



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**  
WASHINGTON, D.C. 20555-0001

March 5, 2018

Mr. Leonard D. Sanchez  
Associate General Counsel  
PNM Resources, Inc.  
414 Silver Avenue SW  
Albuquerque, NM 87102-3289

**SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1 AND 2 -  
NOTIFICATION OF SALE AND LEASEBACK TRANSACTIONS BY PUBLIC  
SERVICE COMPANY OF NEW MEXICO (EPID L-2017-LRO-0061)**

Dear Mr. Sanchez:

In your letters dated November 21, 2017 (Agencywide Documents Access and Management System Accession Nos. ML18051B213, ML18051B214, ML18051B215), you informed the U.S. Nuclear Regulatory Commission (NRC) of the planned transfers of equity interests in Palo Verde (PV) Nuclear Generating Station (PVNGS), Units 1 and 2, Renewed Facility Operating License Nos. NPF-41 and NPF-51, respectively.

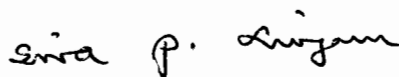
The proposed transfers of equity interests would be from Palo Verde 1 - PNM December 75 Corporation, a Delaware corporation (the Transferor), Palo Verde 1 - PNM August 50 Corporation, a Delaware corporation (the Transferor) and PV2 - PNM December 35 Corporation, a Delaware corporation (the Transferor) to Chase Manhattan Realty Leasing Corporation, a New York corporation (the Transferee). The Transferor has notified the Public Service Company of New Mexico (PNM) that the Transferee will execute an assignment and assumption agreement for each of the subject equity interests to be transferred, pursuant to which the Transferee will assume the rights and obligations of the Transferor under the existing applicable PVNGS sale and leaseback transaction documents. The Transferor has also notified PNM of the intent to complete the proposed transfers on or about December 15, 2017. Your letter further states that the proposed transfers will be made in a manner that is specifically permitted under the sale and leaseback transactions as they were originally approved by the NRC (i.e., the Transferee meets the net worth requirement of \$25,000,000 and has provided the requisite notices and form of assignment and assumption agreements to the relevant parties to the sale and leaseback transactions). Your letter also states that the current "owner trustee" for the sale and leaseback transactions, U.S. Bank National Association, will remain unchanged, and the terms of the leases will remain unchanged. Specifically, your letter informed the NRC that the Transferors are proposing to transfer 1.7 percent and 1.133333 percent undivided ownership interest in PVNGS, Unit 1 and 0.793333 percent undivided ownership interest in PVNGS, Unit 2, to the Transferee.

The NRC staff has completed its review of your letters and the associated sale and leaseback transactions. License Condition 2.B.(6)(a) for each unit authorizes PNM to transfer a specified portion of its ownership in that unit to certain equity investors, as further specified and limited

therein. License Condition 2.B.(6)(a) also states, in part, that "the limitations in 10 CFR 50.81 are fully applicable to the lessor and any successor in interest to that lessor...." License Condition 2.B.(6)(b) for each unit requires, in part, the licensees "to notify the NRC in writing prior to any change in: (i) the terms or conditions of any lease agreements executed as part of this transaction...." Based on your letters dated November 21, 2017, the NRC acknowledges that the prior written notification requirements regarding such transfers for PVNGS, Units 1 and 2, have been satisfied, and the NRC has no objections to the proposed transfers.

If you have any questions, please contact me at (301) 415-1564 or via e-mail at [Siva.Lingam@nrc.gov](mailto:Siva.Lingam@nrc.gov).

Sincerely,

A handwritten signature in black ink that reads "Siva P. Lingam". The signature is written in a cursive, flowing style.

Siva P. Lingam, Project Manager  
Plant Licensing Branch IV  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket Nos. STN 50-528 and STN 50-529

cc: Listserv

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DATED MARCH 5, 2018

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**ADAMS Accession No. ML18043A650**

OFFICE	NRR/DORL/LPL4/PM	NRR/DORL/LPL4/LA	NRRDLP/PFPB/BC
NAME	SLingam	PBlechman	ABowers
DATE	2/13/18	2/13/18	2/20/18
OFFICE	OGC (NLO w/comments)	NRR/DORL/LPL4/BC	NRR/DORL/LPL4/PM
NAME	JWachutka	RPascarelli	SLingam
DATE	2/27/18	3/01/18	3/05/18

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