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 AUTH. NAME AUTHOR AFFILIATION
 VAN BRUNT, E. E. Arizona Nuclear Power Project (formerly Arizona Public Serv
 RECIP. NAME RECIPIENT AFFILIATION
 Office of Nuclear Reactor Regulation, Director (post 851125

SUBJECT: Forwards 1985 actual & 1986 projected cash flow statements
 for utils. Requests change in annual submittal date for
 guarantees of payment of deferred premiums to June 1.

DISTRIBUTION CODE: M004L COPIES RECEIVED: LTR 1 ENCL 1 SIZE: 9
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THE
UNITED STATES
DEPARTMENT OF
THE ARMY
OFFICE OF THE
CHIEF OF STAFF
WASHINGTON, D. C.
20315-5000

MEMORANDUM FOR THE RECORD

SUBJECT: [Illegible]

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Arizona Nuclear Power Project

P.O. BOX 52034 • PHOENIX, ARIZONA 85072-2034

April 15, 1986
ANPP-36093-EEVB/JRP/98.05

Director of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2 and 3
Docket Nos. STN 50-528(License No. NPF-41)/529
(License No. NPF-46)/530
Licensee Guarantee of Payment of Deferred Premium
File: 86-055-026

Reference: Letter from E. E. Van Brunt, Jr. (ANPP-32596)
dated May 10, 1985 to the Director of NRR.

Dear Sir:

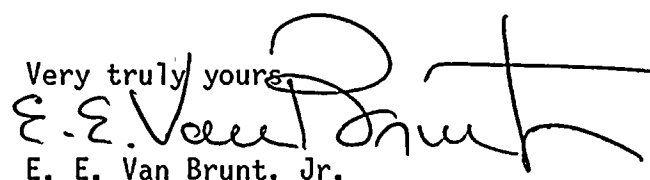
Arizona Public Service Company for itself and on behalf of the participants in the Palo Verde Nuclear Generating Station have elected to furnish Annual Certified Financial Statements pursuant to 10 CFR Part 140.21, as defined in subpart (e) of this section.

As stated in the referenced letter, we hereby request that the Commission use as a due date June 1, for the annual submittal of the licensee's guarantees of payment of deferred premiums. The reason for a change from the Indemnity Agreement effective date is that it was necessary to find an acceptable date by which all PVNGS participants could respond during their normal business cycle.

We are, at this time, forwarding to you the 1985 actual cash flow statements and will furnish the projected 1986 cash flow statements for all participants by June 1, 1986.

Should you have any questions, please call.

Very truly yours,


E. E. Van Brunt, Jr.
Executive Vice President
Project Director

EEVB/JRP/rw
Attachments

cc: Director Region V, USNRC
NRC Project Manager - E. A. Licitra
NRC Resident Inspector - R. P. Zimmerman

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Director of Nuclear Reactor Regulation
Licensee Guarantee of Payment of Deferred Premium
ANPP-36093
Page 2

bcc: N. L. Cocanour
W. F. Quinn
F. Lindy
J. A. Brackney
M. K. Hartsig
R. E. Younger
R. E. Gouge
R. J. Adney
B. F. Asher
LCTS Coordinator

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

I, Edwin E. Van Brunt, Jr., represent that I am Executive Vice President, Arizona Nuclear Power Project, that the foregoing document has been signed by me on behalf of Arizona Public Service Company with full authority to do so, that I have read such document and know its contents, and that to the best of my knowledge and belief, the statements made therein are true.



Edwin E. Van Brunt, Jr.

Sworn to before me this 15 day of April, 1986.



Notary Public

My Commission Expires:

My Commission Expires April 6, 1987

1. The first part of the report is a general description of the project and its objectives. It includes a brief history of the project and a statement of the problem to be solved. The second part is a description of the methodology used in the study. This includes a discussion of the data sources, the statistical methods used, and the results of the analysis. The third part is a discussion of the results of the study. This includes a comparison of the results with previous studies and a discussion of the implications of the findings. The fourth part is a conclusion and a list of references.

2. The second part of the report is a description of the methodology used in the study. This includes a discussion of the data sources, the statistical methods used, and the results of the analysis.

