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 AUTH.NAME AUTHOR AFFILIATION
 CONWAY,W.F. Arizona Public Service Co. (formerly Arizona Nuclear Power
 RECIP.NAME RECIPIENT AFFILIATION
 Document Control Branch (Document Control Desk)

SUBJECT: Forwards draft Amend 3 to facility lease dtd 860801 between
 First Natl Bank of Boston, Amend 2 to facility lease dtd
 861215 & Amend 2 to facility lease dtd 860801. Amends should
 be executed on or about 930317.

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WILLIAM F. CONWAY
EXECUTIVE VICE PRESIDENT
NUCLEAR

212-01134-WFC/TRB
March 8, 1993

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Mail Station P1-37
Washington, DC 20555

Dear Sirs:

Subject: Palo Verde Nuclear Generating Station (PVNGS)
Unit 2
Docket No. STN 50-529
Facility Sale and Leaseback
File: 93-056-026

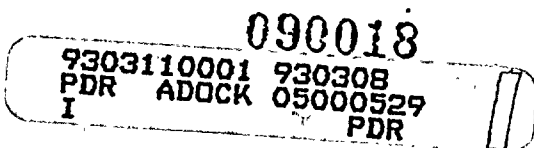
Pursuant to Paragraph 2.B(8)(b) of Amendment No. 4, dated August 15, 1986, to License No. NPF-51, enclosed please find the following documents: (i) Amendment No. 3 to Facility Lease dated as of August 1, 1986, between the First National Bank of Boston ("FNBB") not in its individual capacity, but solely as Owner Trustee under a Trust Agreement dated as of August 1, 1986, with Emerson Finance Co., Lessor, and Arizona Public Service Company ("APS"), Lessee; (ii) Amendment No. 2 to Facility Lease dated as of December 15, 1986, between FNBB not in its individual capacity, but solely as Owner Trustee under a Trust Agreement dated as of December 15, 1986, with PV2-APS 150 Corporation (Assignee of Chase Manhattan Realty Leasing Corporation), Lessor, and APS, Lessee; and (iii) Amendment No. 2 to Facility Lease dated as of August 1, 1986, between FNBB not in its individual capacity, but solely as Owner Trustee under a Trust Agreement dated as of August 1, 1986, with Security Pacific Capital Leasing Corporation, Lessor, and APS, Lessee.

Please be advised that we expect these Amendments to be executed on or about March 17, 1993. If you would like further information, please contact Thomas R. Bradish at (602) 393-5421.

Sincerely,



WFC/TRB/fjb
Enclosures



ADD 1

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Facility Sale and Leaseback
Page 2

212-01134-WFC/TRB
March 8, 1993

cc: J. B. Martin
J. A. Sloan

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY
LEASE AS HERETOFORE AMENDED AND AS AMENDED
BY THIS AMENDMENT NO. 2 THERETO HAVE BEEN
ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR
OF, CHEMICAL BANK, AS INDENTURE TRUSTEE UNDER A TRUST
INDENTURE, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF
FACILITY LEASE DATED AS OF AUGUST 1, 1986. THIS AMENDMENT
NO. 2 HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. SEE SECTION
4(b) OF THIS AMENDMENT NO. 2 FOR INFORMATION CONCERNING THE
RIGHTS OF HOLDERS OF VARIOUS COUNTERPARTS HEREOF.

THIS COUNTERPART IS NOT THE ORIGINAL COUNTERPART.

AMENDMENT NO. 2
dated as of _____, 1993

to

FACILITY LEASE
dated as of August 1, 1986

between

THE FIRST NATIONAL BANK OF BOSTON
not in its individual capacity, but solely
as Owner Trustee under a Trust Agreement
dated as of August 1, 1986 with
SECURITY PACIFIC CAPITAL LEASING CORPORATION,

Lessor

and

ARIZONA PUBLIC SERVICE COMPANY,

Lessee

Original Facility Lease Recorded
on August 18, 1986, as Instrument No. 86-439431
and Amendment No. 1 to Facility Lease Recorded
on November 21, 1986 as Instrument No. 86-645151,
Records of the County Recorder of Maricopa County, Arizona

AMENDMENT NO. 2

Amendment No. 2, dated as of _____, 1993 ("Amendment No. 2"), to the Facility Lease dated as of August 1, 1986 between THE FIRST NATIONAL BANK OF BOSTON, a national banking association, not in its individual capacity, but solely as Owner Trustee under a Trust Agreement, dated as of August 1, 1986, with SECURITY PACIFIC CAPITAL LEASING CORPORATION (the "Lessor"), and ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessee and the Lessor have heretofore entered into a Facility Lease dated as of August 1, 1986 (the "Facility Lease"), providing for the lease by the Lessor to the Lessee of the Undivided Interest and the Real Property Interest;

WHEREAS, Section 3(e) of the Facility Lease provides for an adjustment to Basic Rent and to the schedules of Casualty Values, Extraordinary Casualty Values, Special Casualty Values, and Modified Special Casualty Values in order to preserve Net Economic Return if there is any change in the Current Pricing Assumptions;

WHEREAS, Section 10.1(viii) of the Indenture provides, among other things, that the Lessor and the Indenture Trustee may, without consent of the Holders of Notes Outstanding, execute a supplement to the Indenture in order to evidence the issuance of and to provide the terms of Additional Notes;

WHEREAS, the Lessor and the Indenture Trustee intend to execute Supplemental Indenture No. 2, dated as of _____, 1993 to the Indenture, providing for the issuance under the Indenture of Additional Notes for the purpose of the refunding of the Notes heretofore issued under the Indenture and currently Outstanding;

WHEREAS, as a result of the refunding of the Outstanding Notes and the issuance of Additional Notes, the parties hereto desire to evidence certain adjustments to Basic Rent and to the schedules of Casualty Values, Extraordinary Casualty Values, Special Casualty Values, and Modified Special Casualty Values, such adjustments being deemed to be in compliance with Sections 3(e) and 3(f) of the Facility Lease without further act; and

WHEREAS, the parties hereto also desire to evidence certain other agreed upon changes to the Facility Lease.

