

September 29, 2000

Mr. Gregg R. Overbeck
Senior Vice President, Nuclear
Arizona Public Service Company
P. O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 -
ISSUANCE OF AMENDMENTS REGARDING ADMINISTRATIVE CHANGES
TO THE LICENSES (TAC NOS. MA7746, MA7747, AND MA7748)

Dear Mr. Overbeck:

The Commission has issued the enclosed Amendment No.128 to Facility Operating License No. NPF-41, Amendment No. 128 to Facility Operating License No. NPF-51, and Amendment No. 128 to Facility Operating License No. NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3, respectively. The amendments consist of changes to the licenses in response to your application dated December 1, 1999.

The amendments remove or correct outdated administrative information, and remove completed licensing conditions from the licenses. There are no changes to the Technical Specifications.

A copy of the related Safety Evaluation is also enclosed. The Notice of Issuance will be included in the Commission's next biweekly *Federal Register* notice.

Sincerely,

/RA/

Steven D. Bloom, Project Manager, Section 2
Project Directorate IV & Decommissioning
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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

Enclosures: 1. Amendment No. 128 to NPF-41
2. Amendment No. 128 to NPF-51
3. Amendment No. 128 to NPF-74
4. Safety Evaluation

cc w/encls: See next page

September 29, 2000

Mr. Gregg R. Overbeck
Senior Vice President, Nuclear
Arizona Public Service Company
P. O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 -
ISSUANCE OF AMENDMENTS REGARDING ADMINISTRATIVE CHANGES
TO THE OPERATING LICENSES (TAC NOS. MA7746, MA7747, AND MA7748)

Dear Mr. Overbeck:

The Commission has issued the enclosed Amendment No. 128 to Facility Operating License No. NPF-41, Amendment No. 128 to Facility Operating License No. NPF-51, and Amendment No. 128 to Facility Operating License No. NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3, respectively. The amendments consist of changes to the licenses in response to your application dated December 1, 1999.

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/RA/

Steven D. Bloom, Project Manager, Section 2
Project Directorate IV & Decommissioning
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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

- Enclosures: 1. Amendment No. 128 to NPF-41
2. Amendment No. 128 to NPF-51
3. Amendment No. 128 to NPF-74
4. Safety Evaluation

cc w/encls: See next page

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NAME	SBloom:lcc	CJamerson	WBeckner	NLO with comments RWeisman	SDembek
DATE	08/30/00	09/05/00	08/31/00	09/19/00	09/28/00

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Palo Verde Generating Station, Units 1, 2, and 3

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ARIZONA PUBLIC SERVICE COMPANY, ET AL.

DOCKET NO. STN 50-528

PALO VERDE NUCLEAR GENERATING STATION, UNIT 1

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 128
License No. NPF-41

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by the Arizona Public Service Company (APS or the licensee) on behalf of itself and the Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority dated December 1, 1999, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act) and the Commission's regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, Facility Operating License No. NPF-41 is hereby amended as indicated in the attachment to this license amendment:

3. This license amendment is effective as of the date of issuance and shall be implemented within 30 days of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Stephen Dembek, Chief, Section 2
Project Directorate IV & Decommissioning
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

-
Attachment: Changes to the Operating
License

Date of Issuance: September 29, 2000

ARIZONA PUBLIC SERVICE COMPANY, ET AL.

DOCKET NO. STN 50-529

PALO VERDE NUCLEAR GENERATING STATION, UNIT 2

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 128
License No. NPF-51

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by the Arizona Public Service Company (APS or the licensee) on behalf of itself and the Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority dated December 1, 1999, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act) and the Commission's regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, Facility Operating License No. NPF-51 is hereby amended as indicated in the attachment to this license amendment:

3. This license amendment is effective as of the date of issuance and shall be implemented within 30 days of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Stephen Dembek, Chief, Section 2
Project Directorate IV & Decommissioning
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Attachment: Changes to the Operating
License

Date of Issuance: September 29, 2000

ARIZONA PUBLIC SERVICE COMPANY, ET AL.