3. The third part of the report is a discussion of the results of the study. This includes a comparison of the results with previous studies and a discussion of the implications of the findings.

4. The fourth part of the report is a conclusion and a list of references.

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ARIZONA PUBLIC SERVICE COMPANY
1986 NET CASH FLOW PROJECTION
FOR PALO VERDE NUCLEAR GENERATING STATION
(\$000)

PARTICIPANT: Arizona Public Service Company

	1985 <u>Actual</u>	1986 ⁽¹⁾ <u>Projected</u>
1. Net income after taxes	\$ 325,423	\$ 217,170
2. Less dividends paid:		
3. Preferred dividend requirements	(44,412)	(41,882)
4. Dividends on common stock	(194,091)	(203,818)
5. Retained earnings	\$ 86,920	\$ (28,530)
6. Adjustments:		
7. Depreciation and amortization	99,221	167,247
8. Deferred income taxes	72,855 ⁽²⁾	96,163 ⁽²⁾
9. ITC net deferred	36,383	21,558
10. Allowance for funds used during construction (equity and borrowed)	(191,788)	(126,451)
11. Other	(1,688) ⁽³⁾	(1,688) ⁽³⁾
12. Total Adjustments	\$ 14,983	\$ 156,829
13. Internal cash flow (5 \pm 12)	<u>\$ 101,903</u>	<u>\$ 128,299</u>
14. Average quarterly cash flow (13 \div 4)	<u>\$ 25,476</u>	<u>\$ 32,075</u>

Percentage ownership in all nuclear units:

Unit 1 - 29.1%
Unit 2 - 29.1%
Unit 3 - 29.1%

Maximum total contingent liability for PVNGS =

\$30,000,000 (\$10,000,000 per unit)

(1) Projected data assumes present rate level.

(2) Excludes deferred income taxes on deferred fuel.

(3) Amortization of tax benefits sold in 1981.

SOUTHERN CALIFORNIA EDISON COMPANY

1985 Internal Cash Flow Projections
(Dollars in Thousands)

	<u>1984 Actual</u>	<u>1985 Projected</u>
Net Income After Taxes	\$732,000	*
Dividends Paid	(492,000)	*
Retained Earnings	<u>\$240,000</u>	*
Adjustments:		
Depreciation & Amortization	399,000	455,000
Deferred Taxes	186,000	198,000
Allowance for Funds Used During Construction	(195,000)	(180,000)
Total Adjustments	<u>\$390,000</u>	<u>\$473,000</u>
Internal Cash Flow	<u>\$630,000</u>	*
Average Quarterly Cash Flow	<u>\$157,500</u>	*

Percentage Ownership in All Nuclear Units:

San Onofre Nuclear Generation Station Unit I	
Southern California Edison	80.00%
San Diego Gas & Electric Company	20.00%
San Onofre Nuclear Generating Station Units 2 and 3	
Southern California Edison Company	75.05%
San Diego Gas & Electric Company	20.00%
City of Anaheim	3.16%
City of Riverside	1.79%
Palo Verde Nuclear Generating Station Unit 1	15.80%

Maximum Total Contingent Liability:

San Onofre Nuclear Generating Station Unit 1	\$10,000
San Onofre Nuclear Generating Station Unit 2	10,000
San Onofre Nuclear Generating Station Unit 3	10,000
Palo Verde Nuclear Generating Station Unit 1	<u>1,580</u>
	<u>\$31,580</u>

* Company policy prohibits disclosure of financial data which will enable unauthorized persons to forecast earnings or dividends, unless assured confidentiality. The Net Estimated Cash Flow for 1985 is expected to be comparable to the Actual Cash Flow for 1984.