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein or in the recitals shall have the meanings assigned to such terms in Appendix A to the Facility Lease.

SECTION 2. Amendments.

The Facility Lease is hereby amended as follows:

(a) The last sentence of Section 3(b) of the Facility Lease is deleted in its entirety and is hereby replaced with the following:

Each drawing under the Letter of Credit shall be deemed to be in satisfaction of the Lessee's obligation to pay the Equity Portion of Rent to the extent of such drawing, but nothing in this sentence or in Section 16(f) is intended to or shall create any right or entitlement of the Lessee or any other Person, contingent or otherwise, in or to the proceeds of such drawing, even if such drawing exceeds the Equity Portion of Rent.

(b) The first sentence of Section 3(e) of the Facility Lease is amended by deleting the words "there is any change in the Current Pricing Assumptions" therein and by substituting in its place the words "the Refinancing Transaction Expenses paid by the Owner Trustee are less than the amount indicated in the Pricing Assumptions set forth in Schedule 3 to the Participation Agreement".

(c) All references to Funding Corp in Sections 4 and 6(b) of the Facility Lease shall be deemed to include and refer also to New Funding Corp.

(d) Section 16(f) of the Facility Lease is deleted in its entirety and is hereby replaced with the following:

(f) Drawings under Letter of Credit. As provided in and in accordance with the last sentence of Section 3(b), any amount payable by the Lessee pursuant to this Section in respect of, or with reference to, Casualty Value shall be deemed to be satisfied to the extent of any amount paid under the

Letter of Credit in respect of the Event of Default giving rise to the obligation of the Lessee to pay such amount in respect of, or with reference to, Casualty Value.

(e) Appendix A to the Facility Lease is amended as follows:

(i) by restating the definition of "Collateral Trust Indenture" in its entirety to read as follows:

"Collateral Trust Indenture shall mean

(i) whenever any Bonds are Outstanding thereunder, the Collateral Trust Indenture dated as of November 1, 1986 among APS, Funding Corp and the Collateral Trust Trustee and (ii) at all times, the Collateral Trust Indenture dated as of _____, 1993 among APS, New Funding Corp and the Collateral Trust Trustee.";

(ii) by deleting the definition of "Current Pricing Assumptions";

(iii) by amending the definition of "Final Shutdown" by restating clause (7) thereof in its entirety to read as follows:

"(7) the declaration by the Operating Agent of a site area emergency set forth in the PVNGS Emergency Plan for any reason other than (i) a drill, (ii) a false alarm or (iii) a site area emergency declaration without actual major failure of any of the plant functions needed to achieve or maintain hot shutdown of Unit 2 when Unit 2 is in any of modes 1 through 4, as defined in the technical specifications for Unit 2;"

and by adding the following sentence at the end of such definition:

"In the event that the circumstances giving rise to a site area emergency declaration described in clause (7)(iii) above change, resulting in a Final Shutdown, such Final Shutdown shall be deemed to have occurred immediately upon the occurrence of such site area emergency declaration."

(iv) by amending the definition of "Indemnatee" by inserting the phrase "New Funding Corp, the stockholder of New Funding Corp and its officers and

directors," after the words "the stockholder of Funding Corp and its officers and directors," therein;

(v) by restating the definition of "Indenture Trustee's Office" in its entirety to read as follows:

"Indenture Trustee's Office shall mean the office of the Indenture Trustee located at 450 West 33rd Street, New York, New York 10001, or such other office as may be designated by the Indenture Trustee to the Owner Trustee and each Holder of a Note Outstanding under the Indenture."

(vi) by amending the definition of "Net Economic Return" to read in its entirety as follows:

"Net Economic Return shall mean the net after-tax yield and total after-tax cash flow expected by the Equity Participant on the Refunding Date with respect to the Undivided Interest, calculated utilizing the Assumptions and utilized in the computation of Basic Rent, Casualty Value, Special Casualty Value, Modified Special Casualty Value and Extraordinary Casualty Value derived from the Assumptions."

(vii) by amending the definition of "Refunding Amount" by inserting the words "or New Funding Corp's" after the words "Funding Corp's" therein;

(viii) by amending the definition of "Refunding Bonds" by inserting the words "or of New Funding Corp" after the words "Funding Corp" therein;

(ix) by amending the definition of "Refunding Supplemental Indenture" by inserting the words "or New Funding Corp, as the case may be," after the words "Funding Corp" therein;

(x) by restating the definition of "Section 6(c) Application" in its entirety to read as follows:

"Section 6(c) Application shall mean Funding Corp's Application for an Order under Section 6(c) of the Investment Company Act of 1940 exempting Funding Corp from all provisions of such Act, as filed with the Securities and Exchange Commission on May 13, 1986, and amended on July 31, 1986, and the Order of said Commission, dated October 2, 1986, as such Application and Order applies to New Funding Corp

as indicated in the response of the staff of the Division of Investment Management of such Commission, dated October 16, 1992, to the letter, dated August 27, 1992, of White & Case."

(xi) by amending the definition of "Underwriting Agreement" by inserting the words "or New Funding Corp, as the case may be," after the words "Funding Corp" therein;

(xii) by amending the definition of "Transaction Documents" by inserting the words "the Refinancing Agreement, the Indemnity Agreement, the Escrow Deposit Agreement," after the words "the Participation Agreement," therein.

(xiii) by inserting in the appropriate alphabetical order the following new definitions:

"Amendment No. 2 to the Facility Lease means Amendment No. 2 dated as of _____, 1993 to the Facility Lease dated as of August 1, 1986, as amended as of November 1, 1986, between the Lessee and the Owner Trustee.