DOCKET NO. STN 50-530

PALO VERDE NUCLEAR GENERATING STATION, UNIT 3

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 128
License No. NPF-74

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by the Arizona Public Service Company (APS or the licensee) on behalf of itself and the Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority dated December 1, 1999, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act) and the Commission's regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, Facility Operating License No. NPF-74 is hereby amended as indicated in the attachment to this license amendment:

3. This license amendment is effective as of the date of issuance and shall be implemented within 30 days of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Stephen Dembek, Chief, Section 2
Project Directorate IV & Decommissioning
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Attachment: Changes to the Operating
License

Date of Issuance: September 29, 2000

ATTACHMENT TO LICENSE AMENDMENT NOS. 128, 128, AND 128
FACILITY OPERATING LICENSE NOS. NPF-41, NPF-51, AND NPF-74
DOCKET NOS. STN 50-528, STN 50-529, AND STN 50-530

Replace the following pages of the operating licenses and some of its attachments with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

	<u>REMOVE</u>	<u>INSERT</u>
Unit 1 License	1	1
	3	3
	3a	--
	4	4
	5	5
	6	6
	6a	--
	7	7
	License Attachment 1	--
	License Attachment 2	--
License Attachment 3	--	
Appendix D	--	
Unit 2 License	3	3
	3a	--
	3b	--
	3c	--
	4	4
	5	5
	6	6
	--	7
	--	8
	License Attachment 1	--
License Attachment 2	--	
Appendix D	--	
Unit 3 License	2	2
	3	3
	4	4
	5	5
	License Attachment 1	--
Appendix D	--	

ARIZONA PUBLIC SERVICE COMPANY

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

EL PASO ELECTRIC COMPANY

SOUTHERN CALIFORNIA EDISON COMPANY

PUBLIC SERVICE COMPANY OF NEW MEXICO

LOS ANGELES DEPARTMENT OF WATER AND POWER

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

DOCKET NO. STN 50-528

PALO VERDE NUCLEAR GENERATING STATION, UNIT 1

FACILITY OPERATING LICENSE

License No. NPF-41

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
 - A. The application for license filed by Arizona Public Service Company, on behalf of itself and the Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority (licensees), complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made;
 - B. Construction of the Palo Verde Nuclear Generating Station, Unit 1 (facility) has been substantially completed in conformity with Construction Permit No. CPPR-141 and the application, as amended, the provisions of the Act and the regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D below);

- A. This license applies to the Palo Verde Nuclear Generating Station, Unit 1, a pressurized water reactor and associated equipment (facility) owned by the licensees. The facility is located on the licensees' site in Maricopa County, Arizona and is described in the licensees' Final Safety Analysis Report, as supplemented and amended; in the related CESSAR Final Safety Analysis Report, as supplemented and amended through Amendment No. 8 and referenced in the licensees' Updated Final Safety Analysis Report; and in their Environmental Report, as supplemented and amended through Supplement No. 4.
- B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
- (1) Pursuant to Section 103 of the Act and 10 CFR Part 50, Arizona Public Service Company, Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority to possess, and Arizona Public Service Company (APS) to use and operate the facility at the designated location in Maricopa County, Arizona, in accordance with the procedures and limitations set forth in this license;
 - (2) Pursuant to the Act and 10 CFR Part 70, APS to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the licensees' Final Safety Analysis Report, as supplemented and amended and the CESSAR Final Safety Analysis Report as supplemented and amended through Amendment No. 8 and referenced in the licensees' Updated Final Safety Analysis Report;
 - (3) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, APS to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - (4) Pursuant to the Act and 10 CFR Part 30, 40 and 70, APS to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
 - (5) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, APS to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.

