



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

July 10, 2009

Mr. Charles L. Moore  
Associate General Counsel  
PNM Resources, Inc.  
Alvarado Square MS-1200  
Albuquerque, NM 87158

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNIT 2, RE: SALE AND  
LEASEBACK TRANSACTION BY PUBLIC SERVICE COMPANY OF NEW  
MEXICO (TAC NO. ME1633)

Dear Mr. Moore:

This is in response to your letter dated June 19, 2009 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML091800027), in which you informed the U.S. Nuclear Regulatory Commission (NRC) of the transfer of equity interest in Palo Verde Nuclear Generating Station (PVNGS), Unit 2, Facility Operating License No. NPF-51. The NRC staff reviewed the transfer proposal and has no objections to the transfer.

Your letter informed NRC that on June 19, 2009, Public Service Company of New Mexico (PNM) proposed to acquire a 2.267 percent leasehold interest in PVNGS, Unit 2 which is currently held by PNMR Development and Management Corporation (PNMR Development), an affiliate of PNM. The result of this transfer will be that the licensee PNM will hold both the equity interest and the lessee interest. The expected closing date of this transaction is July 24, 2009.

Your letter further stated that the current "owner trustee" for the sale and leaseback transaction, U.S. Bank National Association, remains unchanged, and the terms of agreement between PNMR Development and PNM will be similar to the previously filed agreement.

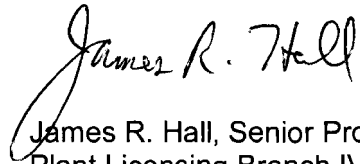
The NRC staff has completed its review of your letter and the associated sale and leaseback transaction. License condition 2.B.(6)(a) authorized PNM to transfer its ownership to certain equity investors identified in the submissions dated August 6 and November 26, 1986. License condition 2.B.(6)(b) requires licensees to notify NRC in writing prior to any change in: (i) the terms and conditions of any lease agreements executed as part of this transaction;..." Since your letter dated June 19, 2009, has provided the NRC with the necessary written notice prior to the transfer, the NRC has no objections to the proposed transfer.

C. Moore

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If you have any questions, please contact me at (301) 415-4032 or via email at [randy.hall@nrc.gov](mailto:randy.hall@nrc.gov).

Sincerely,

A handwritten signature in black ink that reads "James R. Hall". The signature is written in a cursive style with a large, looping initial "J".

James R. Hall, Senior Project Manager  
Plant Licensing Branch IV  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket No. STN 50-529

cc: Distribution via Listserv

C. Moore

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If you have any questions, please contact me at (301) 415-4032 or via email at [randy.hall@nrc.gov](mailto:randy.hall@nrc.gov).

Sincerely,

*/RA/*

James R. Hall, Senior Project Manager  
Plant Licensing Branch IV  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

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