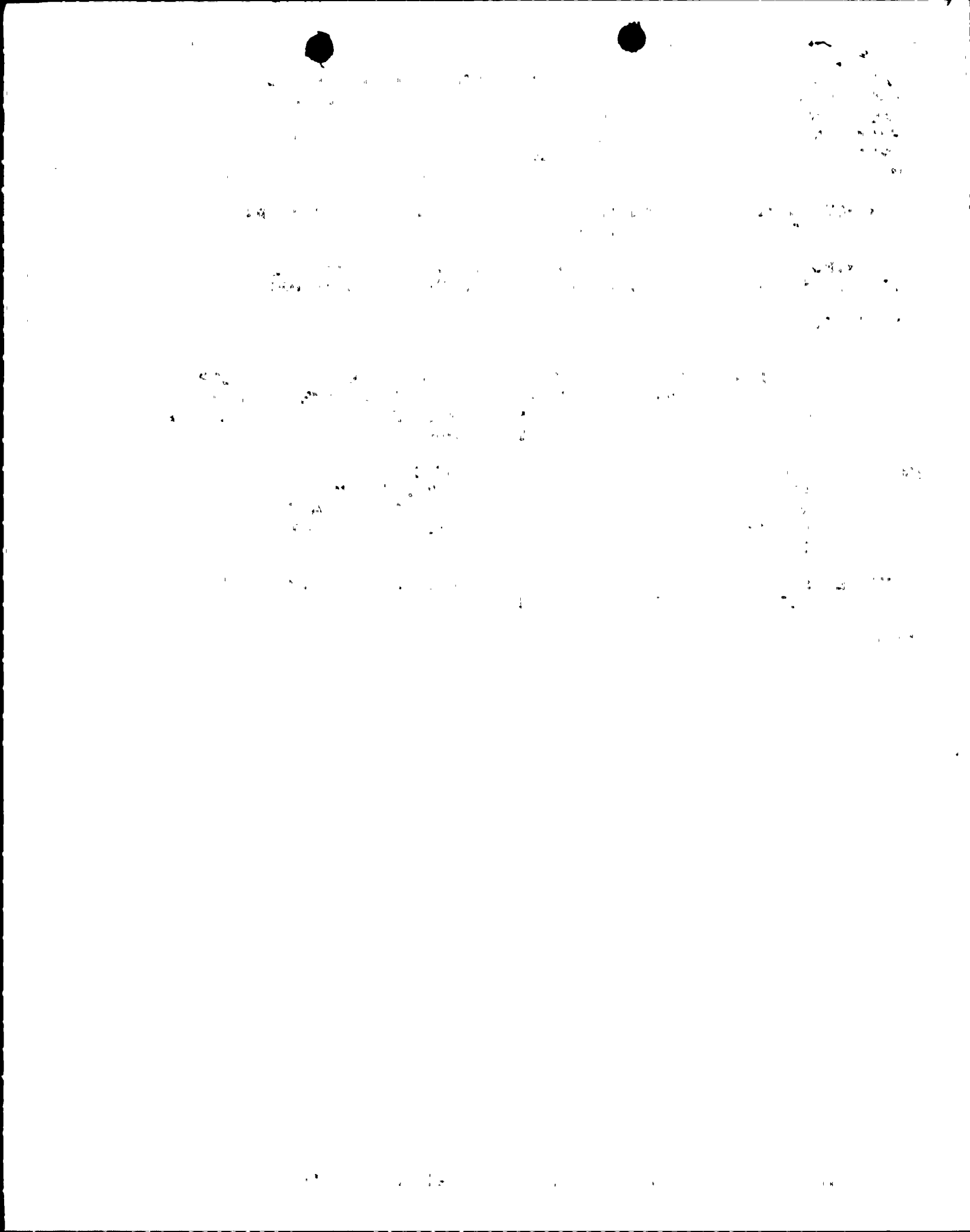
NOTES: Standardized plant.

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May 14, 1988

Director of Nuclear Reactor Regulation
Attention: Mr. Frank J. Miraglia, Director
Division of Pressurized Water Reactor Licensing - B
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Sale and Leaseback Transactions by
Arizona Public Service Company
(NRC Docket No. STN 50-529)
Transfer of Beneficial Interest by Equity Investor

Gentlemen:

This letter is being delivered to the Commission in order to give notice of the transfer by the Equity Investor identified below of its beneficial interest in Palo Verde Nuclear Generating Station ("Palo Verde") Unit 2 (NRC Docket No. STN 50-529).

On October 16, 1986, Arizona Public Service Company ("APS") submitted to the Commission a Supplemental Application in Respect of Sale and Leaseback Transactions with respect to its remaining undivided ownership interest in Palo Verde Unit 2. Such transactions were subsequently authorized by Amendment No. 6 to Facility Operating License No. NPF-51, issued on December 11, 1986. By letter dated December 5, 1986 to the Director of Nuclear Reactor Regulation, Mudge Rose Guthrie Alexander & Ferdon, on behalf of APS, identified certain prospective Equity Investors who were considering participation in such transactions. One of such Equity Investors was stated to be The Chase Manhattan Corporation, or "an affiliate thereof".

As previously reported to the Commission, one transaction was subsequently consummated on December 19, 1986, pursuant to a Participation Agreement, dated as of December 15, 1986 (the "Participation Agreement"). The Equity Investor participating in such transaction was Chase Manhattan Realty Leasing Corporation ("Chase Leasing"); an affiliate of The Chase Manhattan Corporation. Documentation reflecting such transaction was filed with the

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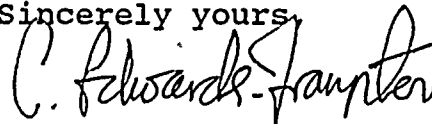
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Commission by this Firm under cover of a letter dated January 12, 1987.

On January 4, 1988, APS received notice from Chase Leasing that, effective December 31, 1987, it had transferred its interest as Equity Investor in the above referenced sale and leaseback transaction to PV2-APS 150 Corporation, a wholly-owned subsidiary of Chase Leasing. The transfer was made in a manner which is specifically permitted under the Participation Agreement. Also, it should be noted that the transferee falls within the description of the Equity Investor contained in the above-referenced letter of December 5, 1986, that is, the transferee is "an affiliate" of The Chase Manhattan Corporation. The First National Bank of Boston will remain the Owner Trustee for the transaction and the terms of the Facility Lease will not be affected by the transfer. Copies of all documentation relating to the above described transfer will be filed with the Commission in due course upon receipt thereof by APS.

If you have any questions, do not hesitate to contact the undersigned at 212-510-7434.

Sincerely yours,



C. Edwards-Frampton

cc: Edwin J. Reis, Esq.
Mr. George W. Knighton
William F. Quinn
Arthur C. Gehr, Esq.

