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STN-50-529 Palo Verde Nuclear Station, Unit 2, Arizona Publi 05000529

STN-50-530 Palo Verde Nuclear Station, Unit 3, Arizona Publi 05000530

AUTH. NAME    AUTHQR AFFILIATION

LEVINE, J.M.    Arizona Public Service Co. (formerly Arizona Nuclear Power

RECIP. NAME    RECIPIENT AFFILIATION

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SUBJECT: Forwards projected cash flow statements for PVNGS Participants, per 10CFR140.21(e). Cash flow statement for El Paso Electric Co should be withheld from public disclosure.

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Palo Verde Nuclear  
Generating Station

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10CFR 140.21 (e)  
102-03970 - JML/AKK/JRP  
July 10, 1997

U. S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
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Dear Sirs:

**Subject: Palo Verde Nuclear Generating Station (PVNGS)  
Units 1, 2, and 3  
Docket Nos. STN 50-528/529/530  
Licensee Guarantee of Payment of Deferred Premium**

Pursuant to the requirements of 10 CFR 140.21(e), Arizona Public Service Company (APS), for itself and on behalf of the PVNGS Participants, herewith submits the projected cash flow statements (enclosure). Please note that the projected cash flow statement for the El Paso Electric Company is considered a CONFIDENTIAL DOCUMENT, for which an affidavit is provided. The affidavit sets forth the basis on which the information may be withheld from public disclosure by the Commission and specifically addresses the considerations listed in 10CFR 2.790 (b) (1) (ii). Accordingly, it is requested that the El Paso Electric Company projected cash flow statement be withheld from public disclosure in accordance with 10CFR 2.790(b) (1).

Should you have any questions, please contact Scott A. Bauer at (602) 393 -5978.

Sincerely,

JML/AKK/JRP/mah

Enclosure

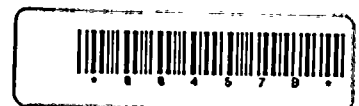
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1997 PRO FORMA CASH FLOW STATEMENT  
FOR PUBLIC SERVICE COMPANY OF NEW MEXICO  
(EXCLUDING NON-UTILITY SUBSIDIARIES)

	<u>* 1996 Actual</u>	<u>* 1997 Projected</u>
Net Income After Taxes	72,580	77,929
Less Dividends Paid	<u>15,560</u>	<u>20,596</u>
Earnings Retained	57,020	57,333
Adjustments:		
Depreciation & Amortization	91,340	95,588
Deferred Income Taxes & Investment Tax Credits	26,960	2,172
Allowance for Equity Funds Used During Construction	0	0
Other, Net	<u>(39,162)</u>	<u>(14,437)</u>
TOTAL ADJUSTMENTS	<u>79,138</u>	<u>83,323</u>
INTERNAL CASH FLOW	<u>136,158</u>	<u>140,656</u>
 Average Quarterly Cash Flow	 34,040	 35,164

Percentage Entitlement in all Nuclear Units:

Palo Verde Unit 1---10/2%  
Palo Verde Unit 2---10/2%  
Palo Verde Unit 3---10.2%

\*Dollars in Thousands

BY: Tom Sategna  
Tom Sategna  
Assistant Controller



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INTERNAL CASH FLOW PROJECTION OF SALT RIVER PROJECT  
(JOINT OWNER OF PALO VERDE NUCLEAR GENERATING STATION)  
FOR FISCAL YEARS ENDED APRIL 30, 1996 and 1997  
(\$000)

	1996 ACTUAL	1997 ACTUAL
Net Income after taxes	\$ 94,376	\$ 57,212
Less dividends paid:		
Preferred dividend requirements		
Dividends on common stock		
Retained Earnings	94,376	57,212
Adjustments:		
Depreciation and amortization	210,470	238,510
Deferred Income Taxes and Investment Tax Credits		
Allowance for Funds Used During Construction	9,584	8,743
Total Adjustments	220,054	247,253
Internal Cash Flow	314,430	304,465
	=====	=====
Average Quarterly Cash Flow	\$ 78,608	\$ 76,116
	=====	=====
Percentage Ownership in all nuclear units		
Unit 1	17.49%	17.49%
Unit 2	17.49%	17.49%
Unit 3	17.49%	17.49%

I, Dean Yee, Corporate Treasurer of the Salt River Project Agricultural Improvement and Power District certify that the above figures are based upon our Accounting Records, and agree, as appropriate with our audited financial statements.



Dean Yee





**INTERNAL CASHFLOW PROJECTION OF ARIZONA PUBLIC SERVICE COMPANY  
(Joint Owner Of Palo Verde Nuclear Generating Station\*\*)**

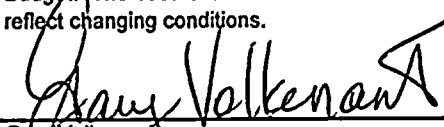
(\$000)

	<u>1995 Actual</u>	<u>1996 Actual</u>	<u>1997 Estimate</u>
1. Net Income After Taxes	\$239,570	\$243,741	\$239,156
Less:			
2. Dividends Paid on Preferred Stock	19,134	17,416	13,796
3. Dividends Paid on Common Stock	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
4. Retained Earnings	50,436	56,325	55,360
Adjustments:			
5. Value to market for office property	13,451		
6. Accelerated Amortization of Regulatory Assets (1)		59,649	117,772
7. Depreciation and Amortization (2)	273,685	271,127	283,259
8. Deferred income Taxes	15,346	(12,717)	(62,915)
9. Deferred ITC (Net)	(27,641)	(27,630)	(27,630)
10. Allowance for Funds Used During Construction (Equity & Borrowed)	(14,047)	(14,718)	(11,877)
11. Decommissioning	<u>(12,174)</u>	<u>(11,115)</u>	<u>(11,444)</u>
12. Total Adjustments	248,620	264,596	287,165
13. Internal Cash Flow (Line 4 + Line 12)	299,056	320,921	342,525
14. Average Quarterly Cash Flow (Line 13/4)	74,764	80,230	85,631

NOTES: \*\* Percentage Ownership in All Nuclear Units:  
Unit 1 - 29.1%  
Unit 2 - 29.1% (3)  
Unit 3 - 29.1%

- (1) Related to 4/96 ACC settlement agreement.
- (2) Includes Nuclear Fuel Amortization.
- (3) Includes the leased portion of Palo Verde Unit 2.

I, Gary Volkenant, Director of APS Financial Services certify that these cashflow calculations utilize the Company's approach to estimating cash flows for internal management reports and planning purposes. The 1995 and 1996 cashflows agree as appropriate with the Company's Audited Annual Reports. The 1997 estimate of cashflows is based on the 1997 Company Budget. The 1997 estimate does not reflect actual results to date, as the Budget is not revised to reflect changing conditions.

  
\_\_\_\_\_  
Gary Volkenant  
Director, Financial Services, APS

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