

PRIORITY 1

(ACCELERATED RIDS PROCESSING)

REGULATORY INFORMATION DISTRIBUTION SYSTEM (RIDS)

ACCESSION NBR: 9507140268 DOC. DATE: 95/07/06 NOTARIZED: NO DOCKET #
FACIL: STN-50-528 Palo Verde Nuclear Station, Unit 1, Arizona Publi 05000528 P
STN-50-529 Palo Verde Nuclear Station, Unit 2, Arizona Publi 05000529
STN-50-530 Palo Verde Nuclear Station, Unit 3, Arizona Publi 05000530 R
AUTH. NAME AUTHOR AFFILIATION
STEWART, W.L. Arizona Public Service Co. (formerly Arizona Nuclear Power I
RECIP. NAME RECIPIENT AFFILIATION
Document Control Branch (Document Control Desk)

SUBJECT: Forwards notice of revocation of plan by Central & Southwest Corp filed by US Bankruptcy Court for Western District of TX, Austin Div, AZPS, for AZPS & on behalf of PVNGS participants, notifying of termination of merger agreement. O
R

DISTRIBUTION CODE: A001D COPIES RECEIVED: LTR 1 ENCL 1 SIZE: 14 I
TITLE: OR Submittal: General Distribution

NOTES: STANDARDIZED PLANT 05000528 T
Standardized plant. 05000529
Standardized plant. 05000530 Y

	RECIPIENT ID CODE/NAME	COPIES LTTR ENCL	RECIPIENT ID CODE/NAME	COPIES LTTR ENCL	
	PD4-2 LA	1 1	PD4-2 PD	1 1	1
	HOLIAN, B	1 1	TRAN, L	1 1	
	THOMAS, C	1 1			
INTERNAL:	ACRS	6 6	FILE CENTER 01	1 1	D
	NRR/DE/EMCB	1 1	NRR/DRCH/HTCB	1 1	
	NRR/DSSA/SPLB	1 1	NRR/DSSA/SRXB	1 1	O
	NUDOCS-ABSTRACT	1 1	OGC/HDS2	1 0	
EXTERNAL:	NOAC	1 1	NRC PDR	1 1	C

U
M
E
N
T

NOTE TO ALL "RIDS" RECIPIENTS:

PLEASE HELP US TO REDUCE WASTE! CONTACT THE DOCUMENT CONTROL
DESK, ROOM OWFN 5D8 (415-2083) TO ELIMINATE YOUR NAME FROM
DISTRIBUTION LISTS FOR DOCUMENTS YOU DON'T NEED!

TOTAL NUMBER OF COPIES REQUIRED: LTTR 20 ENCL 19

MA

Arizona Public Service Company
P.O. BOX 53999 • PHOENIX, ARIZONA 85072-3999

102-03416-WLS/AKK/JRP
July 6, 1995

WILLIAM L. STEWART
EXECUTIVE VICE PRESIDENT
NUCLEAR

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Mail Station P1-37
Washington, DC 20555-0001

Dear Sirs:

**Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2, and 3
Docket Nos. STN 50-528/529/530
Notice of Revocation of Plan By
Central and Southwest Corporation**

On June 9, 1995, Central and Southwest Corporation terminated the merger agreement by and among El Paso Electric Company, Central and Southwest Corporation, and CSW Sub, Inc., dated May 5, 1993, as amended.

By copy of this letter and the enclosed Notice of Revocation filed with the United States Bankruptcy Court For The Western District of Texas, Austin Division, Arizona Public Service Company, for itself and on behalf of the PVNGS participants, herewith notifies the Nuclear Regulatory Commission of the termination of the merger agreement.

Should you have any questions, please contact Angela K. Krainik at (602) 393-5421.

Sincerely,

James M. Levine for WLS

WLS/AKK/JRP/rv
Enclosure

cc: L. J. Callan
K. E. Perkins
B. E. Holian
K. E. Johnston

100077

9507140268 950706
PDR ADDCK 05000528
G PDR

*Adol
1/1*

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

IN RE:

EL PASO ELECTRIC COMPANY,

DEBTOR.

§
§
§
§
§
§
§

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

NOTICE OF REVOCATION OF PLAN BY
CENTRAL AND SOUTH WEST CORPORATION

THE HONORABLE FRANK R. MONROE, UNITED STATES BANKRUPTCY JUDGE:

On June 9, 1995, Central and Southwest Corporation terminated the Merger Agreement by and among El Paso Electric Company, Central and South West Corporation and CSW Sub, Inc., dated as of May 5, 1993, as amended, pursuant to a letter of termination which is attached hereto as Exhibit "A" and incorporated herein. Pursuant to Section 6.7 of the Modified Third Amended Plan of Reorganization of the Debtor providing for the acquisition of the El Paso Electric Company by Central and South West Corporation, confirmed by Order of the Bankruptcy Court dated December 8, 1993, Central and South West Corporation hereby revokes such Plan.

Respectfully submitted this 9th day of June, 1995.

SHEINFELD, MALEY & KAY, P.C.