14-Feb-86

(NRC_REQ)

SALT RIVER PROJECT
INTERNAL CASH FLOW PROJECTION
FOR
PALO VERDE NUCLEAR GENERATING STATION
FOR FISCAL YEARS ENDED APRIL 30, 1985 AND 1986
(\$000)

	1985 ACTUAL	1986 PROJECTED
Net Income after taxes	215,677	163,983
Less dividends paid:		
Preferred dividend requirements		
Dividends on common stock		
Retained Earnings	215,677	163,983
Adjustments:		
Depreciation and amortization	71,811	94,602
Deferred Income Taxes and Investment Tax Credits		
Allowance for Funds Used During Construction	(123,897)	(115,077)
*Other	0	90,653
Total Adjustments	(52,086)	70,178
Internal Cash Flow	163,591	234,161
Average Quarterly Cash Flow	40,898	58,540
Percentage Ownership in all nuclear units*		
Unit 1	23.19%	17.49%
Unit 2	23.19%	17.49%
Unit 3	23.19%	17.49%

* SRP exchanged with Los Angeles Dept of Water and Power a 5.70% interest of Palo Verde for an additional 30% interest in Coronado Generating Station and \$181,274,000, of which \$90,653,000 was received in January 1986.



1985 CONSOLIDATED INTERNAL CASH FLOW STATEMENT
FOR
PALO VERDE NUCLEAR GENERATING STATION
(\$000)

For the year ending December 31, 1985

PARTICIPANT: EL PASO ELECTRIC COMPANY

	1985 ACTUAL	1986 PROJECTED
1. Net income after taxes	113,071	
2. Less dividends paid:		
3. Preferred dividend requirements	14,754	
4. Dividends on common stock	<u>50,867</u>	
5. Retained earnings	47,450	
6. Retained earnings		
7. Adjustments:		
8. Depreciation and amortization	14,755	
9. Deferred income taxes	46,085	
10. ITC adjustment - net	(3,764)	
11. Allowance for funds used during construction (equity & borrowed)	(99,040)	
12. Other	<u>2,702</u>	
13. Total adjustments	<u>(39,262)</u>	
14. Internal cash flow (5 ± 12)	\$ <u>8,188</u>	
15. Average quarterly cash flow (13 ÷ 4)	\$ <u>2,047</u>	
Percentage ownership in all nuclear units		
Unit 1 -	15.8%	
Unit 2 -	15.8%	
Unit 3 -	15.8%	

Maximum total contingent liability for PVNGS = \$30,000,000 (\$10,000,000 per unit)

El Paso Electric Company's share = \$4,740,000

PNM
1985 Actual Internal Cash Flow
(\$000)

<u>PARTICIPANT</u>	<u>1985 Actual</u>
1. Net Income After Taxes	\$146,310
2. Less Dividends Paid:	
3. Preferred Dividend Requirements	(23,901)
4. Dividends on Common Stock	(106,670)
5. Retained Earnings	15,739
6. Adjustments:	
7. Depreciations and Amortization	58,392
8. Deferred Income Taxes	27,307
9. ITC Adjustment - Net	(3,737)
10. Allowance for Funds used During Construction (Equity & Borrowed)	(80,793)
11. Other	(3,321)
12. Total Adjustments	(2,062)
13. Internal Cash Flow (5 - 12)	<u>13,677</u>
14. Average Quarterly Cash Flow (13 + 4)	<u>3,419</u>

Percentage Entitlement In All Nuclear Units

Unit 1 - 10.2%
Unit 2 - 10.2%
Unit 3 - 10.2%

1986 Internal Cash Flow Projection
of Los Angeles Department of Water and Power
for Palo Verde Nuclear Power Station
(Dollars in Thousands)

	<u>Prior Year Actual Total</u>	<u>Projection Year Total</u>
Net Income	\$213,630	\$279,600
Less Transfer to City	<u>(58,867)</u>	<u>(64,400)</u>
Retained Earnings	\$154,763	\$215,200
Adjustments		
Depreciation and Amortization	\$105,483	\$108,200
Allowance for Funds Used During Construction	<u>(3,208)</u>	<u>(5,400)</u>
Total Adjustments	<u>\$102,275</u>	<u>\$102,800</u>
Internal Cash Flow	<u>\$257,038</u>	<u>\$318,000</u>
Average Quarterly Cash Flow	<u>\$ 64,260</u>	<u>\$ 79,500</u>
Percentage Ownership in All Operating Nuclear Units	Palo Verde	5.7%
Maximum Total Contingent Liability		<u>\$570,000</u>

EHK:ag
1-13-86

