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 CONWAY, W.F. Arizona Public Service Co. (formerly Arizona Nuclear Power
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 RECIP. NAME RECIPIENT AFFILIATION
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SUBJECT: Forwards list of addl documents supplemented w/Section 203
 application jointly filed by Central & South West Corp &
 El Paso Electric Co & agreed order granting motion to amend
 findings of fact & conclusions of law.

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Arizona Public Service Company
PALO VERDE NUCLEAR GENERATING STATION
P.O. BOX 52034 • PHOENIX, ARIZONA 85072-2034

10 CFR 50.80
10 CFR 50.90(i)

102-02893-WFC/EAR
April 8, 1994

U. S. Nuclear Regulatory Commission
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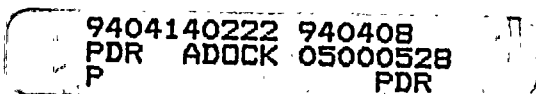
Reference: Letter 212-01278 dated January 13, 1994, from William F. Conway, Executive Vice President, Nuclear, APS, and Eduardo A. Rodriguez, Vice President, Secretary and General Counsel, El Paso Electric Company, to USNRC

Dear Sirs:

Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2, and 3
Docket Nos. STN 50-528/529/530
Request for NRC Consent to the Indirect Transfer of
Control of El Paso Electric Company's Interest in
Operating License Nos. NPF-41, NPF-51, and NPF-74, and
for Amendments to Operating License Nos. NPF-51 and
NPF-74 to Delete Provisions for El Paso Electric Company's
Sale-Leaseback Arrangements
File: 94-005-419.05; 94-056-026

On January 13, 1994, Arizona Public Service Company (APS), as Operating Agent for PVNGS Units 1, 2, and 3 (Palo Verde), and El Paso Electric Company (El Paso) (collectively the "Applicants") filed their Application in the above captioned proceeding pursuant to 10 CFR 50.80 and 10 CFR 50.90(i). Attached to the Application as Appendix IV was a copy of the application submitted to the Federal Energy Regulatory Commission (FERC) pursuant to Section 203 of the Federal Power Act (Section 203 Application) jointly filed by Central and South West Corporation (CSW) and El Paso. The Section 203 Application was supplemented by CSW and El Paso on January 13, 1994, and February 3, 1994, with additional documents, a list of which is attached as Attachment I hereto. These documents are available upon the request of the NRC.

In addition, Attachment 2 is a copy of the Agreed Order Granting Motion to Amend Findings of Fact and Conclusions of Law of the United States Bankruptcy Court for the Western District of Texas, Austin Division, dated February 2, 1994 (Order). This Order, which primarily concerns rate issues, supplements the "Findings of Fact and Conclusions of Law Re: Order Confirming the Debtor's Modified Third Amended Plan of



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U. S. Nuclear Regulatory Commission
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Request for NRC Consent
Page 2

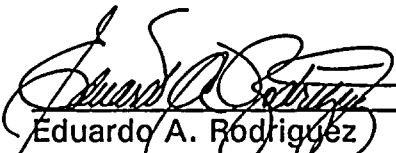
Reorganization, As Modified," a copy of which was attached to the Application at Appendix III (Volume 4). Please include the attached Order with the original Application submitted to the NRC by APS and El Paso on January 13, 1994.

Pursuant to 10 CFR 50.91(b)(1), a copy of this request is being forwarded to the Arizona Radiation Regulatory Agency.

Sincerely,



William F. Conway
Executive Vice President, Nuclear
Arizona Public Service Company



Eduardo A. Rodriguez
Senior Vice President and
General Counsel
El Paso Electric Company

WFC/EAR/rv
Attachments

cc: L. J. Callan
K. E. Perkins
K. E. Johnston
A. V. Godwin
E. Reis, Esq.

STATE OF ARIZONA)

) ss.
COUNTY OF MARICOPA)

I, W. F. Conway, represent that I am Executive Vice President - Nuclear, 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 and correct.

W. F. Conway

W. F. Conway

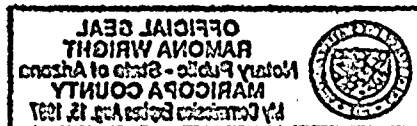
Sworn To Before Me This 8th Day Of April, 1994.

Ramona Wright

Notary Public

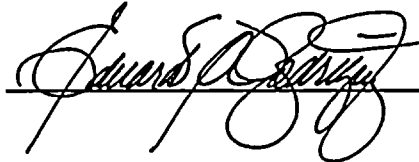
My Commission Expires





STATE OF TEXAS)
) ss.
COUNTY OF EL PASO)

I, E. A. Rodriguez, represent that I am Senior Vice President and General Counsel, that the foregoing document has been signed by me on behalf of El Paso Electric 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 and correct.



E. A. Rodriguez

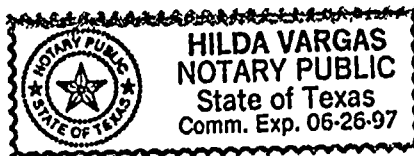
Sworn to Before Me This 5th day of April, 1994.



