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 CHARLES M. GALE
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*ON LEAVE OF ABSENCE

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 MICHAEL R. PALUMBO
 BRENT D. ELLSWORTH
 ARTHUR T. ANDERSON
 RICHARD LOUIS STROH
 JOHN BERRY

LAW OFFICES
SNELL & WILMER

13100 VALLEY BANK CENTER
 PHOENIX, ARIZONA 85073

(602) 257-7211

TELEX 165088

TELECOPIERS:

MANUAL (602) 257-7211

AUTOMATIC (602) 256-2735



April 23, 1982

Robert M. Lazo, Esq., Chairman
 Administrative Judge
 Atomic Safety and Licensing
 Board
 U.S. Nuclear Regulatory
 Commission
 Washington, D.C. 20555

Dr. Richard F. Cole
 Administrative Judge
 Atomic Safety and Licensing
 Board
 U.S. Nuclear Regulatory
 Commission
 Washington, D.C. 20555

Dr. Dixon Callahan
 Administrative Judge
 Union Carbide Corporation
 P.O. Box Y
 Oak Ridge, Tennessee 37830

In the Matter of
 Arizona Public Service Company et al.
 (Palo Verde Nuclear Generating Station, Units 1, 2 and 3)
 Docket Nos. STN 50-528, STN 50-529, STN 50-530

Dear Administrative Judges:

At the 1982 annual meeting of the Arizona Public Service Company ("APS"), held on April 22, 1982, Mr. Keith L. Turley, President of APS, commented on the schedule for the Palo Verde Nuclear Generating Station. The gist of Mr. Turley's remarks is set forth in an APS News Release, which is enclosed for your information.

Sincerely,

Charles A. Bischoff

Charles A. Bischoff
 Attorneys for Joint Applicants

CAB:jaw
 Enclosure

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SNELL & WILMER

ASLB Administrative Judges
April 23, 1982
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cc: Ms. Patricia Lee Hourihan
Rand L. Greenfield, Esq.
Lee Scott Dewey, Esq.
Edwin J. Reis, Esq.
Atomic Safety and Licensing Board Panel
Atomic Safety and Licensing Appeal Board Panel
Docketing and Service Section 

NEWS RELEASE

For Release: On Receipt
Contact: APS Public Information
(602) 271-2316

Arizona Public Service Company • P. O. Box 21666 • Phoenix, Arizona 85036

APS PRESIDENT REPORTS TO SHAREHOLDERS

AT 1982 ANNUAL MEETING

PHOENIX -- Arizona Public Service Co. President Keith L. Turley told stockholders attending the company's annual meeting here today (April 22) that 1981 was an excellent year for APS, both financially and in terms of meeting the long-term energy needs of its more than 500,000 customers.

Turley said earnings reached record levels last year, while both internal cash generation and cash flow improved. He attributed the favorable financial results primarily to the Arizona Corporation Commission's decision on APS' last rate case and favorable changes in the federal tax law.

The company expects continued improvement in its financial situation during 1982, Turley said. Barring some major change in the economy, he added, the common stock sale planned for later this year should be the last one of the decade.

Reflecting on the changes which have occurred since the company was founded in 1952, Turley said the statistics seem unreal. Instead of 120,000 electric customers, the company now has almost 400,000. Instead of 320 megawatts of capacity, generation resources now total 3,634 megawatts. And instead of

using about 2,000 kilowatt hours of electricity per year, the average APS residential customer now uses over 10,000 kwh -- five times as much.

During this period, Turley added, the cost of energy to consumers was decreasing, until the Arab oil embargo turned energy economics and the economy in general topsy-turvy.

Turning to current operations, Turley told the shareholders that demand for electricity in the company's service territory continues to grow, requiring the construction of new generating facilities such as the Palo Verde Nuclear Generating Station. APS is building the three-unit plant 55 miles west of downtown Phoenix for itself and other western utilities and will operate it upon completion.

"To date," Turley said, "Palo Verde has been one of the best nuclear projects in the country, singled out for the attention paid to safety and quality construction and with a cost control record that beats inflation."

Turley said a thorough review of the schedule for Unit One, which is 95 percent complete, shows that it may not be brought into commercial operation as early next year as planned.

"The complexity of the transition from the construction to start-up phase; delays in the delivery of key equipment from manufacturers; and the necessity to augment the plant's emergency response system as a result of the lessons learned from Three Mile Island all apparently will contribute to a schedule slip," Turley said.

He added that the precise length of the slip won't be known until the in-depth review is completed in July, but APS has concluded that the delay will only be a matter of a few months and that the unit will go into commercial operation in 1983.

"Our primary objective," Turley added, "is to be absolutely sure that the same attention to quality and safety during construction is maintained in the transition to plant operation. Expeditious operation of Palo Verde is extremely important, but our schedule must and will allow us the time to maintain the highest standards of quality and safety."

Following reports by Turley and other company officers, the shareholders elected the Board of Directors and approved an amendment to the company's Articles of Incorporation increasing the authorized serial preferred stock, \$25 par value, from 3 to 10 million shares.