"Amendment No. 2 to the Participation Agreement shall mean Amendment No. 2 dated as of March __, 1993 to the Participation Agreement dated as of August 1, 1986, as amended as of November 1, 1986, among the Equity Participant, Funding Corp, New Funding Corp, The First National Bank of Boston, as Owner Trustee, Chemical Bank, as Indenture Trustee, and the Lessee.

"Indemnity Agreement shall mean the Indemnity Agreement dated as of _____, 1993, by the Lessee.

"New Funding Corp shall mean PVNGS II Funding Corp., Inc., a Delaware corporation.

"Refinancing Agreement shall mean that certain Refinancing Agreement dated as of _____, 1993 among the Equity Participant, Funding Corp, New Funding Corp, Owner Trustee, Indenture Trustee and the Lessee.

"Refinancing Documents shall have the meaning assigned to such term in the Refinancing Agreement."

(f) Schedule 1 entitled "Basic Rent Percentages" is deleted in its entirety and is hereby replaced with Schedule 1 hereto.

(g) Schedule 2 entitled "Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 2 hereto.

(h) Schedule 3 entitled "Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 3 hereto.

(i) Schedule 4 entitled "Modified Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 4 hereto.

(j) Schedule 5 entitled "Extraordinary Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 5 hereto.

(k) Section 20 of the Facility Lease is hereby amended by inserting the words ", the Indemnity Agreement, Section 17 of the Refinancing Agreement" after the words "Sections 10(b), 14 and 16 of the Participation Agreement" in the second sentence therein.

SECTION 3. Effectiveness. This Amendment No. 2 shall become effective when all conditions referred to in Section 15 of the Refinancing Agreement shall have been satisfied or waived by the appropriate persons (the date of such satisfaction or waiver being referred to as the "Effective Date"). Once recorded, this Amendment shall be presumed to be effective, subject to any contrary statement in any document or certificate filed after the recordation of this Amendment.

SECTION 4. Miscellaneous.

(a) Governing Law. This Amendment No. 2 has been negotiated and delivered in the State of New York and shall be governed by, and be construed in accordance with, the laws of the State of New York, except to the extent that pursuant to the law of the State of Arizona the law of the State of Arizona is mandatorily applicable hereto.

(b) Original Counterpart. The single executed original of this Amendment No. 2 marked "THIS COUNTERPART IS THE ORIGINAL COUNTERPART" and containing the receipt of the Indenture Trustee thereon shall be the "Original" of this Amendment No. 2. No security interest in this Amendment No. 2 may be created or continued through the transfer or possession of any counterpart other than the "Original."

(c) Disclosure. Pursuant to Arizona Revised Statutes Section 33-402, the beneficiary of the Trust Agreement is Security Pacific Capital Leasing Corporation, a Delaware corporation. The address of the beneficiary is Four Embarcadero Center, Suite 1200, San Francisco, California 94111. A copy of the Trust Agreement is available for inspection at the offices of the Owner Trustee at Blue Hill Office Park, Mail Stop 45-02-15, 150 Royall Street, Canton, Massachusetts 02021, Attention: Corporate Trust Division (Reference: APS-PVNGS II Funding Corp.).

(d) Owner Trustee. Section 22(h) of the Facility Lease is applicable to this Amendment No. 2.

(e) Counterpart Execution. This Amendment No. 2 may be executed in any number of counterparts and by each of the parties hereto on separate counterparts, all such counterparts together constituting but one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 2 to Facility Lease to be duly executed by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF
BOSTON, not in its individual
capacity, but solely as Owner
Trustee under a Trust Agreement
dated as of August 1, 1986 with
Security Pacific Capital Leasing
Corporation

By: _____
Title: _____

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Title: Treasurer and Assistant
Secretary

1381b(B)

STATE OF NEW YORK)
) ss.
County of New York)

The foregoing instrument was acknowledged before me
this ____ day of _____, 1993, by _____,
_____ 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 August 1, 1986 with Security Pacific Capital Leasing
Corporation.

Notary Public

My commission expires:

STATE OF NEW YORK)
) ss.
County of New York)

The foregoing instrument was acknowledged before me
this ____ day of _____, 1993, by WILLIAM J. HEMELT,
Treasurer and Assistant Secretary of ARIZONA PUBLIC SERVICE
COMPANY, an Arizona corporation, on behalf of the corporation.

Notary Public

My commission expires:

1381b(B)

SCHEDULE 1
TO
AMENDMENT NO 2

BASIC RENT PERCENTAGES

[TO BE COMPLETED]

1381b(B)

SCHEDULE 2
TO
AMENDMENT NO 2

CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1381b(B)

SCHEDULE 3
TO
AMENDMENT NO 2

SPECIAL CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1381b(B)

SCHEDULE 4
TO
AMENDMENT NO 2

MODIFIED SPECIAL CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1381b(B)

SCHEDULE 5
TO
AMENDMENT NO 2

EXTRAORDINARY CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1381b(B)

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY
LEASE AS HERETOFORE AMENDED AND AS AMENDED
BY THIS AMENDMENT NO. 2 THERETO HAVE BEEN
ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR
OF, CHEMICAL BANK, AS INDENTURE TRUSTEE UNDER A TRUST
INDENTURE, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF
FACILITY LEASE DATED AS OF DECEMBER 15, 1986. THIS AMENDMENT
NO. 2 HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. . SEE SECTION
4(d) OF THIS AMENDMENT NO. 2 FOR INFORMATION CONCERNING THE
RIGHTS OF HOLDERS OF VARIOUS COUNTERPARTS HEREOF.

THIS COUNTERPART IS NOT THE ORIGINAL COUNTERPART.

