



December 9, 2020

Via FedEx

U.S. Nuclear Regulatory Commission  
Attn: Document Control Desk  
One White Flint North  
11555 Rockville Pike  
Rockville, MD 20852-2738

Sale and Leaseback Transaction by  
Public Service Company of New Mexico  
NRC Docket No. STN 50-528  
Renewed Facility Operating License No. NPF-41  
Palo Verde Nuclear Generating Station, Unit 1

Ladies and Gentlemen:

The purpose of this letter is to provide prior written notification to the Nuclear Regulatory Commission (the "Commission") of the proposed transfer of an equity interest in a sale and leaseback transaction that was the subject of a license amendment in the above docket.

The proposed transfer of the equity interest would be from Access Energy Investors II LLC, a Delaware limited liability company (the "Transferor"), to Citicorp Buffalo Basin Inc., a Delaware corporation (the "Transferee"). The Transferee has represented that its 100% indirect owner, Citigroup, Inc. ("Citigroup"), a Delaware corporation, will have on the date the proposed transfer is consummated a net worth or capital and surplus of at least \$25,000,000. The Transferee is not affiliated with Public Service Company of New Mexico ("PNM"). Upon the transfer, the Transferee will own an equity interest, through an existing owner trust, of a portion of the interest in the Palo Verde Nuclear Generating Station ("PVNGS") Unit 1, which was the subject of a sale and leaseback transaction in 1985 that was approved by the Commission.

**Background.** In 1985, PNM proposed to enter into the sale and leaseback transaction relating to PVNGS Unit 1. By letter dated December 26, 1985, the Commission issued Amendment No. 3 to Facility Operating License NPF-41 (Palo Verde Unit 1), approving the Unit 1 sale and leaseback transactions, subject to 10 C.F.R. § 50.81 and the conditions set forth in such Amendment. Currently, the Transferor holds (through the existing owner trust structure) a 1.36 percent undivided ownership interest in Unit 1. The Transferee is the previous owner of the Subject Interest (as defined below), having transferred the same to the Transferor on November 12, 2015 pursuant to a transaction notified to the Commission by letter dated October 13, 2015.

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**Subject of this Notice.** The Transferor's 1.36 percent undivided ownership interest in Unit 1 is the subject of this notice (the "Subject Interest"). With respect to another (unrelated) equity interest transfer in 2007, Mike Markley of the Commission Staff advised PNM by letter dated October 18, 2007 (TAC NOS. MD6791) that prior written notice to the Commission is required for the transfer of an equity interest in a PVNGS sale and leaseback transaction from one party to another, even if the terms of the sale and leaseback remain unchanged. Notably, this is a prior written notice requirement and not a Commission approval requirement. This point was clarified in an e-mail from Randy Hall in connection with the 2010 transfer from Cypress PV Partnership to the Transferee. Mr. Hall, in an e-mail dated November 18, 2010, explained that the operating license condition to provide prior written notice to the Commission is satisfied by the delivery to the Commission of the notice letter.

The Transferor has notified PNM that the Transferor proposes to transfer the Subject Interest to the Transferee and, in connection therewith, the Transferee will execute an assignment and assumption agreement for the Subject Interest, pursuant to which the Transferee will assume the rights and obligations of the Transferor under the existing applicable PVNGS sale and leaseback transaction documents and will otherwise comply with the transaction documents.

The Transferor has further notified PNM that the parties plan to close the proposed transfer on or about December 23, 2020, and it has therefore requested that PNM provide this advance written notice to the Commission with respect to the transfer. The proposed transfer will be made in a manner that is specifically permitted under the sale and leaseback transaction as it was originally approved by the Commission. The current "owner trustee" for the sale and leaseback transaction, U.S. Bank National Association, will remain unchanged, and the terms of the lease will remain unchanged.

The Transferee has notified PNM that it is a wholly owned subsidiary of Citigroup ("Citigroup"). Additional information regarding Citigroup's business and financial statements can be found at [www.Citigroup.com](http://www.Citigroup.com).

**Request.** Consistent with the explanation provided by Mr. Hall in 2010 noted above, we are not seeking any kind of review, approval or other action from the Commission. The license requirement with which we are complying simply requires prior notice in writing to the Commission.

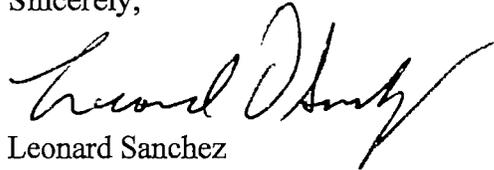
Accordingly, confirmation of delivery of this notice by the overnight carrier to the Commission will be used by the parties as confirmation of compliance with the prior written notice requirement. We are sending an informational copy of this notice by e-mail to Siva Lingam, who we understand is the current Project Manager.

December 9, 2020

Page 3

If you have any questions, please do not hesitate to contact the undersigned at 505-241-4941. Again, as noted above, the Transferor and the Transferee plan to close the transaction on or about December 23, 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "Leonard Sanchez", with a stylized flourish extending to the right.

Leonard Sanchez  
Associate General Counsel  
PNM Resources, Inc.

cc by e-mail: Siva Lingam, Project Manager for PVNGS,  
(Siva.Lingam@nrc.gov)

Michael Green, Esq., Arizona Public Service Company  
(michael.green@pinnaclewest.com)