



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

July 28, 2020

Mr. Adrian J. Rodriguez  
Interim Chief Executive Officer, General  
Counsel, and Assistant Secretary  
El Paso Electric Company  
P.O. Box 982  
El Paso, TX 79960-0982

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 –  
TITLE 10 OF THE *CODE OF FEDERAL REGULATIONS* SECTION 50.54(f)  
CLOSURE LETTER ON FOREIGN OWNERSHIP, CONTROL, OR  
DOMINATION

Dear Mr. Rodriguez:

By letter dated July 26, 2020 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML20208A000), El Paso Electric Company (EPE) responded to a U.S. Nuclear Regulatory Commission (NRC) information request under Section 161c of the Atomic Energy Act of 1954, as amended, and Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.54(f) (ADAMS Accession No. ML20196L721). The information request was related to the issue of foreign ownership, control, or domination (FOCD) of EPE's 15.8-percent, possession-only, non-operating interest in Renewed Facility Operating License Nos. NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Palo Verde), respectively, upon IIF US Holding 2 LP (IIF US 2) indirectly acquiring 100 percent of the shares of EPE.

In its response letter, EPE stated that IIF US 2 is under the exclusive control of U.S. general partners and that a general partner is vested under the IIF US 2 partnership agreement with the absolute and sole right, power, and discretion to manage the business and affairs of IIF US 2, to make all decisions affecting the business and affairs of IIF US 2, to act for and on behalf of IIF US 2, and to take such actions on behalf and in the name of IIF US 2 as it deems necessary or appropriate to accomplish the purposes for which IIF US 2 was formed. EPE explained that the IIF US 2 partnership agreement also discusses passive limited partner investors and that these investors are expressly prohibited from participating or taking part in the management or control of IIF US 2's business and have no power or authority to act for or on behalf of, or to bind, IIF US 2. EPE provided that approximately 79 percent of the passive limited partner investors in IIF US 2 are foreign and provided approximate percentages of the foreign passive limited partner investors by region. Although more than 25 percent of the capital stock of IIF US 2 is thus owned of record or voted by aliens or their representatives, no single foreign passive limited partner investor holds more than 5 percent limited partnership interest. The response letter also stated that IIF US 2 has no knowledge of, or relationship with, Sun Merger Sub, Inc., a Virginia corporation, and that this corporation is not in any way connected with the proposed transaction.

The information in the response letter supports the NRC staff's conclusion that the indirect acquisition by IIF US 2 of 100 percent of the shares of EPE meets the FOCD requirement of Section 103d of the Atomic Energy Act of 1954, as amended, and 10 CFR 50.38, "Ineligibility of certain applicants." Therefore, the NRC staff has determined not to modify, suspend, or revoke the March 5, 2020 Order approving the indirect transfer of the Palo Verde licenses (ADAMS Accession No. ML20038A226). The NRC staff notes, however, that future changes to the IIF US 2 partnership agreement that affect the restrictions on passive limited partner investors may constitute an indirect transfer of control of the Palo Verde licenses that would require prior NRC approval under 10 CFR 50.80, "Transfer of licenses."

If you have any questions, please contact the Palo Verde Project Manager at (301) 415-1564 or via e-mail to [Siva.Lingam@nrc.gov](mailto:Siva.Lingam@nrc.gov).

Sincerely,

Craig G. Erlanger, Director (Gregory F. Suber for)  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket Nos. STN 50-528, STN 50-529,  
STN 50-530, and 72-44

cc: Listserv

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 DOMINATION DATED JULY 28, 2020

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\*by email

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