AMENDMENT NO. 2
dated as of _____, 1993

to

FACILITY LEASE
dated as of December 15, 1986

between

THE FIRST NATIONAL BANK OF BOSTON
not in its individual capacity, but solely
as Owner Trustee under a Trust Agreement
dated as of December 15, 1986 with
PV2-APS 150 CORPORATION (Assignee of
Chase Manhattan Realty Leasing Corporation),

Lessor

and

ARIZONA PUBLIC SERVICE COMPANY,

Lessee

Original Facility Lease Recorded
on December 19, 1986, as Instrument No. 86-703291
and Amendment No. 1 to Facility Lease Recorded
on August 14, 1987 as Instrument No. 87-514747,
Records of the County Recorder of Maricopa County, Arizona

AMENDMENT NO. 2

Amendment No. 2, dated as of _____, 1993 ("Amendment No. 2"), to the Facility Lease dated as of December 15, 1986 between THE FIRST NATIONAL BANK OF BOSTON, a national banking association, not in its individual capacity, but solely as Owner Trustee under a Trust Agreement, dated as of December 15, 1986, with PV2-APS 150 CORPORATION (Assignee of Chase Manhattan Realty Leasing Corporation) (the "Lessor"), and ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessee and the Lessor have heretofore entered into a Facility Lease dated as of December 15, 1986 (the "Facility Lease"), providing for the lease by the Lessor to the Lessee of the Undivided Interest and the Real Property Interest;

WHEREAS, Section 3(e) of the Facility Lease provides for an adjustment to Basic Rent and to the schedules of Casualty Values, Special Casualty Values, and Termination Values in order to preserve Net Economic Return if there is any issuance of the Fixed Rate Notes or certain changes in the Pricing Assumptions;

WHEREAS, Section 10.1(viii) of the Indenture provides, among other things, that the Lessor and the Indenture Trustee may, without consent of the Holders of Notes Outstanding, execute a supplement to the Indenture in order to evidence the issuance of and to provide the terms of Additional Notes;

WHEREAS, the Lessor and the Indenture Trustee intend to execute Supplemental Indenture No. 2, dated as of _____, 1993 to the Indenture, providing for the issuance under the Indenture of Additional Notes for the purpose of the refunding of the Notes heretofore issued under the Indenture and currently Outstanding;

WHEREAS, as a result of the refunding of the Outstanding Notes and the issuance of Additional Notes, the parties hereto desire to evidence certain adjustments to Basic Rent and to the schedules of Casualty Values, Special Casualty Values, and Termination Values; and

WHEREAS, the parties hereto also desire to evidence certain other agreed upon changes to the Facility Lease.

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein or in the recitals shall have the meanings assigned to such terms in Appendix A to the Facility Lease.

SECTION 2. Amendments.

The Facility Lease is hereby amended generally so that references to "Funding Corp" shall also be deemed to be references to "New Funding Corp," as appropriate to the context, it being understood, however, that Funding Corp and New Funding Corp are unrelated Persons that are not liable jointly or severally for each other's separate acts or omissions. The parties hereto agree that the term "as appropriate to the context" in this introductory paragraph will be interpreted in light of paragraphs (a) and (b) of this Section 2. Without derogation of the foregoing (whether because of a specific amendment or lack thereof), the Facility Lease is specifically amended as follows:

(a) The parties agree that New Funding Corp is entitled to the rights and obligations of Funding Corp under the Facility Lease as if New Funding Corp were Funding Corp for so long as and to the extent that New Funding Corp has made any loan to the Owner Trustee pursuant to the Transaction Documents and such loan is evidenced by Outstanding Notes issued by the Owner Trustee under the Indenture.

(b) The parties agree that Funding Corp will continue to be entitled to its rights and obligations under the Facility Lease only if and to the extent that Funding Corp has made any loan to the Owner Trustee and such loan is outstanding.

(c) Appendix A to the Facility Lease is amended as follows:

(i) by restating the definition of "Collateral Trust Indenture" to read in its entirety as follows:

"Collateral Trust Indenture shall mean (i) to the extent that any Bonds are Outstanding thereunder from time to time, the Collateral Trust Indenture dated as of November 1, 1986 among APS, Funding Corp and the Collateral Trust Trustee and/or

(ii) to the extent that any Bonds are Outstanding thereunder from time to time, the Collateral Trust Indenture dated as of _____, 1993 among APS, New Funding Corp and the Collateral Trust Trustee.";

(ii) by restating the definition of "Fixed Rate Note" to read in its entirety as follows:

"Fixed Rate Notes shall mean the nonrecourse secured promissory notes issued by the Owner Trustee to refund the Initial Series Notes and any such notes issued in connection with a Refunding Loan.";

(iii) by amending the definition of "Indemnatee" by inserting the phrase "the stockholder of New Funding Corp and its officers and directors," after the words "the stockholder of Funding Corp and its officers and directors," therein;

(iv) by restating the definition of "Indenture Trustee's Office" to read in its entirety as follows:

"Indenture Trustee's Office shall mean the office of the Indenture Trustee located at 450 West 33rd Street, New York, New York 10001, or such other office as may be designated by the Indenture Trustee to the Owner Trustee and each Holder of a Note Outstanding under the Indenture."

(v) by restating the definition of "Lessee's Counsel" to read in its entirety as follows:

"Lessee's Counsel shall mean Snell & Wilmer, One Arizona Center, Phoenix, Arizona 85004-0001."

(vi) by restating the definition of "Lessee's Special Counsel" to read in its entirety as follows:

"Lessee's Special Counsel shall mean White & Case, 1155 Avenue of the Americas, New York, New York 10036-2787."

(vii) by restating the definition of "Loan Participant" to read in its entirety as follows:

"Loan Participant means Funding Corp or New Funding Corp, as the context may require."

(viii) by restating the definition of "Loan Participant's Counsel" to read in its entirety as follows:

"Loan Participant's Counsel shall mean White & Case, 1155 Avenue of the Americas, New York, New York 10036-2787."

(ix) by amending the definition of "Net Economic Return" to read in its entirety as follows:

"Net Economic Return shall mean the after-tax yield and after-tax cash flows (after all Federal, state and local taxes) and the return on investment expected by the Owner Participant on the Refunding Date with respect to the Undivided Interest, utilizing the Pricing Assumptions and in accordance with the computation of Basic Rent, Casualty Values, Special Casualty Values and Termination Values derived from such Pricing Assumptions."