- (6)(a) Pursuant to an Order of the Nuclear Regulatory Commission dated December 12, 1985, the Public Service Company of New Mexico (PNM) was authorized to transfer a portion of its ownership share in Palo Verde, Unit 1 to certain institutional investors on December 31, 1985, and at the same time has leased back from such purchasers the same interest in the Palo Verde, Unit 1 facility. The term of the lease is to January 15, 2015, subject to a right of renewal. Additional sale and leaseback transactions (for a term expiring on January 15, 2015) of all or a portion of PNM's remaining ownership share in Palo Verde Unit 1 are hereby authorized until June 30, 1987. Any such sale and leaseback transaction is subject to the representations and conditions set forth in the aforementioned applications of October 19, 1985, February 5, 1986, October 16, 1986 and November 26, 1986, and the Commission's Order of December 12, 1985, consenting to such transactions. Specifically, the lessor and anyone else who may acquire an interest under this transaction are prohibited from exercising directly or indirectly any control over the licensees of the Palo Verde Nuclear Generating Station, Unit 1. For purposes of this condition, the limitations in 10 CFR 50.81, "Creditor Regulations," as now in effect and as they may be subsequently amended, are fully applicable to the lessor and any successor in interest to that lessor as long as the license for Palo Verde, Unit 1 remains in effect; this financial transaction shall have no effect on the license for the Palo Verde nuclear facility throughout the term of the license.
- (b) Further, the licensees are also required to notify the NRC in writing prior to any change in: (i) the terms or conditions of any lease agreements executed as part of this transaction; (ii) the ANPP Participation Agreement, (iii) the existing property insurance coverage for the Palo Verde nuclear facility, Unit 1 as specified in license counsel's letter of November 26, 1985, and (iv) any action by the lessor or others that may have an adverse effect on the safe operation of the facility.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

Arizona Public Service Company (APS) is authorized to operate the facility at reactor core power levels not in excess of 3876 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications and Environmental Protection Plan

The Technical Specifications contained in Appendix A, as revised through Amendment No. 128, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated into this license. APS shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan, except where otherwise stated in specific license conditions.

(3) Antitrust Conditions

This license is subject to the antitrust conditions delineated in Appendix C to this license.

(4) Operating Staff Experience Requirements

Deleted

(5) Post-Fuel-Loading Initial Test Program (Section 14, SER and SSER 2)¹

Deleted

(6) Environmental Qualification

Deleted

(7) Fire Protection Program

APS shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety analysis Report for the facility, as supplemented and amended, and as approved in the SER through Supplement 11, subject to the following provision:

APS may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

(8) Emergency Preparedness

Deleted

¹The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

- (9) Results of Piping Vibration Test Program (Section 3.9.2, SER)
Deleted
- (10) Response to Salem ATWS Event (Section 7.2, SSER 7, and Section 1.11, SSER 8)
Deleted
- (11) Supplement No. 1 to NUREG-0737 Requirements
Deleted
- (12) Radiochemistry Laboratory (Section 7.3.1.5(3), Emergency Plan)
Deleted
- (13) RCP Shaft Vibration Monitoring Program (Section 5.4.1, SSER 12)
Deleted
- (14) Additional Conditions
Deleted

D. The facility requires an exemption from Paragraph III.D.2(b)(ii) of Appendix J to 10 CFR Part 50 (Section 6.2.6, SSER 7). This exemption is authorized by law and will not endanger life or property or the common defense and security and is otherwise in the public interest. This exemption is, therefore, hereby granted pursuant to 10 CFR 50.12. With the granting of this exemption, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

E. The licensees shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The Safeguard Contingency Plan is incorporated into the Physical Security Plan. The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Palo Verde Nuclear Station Physical Security Plan," with revisions submitted through March 18, 1997; and "Palo Verde Nuclear Generating Station Guard Training and Qualification Plan," with revisions submitted through December 26, 1987. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- F. Except as otherwise provided in the Technical Specifications or the Environmental Protection Plan, APS shall report any violations of the requirements contained in Section 2.C of this license in the following manner: Initial notification shall be made within 24 hours in accordance with the provisions of 10 CFR 50.72 with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c) and (e);
- G. The licenses shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims; and
- H. This license is effective as of the date of issuance and shall expire at midnight on December 31, 2024.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By

Harold R. Denton, Director
Office of Nuclear Reactor Regulation

Enclosures:

