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 RECIP. NAME RECIPIENT AFFILIATION  
 MIRAGLIA, F. J. NRC - No Detailed Affiliation Given

SUBJECT: Advises that addl amend to Emerson facility lease  
 anticipated. Amend schedules basic rent, casualty, special  
 casualty, extraordinary casualty & modified special casualty  
 values to reflect financing of certain transaction expenses.

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July 28, 1987

VIA FEDERAL EXPRESS

Director of Nuclear Reactor Regulation  
Attention: Mr. Frank J. Miraglia, Director  
Division of Pressurized Water Reactor  
Licensing - B  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Re: Sale and Leaseback Financing Transactions  
by Arizona Public Service Company - Palo  
Verde Nuclear Generating Station Unit 2  
NRC Docket Nos. STN 50-529

Gentlemen:

This letter is being delivered in compliance with License No. NPF-41, pursuant to which the licensees are required to notify the Commission in writing prior to any change in "the terms or conditions of any lease agreements executed as part of this transaction".

As previously reported, one lease transaction in respect of which Emerson Capital Corporation (assignee of Emerson Finance Co.) ("Emerson") is the owner participant was closed on August 18, 1986. Amendment No. 1 to the Facility Lease was reported to the Commission by letter from Timothy Michael Toy of this firm dated December 5, 1986.

The purpose of this letter is to report that it is currently anticipated that there will be an additional amendment to the Emerson Facility Lease. The purpose of this Amendment is to amend the schedules of Basic Rent, Casualty Values, Special Casualty Values, Extraordinary Casualty Values and Modified Special Casualty Values to reflect the financing of certain Transaction Expenses by the Lessor thereunder.

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MR. ROBERT QUINN ALLEN & PERDON

TO THE HONORABLE

THE SENATE OF THE UNITED STATES

IN SENATE

COMMITTEE ON THE JUDICIARY

WASHINGTON, D. C.

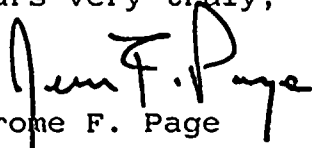
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TO THE HONORABLE  
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Page Two  
July 28, 1987

Consistent with previous practice, assuming execution as presently contemplated, we plan to file the amendments with the Commission after execution.

If you have any questions, please do not hesitate to call.

Yours very truly,

  
Jerome F. Page

JFP:dw

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