

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
Arizona Public Service Company)	
El Paso Electric Company)	
)	
Palo Verde Nuclear Generating Station,)	Docket Nos. STN 50-528, STN 50-529
Units 1, 2, 3, and Independent Spent)	STN 50-530, and 72-44
Fuel Storage Installation)	License Nos. NPF-41, NPF-51, and NPF-74

ORDER APPROVING INDIRECT TRANSFER OF LICENSES

I.

Arizona Public Service Company (APS) is the licensed operator and a licensed co-owner of Renewed Facility Operating License Nos. NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station (Palo Verde), Units 1, 2, and 3, respectively, and the general license for the Palo Verde Independent Spent Fuel Storage Installation (ISFSI). Palo Verde is located in Maricopa County, Arizona. The other licensed co-owners (tenants-in-common), Salt River Project Agricultural Improvement and Power District; Southern California Edison Company; El Paso Electric Company; Public Service Company of New Mexico; Southern California Public Power Authority; and Los Angeles Department of Water and Power, hold possession-only rights for these licenses (i.e., they are not licensed to operate the facility).

II.

By application dated August 13, 2019 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML19225D197), El Paso Electric Company (EPE) requested, pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) Sections 50.80 and 72.50, that the U.S. Nuclear Regulatory Commission (NRC, the Commission) consent to the indirect transfer of EPE's possession-only non-operating interests in Renewed Facility Operating License Nos. NPF-41, NPF-51, and NPF-74 for Palo Verde Units 1, 2, and 3, respectively, and the general license for the Palo Verde ISFSI to IIF US Holding 2 LP.

According to the application, EPE currently owns a 15.8 percent tenant-in-common interest and holds possession-only rights in the NRC licenses. The proposed indirect license transfer would result from IIF US Holding 2 LP indirectly acquiring 100 percent of the shares in EPE. APS would continue to operate each of the Palo Verde units and the ISFSI. APS owns a 29.1 percent tenant-in-common interest and holds both operating and possession rights in the NRC licenses. Further, APS operates each of the Palo Verde units and the ISFSI pursuant to the operating rights granted to it under the license of each Palo Verde unit. The remaining tenant-in-common co-owners that hold possession-only rights in the NRC licenses are: Salt River Project Agricultural Improvement and Power District (17.49 percent); Southern California Edison Company (15.8 percent); Public Service Company of New Mexico (10.2 percent); Southern California Public Power Authority (5.91 percent); and Los Angeles Department of Water and Power (5.7 percent). The proposed transaction implicates only an indirect change in control over EPE's possession-only rights in the NRC licenses. The proposed transaction would not involve or implicate any change in EPE's rights and obligations under any of the NRC licenses, nor would it implicate APS's or any possession-only co-owners' rights and obligations under any of the NRC licenses.

No physical changes or operational changes are being proposed in the application.

A notice of the application and opportunity to comment, request a hearing, and petition for leave to intervene on the application was published in the *Federal Register* on October 28, 2019 (84 FR 57774). In response, on November 18, 2019, Public Citizen, Inc. filed a hearing request. The hearing request is currently pending before the Commission. The NRC did not receive any comments on the application.

Under 10 CFR 50.80 and 10 CFR 72.50, no license for a production or utilization facility or ISFSI, or any right thereunder, shall be transferred, either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission gives its consent in writing. Upon review of the information in the application, and other information before the Commission, the NRC staff has determined that EPE can indirectly transfer its 15.8 percent tenant-in-common interest and possession-only rights in the NRC licenses to IIF US Holding 2 LP. The proposed transferee is qualified to be the indirect holder of the licenses and the indirect transfer of the licenses is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto, subject to the condition set forth below.

The findings set forth above are supported by an NRC staff safety evaluation dated the same date as this Order, which is available at ADAMS Accession No. ML20038A235.

III.

Accordingly, pursuant to Sections 161b, 161i, and 184 of the Atomic Energy Act of 1954, as amended, 42 USC § 2201(b), 2201(i), and 2234; and 10 CFR 50.80 and 10 CFR 72.50, IT IS HEREBY ORDERED that the application regarding the proposed indirect license transfer is approved for Palo Verde Units 1, 2, and 3, and the ISFSI, subject to the following condition.

1. The NRC staff's approval of this license transfer is subject to the Commission's authority to rescind, modify, or condition the approved transfer based on the outcome of any post-effectiveness hearing on the license transfer application.

IT IS FURTHER ORDERED that after receipt of all required regulatory approvals of the proposed indirect transfer action, the applicant shall inform the Director of the Office of Nuclear Reactor Regulation in writing of such receipt no later than 2 business days prior to the date of the closing of the indirect transfer. Should the proposed indirect transfer not be completed within 1 year from the date of this Order, this Order shall become null and void, provided, however, upon written application and for good cause shown, such date may be extended by order. The condition of this Order may be amended upon application by the applicants and approval by the Director of the Office of Nuclear Reactor Regulation.

This Order is effective upon issuance.

For further details with respect to this Order, see the application dated August 13, 2019, and the NRC safety evaluation dated the same date of this Order, which are available for public inspection at the NRC's Public Document Room (PDR), located at One White Flint North, Public File Area 01 F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available documents created or received at the NRC are accessible electronically through ADAMS in the NRC Library at <https://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems accessing the documents located in ADAMS, should contact the NRC PDR reference staff by telephone at 1-800-397-4209 or 301-415-4737, or by e-mail to pdr.resource@nrc.gov.

Dated at Rockville, Maryland this 5th day of March, 2020.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Craig G Erlanger, Director,
Division of Operating Reactor Licensing,
Office of Nuclear Reactor Regulation.