(x) by restating the definition of "Owner Participant's Special Counsel" to read in its entirety as follows:

"Owner Participant's Special Counsel shall mean Winston & Strawn, 175 Water Street, New York, New York 10038-4981; or, in the case of tax matters, Dewey Ballantine, 1301 Avenue of the Americas, New York, New York 10019."

(xi) by restating the definition of "Owner Trustee's Counsel" to read in its entirety as follows:

"Owner Trustee's Counsel shall mean Ropes & Gray, One International Place, Boston, Massachusetts 02110-2624."

(xii) by restating the definition of "Pricing Assumptions" to read in its entirety as follows:

"Pricing Assumptions shall mean the pricing assumptions set forth on Schedule 2 to the Participation Agreement and the Additional Pricing Assumptions."

(xiii) by restating the definition of "Refunding Bonds" to read in its entirety as follows:

"Refunding Bonds shall mean Funding Corp's or New Funding Corp's Secured Lease Obligation Bonds, the Series of which shall be designated in the Refunding Supplemental Indenture relating thereto, which may be issued, authenticated and delivered under the Collateral Trust Indenture, as supplemented by such Refunding Supplemental Indenture, as the same may be described in the Underwriting Agreement relating thereto, for purposes of refunding any previous Series of Bonds issued under the Collateral Trust Indenture.";

(xiv) by restating the definition of "Refunding Date" to read in its entirety as follows:

"Refunding Date shall mean the date of any issuance of Fixed Rate Notes.";

(xv) by amending the definition of "Refunding Supplemental Indenture" by inserting the words "or New Funding Corp, as the case may be," after the words "Funding Corp" therein;

(xvi) by restating the definition of Section 6(c) Application to read in its entirety as follows:

"Section 6(c) Application" shall mean Funding Corp's Application for an Order under Section 6(c) of the Investment Company Act of 1940 exempting Funding Corp from all provisions of such Act, as filed with the Securities and Exchange Commission on May 13, 1986, and amended on July 31, 1986, and the Order of said Commission, dated October 2, 1986, as such Application and Order applies to New Funding Corp as indicated in the response of the staff of the Division of Investment Management of such Commission, dated October 16, 1992, to the letter, dated August 27, 1992, of White & Case."

(xvii) by amending the definition of "Underwriting Agreement" by inserting the words "or New Funding Corp, as the case may be," after the words "Funding Corp" therein;

(xviii) by inserting in the appropriate alphabetical order the following new definitions:

"Additional Pricing Assumptions shall mean the additional pricing assumptions set forth on Schedule 2 to Amendment No. 2 to the Participation Agreement."

"Amendment No. 2 to the Participation Agreement shall mean Amendment No. 2 dated as of March __, 1993 to the Participation Agreement dated as of December 15, 1986, as amended as of August 1, 1987, among the Owner Participant, Funding Corp, New Funding Corp, The First National Bank of Boston, as Owner Trustee, Chemical Bank, as Indenture Trustee, and the Lessee."

"New Funding Corp shall mean PVNGS II Funding Corp., Inc., a Delaware corporation."

"New Notes shall mean the series of notes of the Owner Trustee designated "Nonrecourse Promissory Notes, Refunding Series 1993."

"Refinancing Agreement shall mean that certain Refinancing Agreement dated as of __, 1993 among the Owner Participant, Funding Corp, New Funding Corp, The First National Bank of Boston, as Owner Trustee, Chemical Bank, as Indenture Trustee and New Collateral Trust Trustee, and the Lessee."

"Refinancing Documents shall have the meaning assigned to such term in the Refinancing Agreement."

(d) Schedule 1 entitled "Schedule of Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 1 hereto.

(e) Schedule 2 entitled "Schedule of Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 2 hereto.

(f) Schedule 3 entitled "Schedule of Termination Values" is deleted in its entirety and is hereby replaced with Schedule 3 hereto.

(g) A new Schedule 7 entitled "Basic Rent Percentages" (attached hereto as Schedule 4) is inserted immediately after Schedule 6 to the Facility Lease.

(h) Sections 3(a)(ii) and 3(a)(iii) of the Facility Lease are amended in their entirety to read as follows:

"(ii) On December 30, 1987 and on each Basic Rent Payment Date thereafter to, and including December 30, 1992, an amount equal to 4.63269210% of Facility Cost;

(iii) On the Refunding Date and on each Basic Rent Payment Date thereafter to, and including, December 30, 2015, an amount equal to the percentage of Facility Cost set forth opposite such Basic Rent Payment Date on Schedule 7 hereto."

(i) Section 3(b) of the Facility Lease is amended by inserting the words ", any Refinancing Document" after the words "any other Transaction Document" in clause (i) thereof;

(j) Section 3(e) of the Facility Lease is amended by insertion of, after the phrase "Purchase Price" in clause (iii) thereof, the phrase: "or, if the Refinancing Transaction Expenses (as defined in the Refinancing Agreement) are less than the maximum amount of transaction expenses payable by the Owner Trustee indicated in the Additional Pricing Assumptions set forth in Schedule 2 of Amendment No. 2 to the Participation Agreement".

(k) Section 3(g) of the Facility Lease is amended by inserting the words "or Refinancing Document" after the words "or any Financing Document" in the introductory phrase thereof;

(l) Section 4 of the Facility Lease is amended by inserting the words "or Refinancing Document" after the words "any Financing Document" each time such words appear therein.

(m) Clause (2) of the third sentence of Section 9(c) is amended in its entirety to read as follows:

(2) if clause (1) shall not be applicable, Transfer the Undivided Interest and the Real Property Interest to the Lessee.

(n) The second sentence of Section 9(d) of the Facility Lease is amended in its entirety to read as follows:

Upon compliance in full by the Lessee with the foregoing provisions of this Section 9(d) and assumption by the Lessee of all the obligations and liabilities of the Owner Trustee under the Indenture and the Notes pursuant to Section 3.9(b) of the Indenture, the Lessor shall (so long as no Default or Event of Default shall have occurred and be

continuing), and at any time after the occurrence of a Deemed Loss Event, the Lessor may, Transfer the Undivided Interest and the Real Property Interest to the Lessee.