1. Attachment 1 - [Requirements for Initial Mode 1 Entry] - Deleted
2. Attachment 2 - [Operating Staff Experience Requirements] - Deleted
3. Attachment 3 - [Emergency Response Capabilities] - Deleted
4. Appendix A -
 Technical Specifications
5. Appendix B -
 Environmental Protection Plan
6. Appendix C -
 Antitrust Conditions
7. Appendix D - [Additional Conditions] - Deleted

Date of Issuance: June 1, 1985

- A. This license applies to the Palo Verde Nuclear Generating Station, Unit 2, a pressurized water reactor and associated equipment (facility) owned by the licensees. The facility is located on the licensees' site in Maricopa County, Arizona and is described in the licensees' Final Safety Analysis Report, as supplemented and amended; in the related CESSAR Final Safety Analysis Report, as supplemented and amended through Amendment No. 8 and referenced in the licensees' updated Final Safety Analysis Report; and in their Environmental Report, as supplemented and amended.
- B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
- (1) Pursuant to Section 103 of the Act and 10 CFR Part 50, Arizona Public Service Company, Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority to possess, and Arizona Public Service Company (APS) to use and operate the facility at the designated location in Maricopa County, Arizona, in accordance with the procedures and limitations set forth in this license;
 - (2) Pursuant to the Act and 10 CFR Part 70, APS to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the licensees' Final Safety Analysis Report, as supplemented and amended, and the CESSAR Final Safety Analysis Report as supplemented and amended through Amendment No. 8 and referenced in the licensees' updated Final Safety Analysis Report;
 - (3) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, APS to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - (4) Pursuant to the Act and 10 CFR Part 30, 40 and 70, APS to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
 - (5) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, APS to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.

- (6)(a) Public Service Company of New Mexico (PNM) is authorized to transfer all or a portion of its 10.2% ownership share in Palo Verde, Unit 2 and a proportionate share of a third of PNM's interest in the Palo Verde common facilities to certain equity investors identified in its submissions of August 6 and November 26, 1986, and at the same time to lease back from such purchasers such interest sold in the Palo Verde, Unit 2 facility. The term of the lease is for approximately 29-½ years subject to a right of renewal. Additional sale and leaseback transactions of all or a portion of PNM's remaining ownership share of Palo Verde, Unit 2 are hereby authorized until June 30, 1987. Any such sale and leaseback transaction is subject to the representations and conditions set forth in the aforementioned application of February 14, 1986, and the subsequent submittals dated April 22, June 10, July 29, July 30, August 6, and August 7, October 16 and November 26, 1986, as well as the letters of the Director of the Office of Nuclear Reactor Regulation dated August 12 and December 11, 1986, consenting to such transactions. Specifically, the lessor and anyone else who may acquire an interest under this transaction are prohibited from exercising directly or indirectly any control over the licensees of the Palo Verde Nuclear Generating Station, Unit 2. For purposes of this condition the limitations in 10 CFR 50.81, "Creditor Regulations," as now in effect and as they may be subsequently amended, are fully applicable to the lessor and any successor in interest to that lessor as long as the license for Palo Verde, Unit 2 remains in effect; this financial transaction shall have no effect on the license for the Palo Verde nuclear facility throughout the term of the license.
 - (b) Further, the licensees are also required to notify the NRC in writing prior to any change in: (i) the terms or conditions of any lease agreements executed as part of this transaction; (ii) the ANPP Participation Agreement, (iii) the existing property insurance coverage for the Palo Verde nuclear facility, Unit 2 as specified in licensee counsel's letter of November 26, 1985, and (iv) and action by the lessor or others that may have an adverse effect on the safe operation of the facility.
- (7)(a) Deleted
 - (b) Deleted