Notary Public

My Commission Expires

6-26-97



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ATTACHMENT 1

LIST OF ADDITIONAL DOCUMENTS

SUPPLEMENTED WITH SECTION 203 APPLICATION

JOINTLY FILED BY CSW AND EL PASO

JANUARY 13, 1994, AND FEBRUARY 3, 1994

Attachment

On January 13, 1994, the Section 203 Application was supplemented with the following documents:

1. Exhibit G to the Joint Application for Approval of Merger and Disposition of Facilities which contains the following:

Form U-1 Application-Declaration under the Public Utility Holding Company Act of 1935 filed with the Securities and Exchange Commission;

Request for NRC Consent to the Indirect Transfer of Control of El Paso Electric Company's Interest In Operating License Nos. NPF-41, NPF-51, and NPF-74, and for Amendments to Operating License Nos. NPF-51 and NPF-74 to Delete Provisions for El Paso Electric Company's Sale-Leaseback Agreement filed with the Nuclear Regulatory Commission; and

Applications for the Sale, Transfer, or Merger of i) 100% voting stock in a public utility and ii) utility plant as an operating unit and a Report and Joint Application of Central and South West Corporation and El Paso Electric Company filed with the Public Utility Commission of Texas;

2. Workpapers of George R. Hall (one of the witnesses in the FERC proceeding) (2 volumes);
3. a Substitute Exhibit (JAH-8) APP-89; and
4. a revised Form of Notice of filing suitable for publication in the Federal Register.

On February 3, 1994, the Section 203 Application was further supplemented with the following documents:

1. Workpapers of FERC witness Samuel C. Hadaway
2. Workpapers of FERC witness David A. Harrell

3. Workpapers of FERC witness James A. Bruggeman
4. a revised Form of Notice of filing suitable for publication in the Federal Register.

ATTACHMENT 2

**AGREED ORDER GRANTING MOTION TO AMEND
FINDINGS OF FACT AND CONCLUSIONS OF LAW
DATED FEBRUARY 3, 1994**

FILED

FEB 03 1994

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

U.S. BANKRUPTCY COURT
BY ly DEPUTY

In re

EL PASO ELECTRIC COMPANY,

Debtor

§
§
§
§
§

CASE NO. 92-10148-FM
(Chapter 11)

AGREED ORDER GRANTING MOTION TO AMEND
FINDINGS OF FACT AND CONCLUSIONS OF LAW

On this day in Austin, Texas came on for hearing the Motion to Amend Findings of Fact and Conclusions of Law filed by the Public Utility Commission of Texas, Texas Office of Public Utility Counsel and City of El Paso on December 17, 1993 (the "Motion to Amend"). Having determined notice of the Motion satisfies the requirement of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules of the United States Bankruptcy Court for the Western District of Texas, and upon consideration of the Motion to Amend and the pleadings filed in support of and in opposition thereto, the arguments of counsel, and the Court otherwise being fully aware of the matters in this case, the Court is of the opinion that the Motion to Amend should be granted; accordingly, it is therefore

ORDERED that the Motion to Amend is GRANTED and the following findings of fact contained in the Findings of Fact and Conclusions of Law entered and filed in this case on December 8, 1993 (the "Findings and Conclusions") are hereby amended as follows:

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Finding of Fact 5 beginning on page 3 of the Findings and Conclusions is hereby deleted in its entirety and the following Finding of Fact is substituted therefor:

5. "EPE's retail rates in Texas have been set under a series of rate orders by the Public Utility Commission of Texas ("PUCT"), which speak for themselves, as to, among other things, the reasonable and prudent levels of EPE's investments in its assets, including Units 1, 2 and 3 of the Palo Verde Nuclear Generating Station ("Palo Verde") and the extent to which those investments and assets would be deemed used and useful, under applicable regulatory standards, in rendering service to the public."

Finding of Fact 10 on page 6 of the Findings and Conclusions is hereby deleted in its entirety and the following Finding of Fact is substituted therefor:

10. "Without determining whether EPE has satisfied state law regulatory requirements applicable to a public utility, the Court finds that during the course of this case, EPE has conducted its business and affairs in a reasonable, prudent, and proper manner and properly discharged its obligations under the Bankruptcy Code and applicable non-bankruptcy law."

Finding of Fact 18.1 beginning on page 21 of the Findings and Conclusions is hereby deleted in its entirety and the following Finding of Fact, derived from the transcript of this Court's oral findings made on December 6, 1993, is substituted therefor:

- 18.1. "The rate path of the proposed merger plan is less than the rate path that the Debtor would seek in a stand-alone plan. It has been demonstrated to be less than that that was contained by Mr. Gioia in his report for the estate as a stand-alone entity. And so even though a higher value to creditors and equity holders has resulted or will be realized as a result of the proposed merger plan, it would also appear that lower rates than would otherwise be feasible will also result. It appears, therefore, that there has been some type of division of whatever merger

premium there was among the estate and the public customer base of the Debtor. That leads to the conclusion that it is reasonable to expect that this rate path will ultimately be approved, or something not too divergent from it. Therefore, to the extent a finding of feasibility rests upon a finding that the rate path is either reasonable or falls in a reasonable range of expectation, as Judge Yacos explained in detail in Public Service of New Hampshire, the proposed rate path is reasonable and it is at the lower range of the reasonable range of expectation."

Finding of Fact 21 beginning on page 25 of the Findings and Conclusions is hereby deleted in its entirety and the following Finding of Fact is substituted therefor:

21. "The CSW Merger will allow Reorganized EPE to emerge from bankruptcy as a financially viable entity which should enable Reorganized EPE to comply with applicable regulatory laws requiring it to provide efficient and reliable utility service, and, as a result of the cost reductions and efficiencies projected to result from the improved financial condition of Reorganized EPE and its status as an operating subsidiary of CSW, Reorganized EPE will probably be able to provide service at a lower cost than if the merger did not occur. Accordingly, the CSW Merger is an appropriate means of the implementation of the Plan under §1123(a)(5)(J) of the Bankruptcy Code."

Except as amended hereby, the Findings of Fact and Conclusions of law entered in this case on December 8, 1993 remain effective and in full force and effect.

SIGNED this the 5 day of February, 1994.



Frank R. Monroe
UNITED STATES BANKRUPTCY JUDGE

APPROVED:
(with copies to:)

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