SECTION 3. Effective Date. This Amendment shall become effective on the "Effective Date," as such term is defined in Section 4 of Amendment No. 2 to the Participation Agreement. Once recorded, this Amendment shall be presumed to be effective, subject to any contrary statement in any document or certificate filed after the recordation of this Amendment.

SECTION 4. Miscellaneous.

(a) Execution. This Amendment No. 2 may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. This Amendment No. 2 amends and modifies the Facility Lease and is to be read with and form part of the Facility Lease. On and from the Effective Date any reference in any Transaction Document to the Facility Lease shall be deemed to refer to the Facility Lease, as amended and modified by Amendment No. 1, thereto, dated as of August 1, 1987, and by this Amendment No. 2.

(b) Non-Waiver or Amendment. The agreements contained in this Amendment shall not, except as expressly provided in this Amendment, operate as a waiver of any right, power or remedy of any party under any Transaction Document, nor constitute, except as expressly provided in this Amendment, a waiver of any provision of any Transaction Document.

(c) Governing Law. This Amendment No. 2 has been negotiated and delivered in the State of New York and shall be governed by, and be construed in accordance with, the laws of the State of New York, except to the extent that pursuant to the laws of the State of Arizona such law is mandatorily applicable hereto.

(d) Original Counterpart. The single executed original of this Amendment No. 2 marked "THIS COUNTERPART IS THE ORIGINAL COUNTERPART" and containing the receipt of the Indenture Trustee thereon shall be the "Original" of this Amendment No. 2. No security interest in this Amendment No. 2 may be created or continued through the transfer or possession of any counterpart other than the "Original."

(e) Disclosure. Pursuant to Arizona Revised Statutes Section 33-402; the beneficiary of the Trust Agreement is PV2-APS 150 Corporation (Assignee of Chase Manhattan Realty Leasing Corporation), a Delaware corporation. The address of

the beneficiary is One Chase Manhattan Plaza, New York, New York 10081. A copy of the Trust Agreement is available for inspection at the offices of the Owner Trustee at Blue Hill Office Park, Mail Stop 45-02-15, 150 Royall Street, Canton, Massachusetts 02021.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 2 to Facility Lease to be duly executed by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF
BOSTON, not in its individual
capacity, but solely as Owner
Trustee under a Trust Agreement
dated as of December 15, 1986
with PV2-APS 150 Corporation
(Assignee of Chase Manhattan
Realty Leasing Corporation),
Lessor

By: _____
Title: _____

Date: _____, 1993

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Title: _____

Date: _____, 1993

1934b(B)

COMMONWEALTH OF)
MASSACHUSETTS)
County of Suffolk) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1993, by _____ 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 December 15, 1986 with PV2-APS 150 Corporation (Assignee of Chase Manhattan Realty Leasing Corporation).

Notary Public

My commission expires:

STATE OF ARIZONA)
County of Maricopa) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1993, by WILLIAM J. HEMELT, Treasurer and Assistant Secretary of ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation, on behalf of the corporation.

Notary Public

My commission expires:

1934b(B)

SCHEDULE 1
TO
AMENDMENT NO 2

CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1934b(B)

SCHEDULE 2
TO
AMENDMENT NO 2

SPECIAL CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1934b(B)

SCHEDULE 3
TO
AMENDMENT NO 2

TERMINATION VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1934b(B)

SCHEDULE 4
TO
AMENDMENT NO 2

BASIC RENT PERCENTAGES

[TO BE COMPLETED]

1934b(B)

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY
LEASE AS HERETOFORE AMENDED AND AS AMENDED
BY THIS AMENDMENT NO. 3 THERETO HAVE BEEN
ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR
OF, CHEMICAL BANK, AS INDENTURE TRUSTEE UNDER A TRUST
INDENTURE, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF
FACILITY LEASE DATED AS OF AUGUST 1, 1986. THIS AMENDMENT
NO. 3 HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. SEE SECTION
4(b) OF THIS AMENDMENT NO. 3 FOR INFORMATION CONCERNING THE
RIGHTS OF HOLDERS OF VARIOUS COUNTERPARTS HEREOF.

THIS COUNTERPART IS NOT THE ORIGINAL COUNTERPART.

AMENDMENT NO. 3
dated as of _____, 1993

to

FACILITY LEASE
dated as of August 1, 1986

between

THE FIRST NATIONAL BANK OF BOSTON
not in its individual capacity, but solely
as Owner Trustee under a Trust Agreement
dated as of August 1, 1986 with
EMERSON FINANCE CO.,

Lessor

and

ARIZONA PUBLIC SERVICE COMPANY,

Lessee

Original Facility Lease Recorded
on August 18, 1986, as Instrument No. 86-439438
and Amendment No. 1 to Facility Lease Recorded
on November 21, 1986 as Instrument No. 86-645156
and Amendment No. 2 to Facility Lease Recorded
on September 16, 1987 as Instrument No. 87-579420,
Records of the County Recorder of Maricopa County, Arizona

AMENDMENT NO. 3

Amendment No. 3, dated as of _____, 1993 ("Amendment No. 3"), to the Facility Lease dated as of August 1, 1986 between THE FIRST NATIONAL BANK OF BOSTON, a national banking association, not in its individual capacity, but solely as Owner Trustee (the "Lessor") under a Trust Agreement, dated as of August 1, 1986, with EMERSON FINANCE CO., and ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessee and the Lessor have heretofore entered into a Facility Lease dated as of August 1, 1986 (the "Facility Lease"), providing for the lease by the Lessor to the Lessee of the Undivided Interest and the Real Property Interest;