By: 

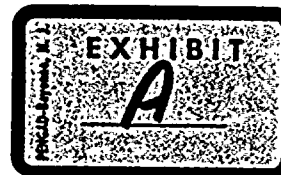
Myron M. Sheinfeld
TBA No. 18188000
Henry J. Kaim
TBA No. 11075400
Patricia B. Tomasco
TBA #01797600
1001 Fannin, Suite 3700
Houston, Texas 77002
(713) 658-8881
(713) 658-9756

ATTORNEYS FOR CENTRAL AND
SOUTH WEST CORPORATION

Central and South West Corporation

1616 Woodall Rodgers Freeway
P.O. Box 660164 • Dallas, Texas 75266-0164
214-777-1096

FERD. C. MEYER, JR.
Senior Vice President
and
General Counsel



June 9, 1995

Mr. David H. Wiggs, Jr.
Chairman and Chief Executive Officer
Mr. Curtis L. Hoskins
President
Board of Directors
El Paso Electric Company
303 North Oregon
El Paso, Texas 79901

**Re: Notice of Termination and Response to
Request for Extension of Termination Date**

Gentlemen:

This letter (i) constitutes notice of termination of the Agreement and Plan of Merger among El Paso Electric Company ("EPE"), Central and South West Corporation ("CSW") and CSW Sub, Inc. ("CSW Sub") dated as of May 3, 1993, as amended (the "Merger Agreement"), and (ii) responds to the May 22, 1995 letter from EPE requesting a six-month extension of the Termination Date.

Pursuant to Sections 9.1(b) and (d) and 10.1 of the Merger Agreement, CSW, by and through its Board of Directors, hereby gives its notice of termination of the Merger Agreement to EPE's President and Board of Directors. CSW also declines to grant EPE's requested extension of the Termination Date because CSW has reasonably determined that one or more closing conditions are incapable of being satisfied on or before the Termination Date as extended. The granting of the extension would therefore be futile. Moreover, EPE's extension request is not supportable under existing facts and circumstances.

I. Termination - Failure of Conditions

CSW has the right to terminate the Merger Agreement if one or more of the closing conditions set forth in Article VIII of the Merger Agreement have not been satisfied on or before June 8, 1995. As described herein, a number of closing conditions were not fulfilled by June 8, 1995. These unsatisfied closing conditions include, but are not limited to, the following:

Mr. David H. Wiggs, Jr.

June 9, 1995

Page 2

A. All required regulatory approvals and rate orders of the Public Utility Commission of Texas, the New Mexico Public Utility Commission, the Federal Energy Regulatory Commission, the Securities and Exchange Commission, and the Nuclear Regulatory Commission must have been received and become Final Orders and must be in effect. Merger Agreement at §§ 8.2(b), 8.3(g).

B. No Governmental Authority shall have enacted any law, rule, regulation, or ordinance, or issued an order, that would have an EPE Material Adverse Effect upon the prospects for the business of Reorganized EPE after the Merger. Merger Agreement at § 8.2(c).

C. No EPE Material Adverse Effect shall have occurred and no fact or circumstance shall exist which may reasonably be expected to give rise to an EPE Material Adverse Effect. Merger Agreement at § 8.3(f).

II. Termination - Breaches

In a letter dated May 23, 1995, CSW gave written notice of EPE's material breaches of its representations, warranties, covenants, and agreements under the Merger Agreement and requested that the breaches be remedied within ten (10) days of receipt thereof. The May 23 letter identified the following material breaches:

- * EPE's failure to remedy the material adverse effects identified in his September 12, 1994 letter (constituting breaches of EPE's representations and warranties under Sections 3.6 and 8.3(b) and its covenants and agreements under Sections 5.2(o) and (p) and 6.8 of the Merger Agreement);
- * EPE's action in Bankruptcy Court seeking to enjoin the PUCT, which caused the PUCT to postpone its consideration of the Merger, and which filings were not provided to CSW in advance (constituting breaches of EPE's agreements and covenants under Sections 5.2(o), 6.8 and 7.1 of the Merger Agreement);
- * EPE's pursuit of a stand-alone plan in lieu of the proposed Merger, including actively participating in discussions with, and otherwise assisting, facilitating, and encouraging other persons, including representatives of EPE's creditors and shareholders, in connection with possible proposals regarding reorganization of EPE, and expending substantial sums in doing so, thereby reducing EPE's value and breaching Sections 5.3(b) and 6.8 of the Merger Agreement; and

Mr. David H. Wiggs, Jr.
June 9, 1995
Page 3

- * EPE's action, in further pursuit of a stand-alone plan, to reward its own senior management through abnormal stock option grants in breach of Sections 5.2(g) and 5.2(m) of the Merger Agreement.

These breaches have not been cured. In addition, EPE's pursuit of a stand-alone plan constitutes a breach permitting termination under Section 9.1(b)(iii) of the Merger Agreement.

III. Merger Agreement Void; Plan Revoked

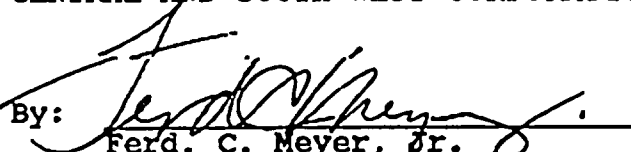
By virtue of this termination, effective upon receipt of this letter, the Merger Agreement has become void and no further liability exists on the part of CSW or its officers or directors to any party. Merger Agreement at § 9.2.

CSW reserved the right under the Plan, at any time prior to the Effective Date, with or without approval of the Bankruptcy Court, to revoke or withdraw the Plan. Plan at § 6.7. Accordingly, CSW hereby gives its notice to EPE of revocation of the Plan, which notice shall be contemporaneously filed with the Bankruptcy Court. Consequently, the Plan and confirmation order shall be of no further force or effect.

The decision of CSW's Board of Directors to terminate the Merger Agreement was made only after a careful review and consideration of all facts and circumstances bearing thereon. We regret that CSW's best efforts did not result in the consummation of the Merger under the terms set forth in the Merger Agreement.

Very truly yours,

CENTRAL AND SOUTH WEST CORPORATION

By: 
Ferd. C. Meyer, Jr.
Senior Vice President
and General Counsel

FCM/ml

cc: Akin, Gump, Strauss,
Hauer & Feld, L.L.P.
4100 First City Center
1700 Pacific Avenue
Dallas, TX 75201-4518
Attn.: Allen P. Miller, P.C.

