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 REIS, E. J. Office of the Executive Legal Director (Pre 860701)

SUBJECT: Discusses 860522 telcon re Public Svc Co of New Mexico
 proposed holding company restructuring. NRC advised that FR
 notice needed to be published, per 10CFR50.80. Informs that
 proposed restructuring would entail no transfer of license.

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June 9, 1986

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Re: Public Service Company of New Mexico

Dear Ed:

This letter will follow up on my letter of May 22, 1986, concerning Public Service Company of New Mexico ("PNM") and its proposed holding company restructuring. As you know, we had provided materials to the Staff on April 23, 1986, including responses to three specific questions raised earlier by Ed Christenbury concerning the proposed restructuring.

In our phone conversation on May 22, 1986, you indicated that some type of notice would be published in the Federal Register in connection with the holding company restructuring, and you specifically referred to 10 C.F.R. Section 50.80 as imposing the requirement for such a notice and subsequent Commission action.

Upon reflection, and after discussing the matter with Art Gehr and Tim Toy, we are somewhat perplexed as to the rationale for requiring a Federal Register publication and any action by the Commission in connection with the holding company restructuring. The formation of holding companies by electric utilities has been rather commonplace in recent years. Many utilities holding nuclear power plant licenses have been involved in such restructurings, yet none of us is aware of any requirements imposed by the Commission on those restructurings. Tim Toy had earlier orally provided the names of relevant holding companies (actual and proposed) and utilities to the Staff, and those are reiterated here as follows:

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<u>Holding Company Name</u>	<u>Electric Utility</u>	<u>Nuclear Power Plant(s) Involved</u>
Portland General Corp.	Portland General Electric Company	WPPSS Unit 3; Trojan
SCANA	South Carolina Electric & Gas Co.	V.C. Summer Unit 1
Public Service Enterprise Group Incorporated	Public Service Electric & Gas Co.	Salem Units 1 & 2; Peach Bottom Units 1 & 2; Hope Creek Units 1 & 2.
-	Wisconsin Electric Power Company	Point Beach Units 1 & 2
Centerior	Toledo Edison Co. and Cleveland Electric Alumina-ting Company	Davis-Besse Unit 1; Perry Units 1 & 2; Beaver Valley Unit 2
AZP Group, Inc.	Arizona Public Service Company	Palo Verde Units 1, 2 & 3
Dominion Resources	Virginia Electric & Power Company	North Anna Units 1 & 2; Surry Units 1 & 2
Houston Industries, Inc.	Houston Lighting & Power Company	South Texas Units 1 & 2
Florida Progress Corporation	Florida Power Corp.	Crystal River Unit 3
FPL Group, Inc.	Florida Power & Light Company	Saint Lucie Units 1 & 2; Turkey Point Units 3 & 4

In reviewing 10 C.F.R. Section 50.80, we find it very difficult to see how Section 50.80 applies to the proposed holding company restructuring. Although there would be an additional intermediary (the holding company) imposed between the utility (PNM) and its present shareholders, the shareholders would be identical upon formation of the holding company. Control would



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therefore be unaffected. The utility would remain the licensee; thus, there would be no issue of a "transfer" of the license. As indicated in PNM's filing on April 23, 1986, PNM anticipates that the proposed restructuring would not adversely affect the financial resources available to the utility for the reasons indicated therein (see the response to Question 8) and would not affect the management of the utility (see the response to Question 9).

PNM is very anxious to have this issue resolved, such that it does not become a last minute stumbling block in connection with its restructuring. Please let us know if there are any additional questions or comments which you might have.

Yours very truly,

KELEHER & MCLEOD, P.A.

By Charles L. Moore
Charles L. Moore

cc: Edward S. Christenbury, Esq.
Arthur C. Gehr, Esq.
Timothy M. Toy, Esq.
Mr. A. J. Robison
Mr. R. B. Starnes

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