WHEREAS, Section 3(e) of the Facility Lease provides for an adjustment to Basic Rent and to the schedules of Casualty Values, Extraordinary Casualty Values, Special Casualty Values, and Modified Special Casualty Values in order to preserve Net Economic Return if there is any change in the Current Pricing Assumptions;

WHEREAS, Section 10.1(viii) of the Indenture provides, among other things, that the Lessor and the Indenture Trustee may, without consent of the Holders of Notes Outstanding, execute a supplement to the Indenture in order to evidence the issuance of and to provide the terms of Additional Notes;

WHEREAS, the Lessor and the Indenture Trustee intend to execute Supplemental Indenture No. 2, dated as of _____, 1993 to the Indenture, providing for the issuance under the Indenture of Additional Notes for the purpose of the refunding of the Notes heretofore issued under the Indenture and currently Outstanding;

WHEREAS, as a result of the refunding of the Outstanding Notes and the issuance of Additional Notes, the parties hereto desire to evidence certain adjustments to Basic Rent and to the schedules of Casualty Values, Extraordinary Casualty Values, Special Casualty Values, and Modified Special Casualty Values, such adjustments being deemed to be in compliance with Sections 3(e) and 3(f) of the Facility Lease without further act; and

WHEREAS, the parties hereto also desire to evidence certain other agreed upon changes to the Facility Lease.

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein or in the recitals shall have the meanings assigned to such terms in Appendix A to the Facility Lease.

SECTION 2. Amendments.

The Facility Lease is hereby amended as follows:

(a) The last sentence of Section 3(b) of the Facility Lease is deleted in its entirety and is hereby replaced with the following:

Each drawing under the Letter of Credit shall be deemed to be in satisfaction of the Lessee's obligation to pay the Equity Portion of Rent to the extent of such drawing, but nothing in this sentence or in Section 16(f) is intended to or shall create any right or entitlement of the Lessee or any other Person, contingent or otherwise, in or to the proceeds of such drawing, even if such drawing exceeds the Equity Portion of Rent.

(b) The first sentence of Section 3(e) of the Facility Lease is amended by deleting the word "Current" therein.

(c) All references to Funding Corp in Sections 4 and 6(b) of the Facility Lease shall be deemed to include and refer also to New Funding Corp.

(d) Section 16(f) of the Facility Lease is deleted in its entirety and is hereby replaced with the following:

(f) Drawings under Letter of Credit. As provided in and in accordance with the last sentence of Section 3(b), any amount payable by the Lessee pursuant to this Section in respect of, or with reference to, Casualty Value shall be deemed to be satisfied to the extent of any amount paid under the Letter of Credit in respect of the Event of Default giving rise to the obligation of the Lessee to pay such amount in respect of, or with reference to, Casualty Value.

(e) Appendix A to the Facility Lease is amended as follows:

(i) by restating the definition of "Collateral Trust Indenture" in its entirety to read as follows:

"Collateral Trust Indenture shall mean (i) whenever any Bonds are Outstanding thereunder, the Collateral Trust Indenture dated as of November 1, 1986 among APS, Funding Corp and the Collateral Trust Trustee and (ii) at all times, the Collateral Trust Indenture dated as of _____, 1993 among APS, New Funding Corp and the Collateral Trust Trustee.";

(ii) by deleting the definition of "Current Pricing Assumptions";

(iii) by amending the definition of "Final Shutdown" by restating clause (7) thereof in its entirety to read as follows:

"(7) the declaration by the Operating Agent of a site area emergency set forth in the PVNGS Emergency Plan for any reason other than (i) a drill, (ii) a false alarm or (iii) a site area emergency declaration without actual major failure of any of the plant functions needed to achieve or maintain hot shutdown of Unit 2 when Unit 2 is in any of modes 1 through 4, as defined in the technical specifications for Unit 2;"

and by adding the following sentence at the end of such definition:

"In the event that the circumstances giving rise to a site area emergency declaration described in clause (7)(iii) above change, resulting in a Final Shutdown, such Final Shutdown shall be deemed to have occurred immediately upon the occurrence of such site area emergency declaration."

(iv) by amending the definition of "Indemnatee" by inserting the phrase "New Funding Corp, the stockholder of New Funding Corp and its officers and directors," after the words "the stockholder of Funding Corp and its officers and directors," therein;

(v) by restating the definition of "Indenture Trustee's Office" in its entirety to read as follows:

"Indenture Trustee's Office shall mean the office of the Indenture Trustee located at 450 West 33rd Street, New York, New York 10001, or such other office as may be designated by the Indenture Trustee to the Owner Trustee and each Holder of a Note Outstanding under the Indenture."

(vi) by amending the definition of "Net Economic Return" to read in its entirety as follows:

"Net Economic Return shall mean the net after-tax yield and total after-tax cash flow expected by the Equity Participant on the Refunding Date with respect to the Undivided Interest, calculated utilizing the Assumptions and utilized in the computation of Basic Rent, Casualty Value, Special Casualty Value, Modified Special Casualty Value and Extraordinary Casualty Value derived from the Assumptions."

(vii) by amending the definition of "Refunding Amount" by inserting the words "or New Funding Corp's" after the words "Funding Corp's" therein;

(viii) by amending the definition of "Refunding Bonds" by inserting the words "or of New Funding Corp" after the words "Funding Corp" therein;

(ix) by amending the definition of "Refunding Supplemental Indenture" by inserting the words "or New Funding Corp, as the case may be," after the words "Funding Corp" therein;

(x) by restating the definition of Section 6(c) Application in its entirety to read as follows:

"Section 6(c) Application shall mean Funding Corp's Application for an Order under Section 6(c) of the Investment Company Act of 1940 exempting Funding Corp from all provisions of such Act, as filed with the Securities and Exchange Commission on May 13, 1986, and amended on July 31, 1986, and the Order of said Commission, dated October 2, 1986, as such Application and Order applies to New Funding Corp as indicated in the response of the staff of the Division of Investment Management of such Commission, dated October 16, 1992, to the letter, dated August 27, 1992, of White & Case."

(xi) by amending the definition of "Underwriting Agreement" by inserting the words "or New Funding Corp, as the case may be," after the words "Funding Corp" therein;

(xii) by amending the definition of "Transaction Documents" by inserting the words "the Refinancing Agreement, the Indemnity Agreement, the Escrow Deposit Agreement," after the words "the Participation Agreement," therein.

(xiii) by inserting in the appropriate alphabetical order the following new definitions:

"Amendment No. 3 to the Facility Lease means Amendment No. 3 dated as of _____, 1993 to the Facility Lease dated as of August 1, 1986, as amended as of November 1, 1986 and June 1, 1987, between the Lessee and the Owner Trustee.

"Amendment No. 2 to the Participation Agreement shall mean Amendment No. 2 dated as of March __, 1993 to the Participation Agreement dated as of August 1, 1986, as amended as of November 1, 1986, among the Equity Participant, Funding Corp, New Funding Corp, The First National Bank of Boston, as Owner Trustee, Chemical Bank, as Indenture Trustee, and the Lessee.

"Escrow Deposit Agreement shall mean the PVNGS Escrow Deposit Agreement, dated as of _____, 1993, among the Equity Participant, the Owner Trustee and the Lease Indenture Trustee.

"Escrow Fund shall have the meaning set forth in the Escrow Deposit Agreement.

"Indemnity Agreement shall means the Indemnity Agreement dated as of _____, 1993, by the Lessee.

"New Funding Corp shall mean PVNGS II Funding Corp., Inc., a Delaware corporation.

"Refinancing Agreement shall mean that certain Refinancing Agreement dated as of _____, 1993 among the Equity Participant, Funding Corp, New Funding Corp, Owner Trustee, Indenture Trustee and the Lessee.

"Refinancing Documents shall have the meaning assigned to such term in the Refinancing Agreement."

(f) Schedule 1 entitled "Basic Rent Percentages" is deleted in its entirety and is hereby replaced with Schedule 1 hereto.

(g) Schedule 2 entitled "Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 2 hereto.

(h) Schedule 3 entitled "Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 3 hereto.

(i) Schedule 4 entitled "Modified Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 4 hereto.

(j) Schedule 5 entitled "Extraordinary Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 5 hereto.

(k) Section 20 of the Facility Lease is hereby amended by inserting the words ", the Indemnity Agreement, Section 17 of the Refinancing Agreement" after the words "Sections 10(b), 14 and 16 of the Participation Agreement" in the second sentence therein.

SECTION 3. Effectiveness. This Amendment No. 3 shall become effective when all conditions referred to in Section 15 of the Refinancing Agreement shall have been satisfied or waived by the appropriate persons (the date of such satisfaction or waiver being referred to as the "Effective Date"). Once recorded, this Amendment shall be presumed to be effective, subject to any contrary statement in any document or certificate filed after the recordation of this Amendment.

SECTION 4. Miscellaneous.

(a) Governing Law. This Amendment No. 3 has been negotiated and delivered in the State of New York and shall be governed by, and be construed in accordance with, the laws of the State of New York, except to the extent that pursuant to the law of the State of Arizona the law of the State of Arizona is mandatorily applicable hereto.

(b) Original Counterpart. The single executed original of this Amendment No. 3 marked "THIS COUNTERPART IS THE ORIGINAL COUNTERPART" and containing the receipt of the Indenture Trustee thereon shall be the "Original" of this

Amendment No. 3. No security interest in this Amendment No. 3 may be created or continued through the transfer or possession of any counterpart other than the "Original."

(c) Disclosure. Pursuant to Arizona Revised Statutes Section 33-402, the beneficiary of the Trust Agreement is Emerson Finance Co., a Delaware corporation. The address of the beneficiary is 8000 West Florissant, P. O. Box 4100, St. Louis, Missouri 63136. A copy of the Trust Agreement is available for inspection at the offices of the Owner Trustee at Blue Hill Office Park, Mail Stop 45-02-15, 150 Royall Street, Canton, Massachusetts 02021, Attention: Corporate Trust Division (Reference: APS-PVNGS II Funding Corp.).

(d) Owner Trustee. Section 22(h) of the Facility Lease is applicable to this Amendment No. 3.

(e) Counterpart Execution. This Amendment No. 3 may be executed in any number of counterparts and by each of the parties hereto on separate counterparts, all such counterparts together constituting but one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 3 to Facility Lease to be duly executed by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF
BOSTON, not in its individual
capacity, but solely as Owner
Trustee under a Trust Agreement
dated as of August 1, 1986 with
Emerson Finance Co.

By: _____
Title: _____

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Title: Treasurer and Assistant
Secretary

1935b(B)

STATE OF NEW YORK)
) ss.
County of New York)

The foregoing instrument was acknowledged before me
this ____ day of _____, 1993, by _____,
_____ 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 August 1, 1986 with Emerson Finance Co.

Notary Public

My commission expires:

STATE OF NEW YORK)
) ss.
County of New York)

The foregoing instrument was acknowledged before me
this ____ day of _____, 1993, by WILLIAM J. HEMELT,
Treasurer and Assistant Secretary of ARIZONA PUBLIC SERVICE
COMPANY, an Arizona corporation, on behalf of the corporation.

Notary Public

My commission expires:

1935b(B)

SCHEDULE 1
TO
AMENDMENT NO 3

BASIC RENT PERCENTAGES

[TO BE COMPLETED]

1935b(B)

SCHEDULE 2
TO
AMENDMENT NO 3

CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1935b(B)

SCHEDULE 3
TO
AMENDMENT NO 3

SPECIAL CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1935b(B)

SCHEDULE 4
TO
AMENDMENT NO 3

MODIFIED SPECIAL CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1935b(B)

SCHEDULE 5
TO
AMENDMENT NO 3

EXTRAORDINARY CASUALTY VALUES
(Expressed as Percentage of Facility Cost)

[TO BE COMPLETED]

1935b(B)