(8)(a) Arizona Public Service Company is authorized to transfer all or a portion of its 29.1% ownership share in Palo Verde, Unit 2 to certain equity investors identified in its submissions of August 6, August 8 and December 5, 1986, and at the same time to lease back from such purchasers such interest sold in the Palo Verde, Unit 2 facility. The term of the lease is for approximately 29-½ years subject to a right of renewal. Additional sale and leaseback transactions of all or a portion of APS's remaining ownership share in Palo Verde, Unit 2 are hereby authorized until June 30, 1987. Any such sale and lease back transaction is subject to the representations and conditions set forth in the aforementioned application of May 2, 1986, and the subsequent submittals dated July 30, August 2, August 6, August 7, August 8, August 13, October 16 and December 5, 1986, as well as the letters of the Director of the Office of Nuclear Reactor Regulation dated August 15, and December 11, 1986, consenting to such transactions. Specifically, the lessor and anyone else who may acquire an interest under this transaction are prohibited from exercising directly or indirectly any control over the licensees of the Palo Verde Nuclear Generating Station, Unit 2. For purposes of this condition the limitations in 10 CFR 50.81, "Creditor Regulations," as now in effect and as they may be subsequently amended, are fully applicable to the lessor and any successor in interest to the lessor as long as the license for Palo Verde, Unit 2 remains in effect; this financial transaction shall have no effect on the license for the Palo Verde nuclear facility throughout the term of the license.

(b) Further, the licensees are also required to notify the NRC in writing prior to any change in: (i) the terms or conditions of any lease agreements executed as part of this transaction; (ii) the ANPP Participation Agreement, (iii) the existing property insurance coverage for the Palo Verde nuclear facility, Unit 2 as specified in licensee counsel's letter of November 26, 1985, and (iv) any action by the lessor or others that may have an adverse effect on the safe operation of the facility.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

Arizona Public Service Company (APS) is authorized to operate the facility at reactor core power levels not in excess of 3876 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications and Environmental Protection Plan

The Technical Specifications contained in Appendix A, as revised through Amendment No. 128, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated into this license. APS shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan, except where otherwise stated in specific license conditions.

(3) Antitrust Conditions

This license is subject to the antitrust conditions delineated in Appendix C to this license.

(4) Operating Staff Experience Requirements (Section 13.1.2, SSER 9)¹

Deleted

(5) Initial Test Program (Section 14, SER and SSER 2)

Deleted

(6) Fire Protection Program

APS shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility, as supplemented and amended, and as approved in the SER through Supplement 11, subject to the following provision:

APS may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

(7) Inservice Inspection Program (Sections 5.2.4 and 6.6, SER and SSER 9)

Deleted

(8) Supplement No. 1 to NUREG-0737 Requirements

Deleted

¹The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

(9) Additional Conditions

Deleted

- D. (1) APS has previously been granted an exemption from Paragraph III.D.2(b)(ii) of Appendix J to 10 CFR Part 50. This exemption was previously granted in Facility Operating License NPF-46 pursuant to 10 CFR 50.12.
- (2) Deleted

With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- E. The licensees shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The Safeguard Contingency Plan is incorporated into the Physical Security Plan. The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Palo Verde Nuclear Station Physical Security Plan," with revisions submitted through March 18, 1997; and "Palo Verde Nuclear Generating Station Guard Training and Qualification Plan," with revisions submitted through December 26, 1987. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.
- F. Except as otherwise provided in the Technical Specifications or the Environmental Protection Plan, APS shall report any violations of the requirements contained in Section 2.C of this license in the following manner: Initial notification shall be made within 24 hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c) and (e);

- G. The licensees shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims; and
- H. This license is effective as of the date of issuance and shall expire at midnight on December 9, 2025.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By

Darrell G. Eisenhut, Acting Director
Office of Nuclear Reactor Regulation

Attachments:

- 1. [Requirements for Initial Mode 1 Entry] - Deleted
- 2. [Schedule for NUREG-0737, Sup. 1, Requirement (SPDS)] - Deleted
- 3. Appendix A -
 Technical Specifications
- 4. Appendix B
 Environmental Protection Plan
- 5. Appendix C
 Antitrust Conditions
- 6 Appendix D - [Additional Conditions] - Deleted

Date of Issuance: April 24, 1986

- E. Arizona Public Service Company¹ is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
 - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
 - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs, and after considering available alternatives, the issuance of this Facility Operating License No. NPF-74, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
 - I. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70.
2. Pursuant to approval by the Nuclear Regulatory Commission at a meeting held on November 25, 1987, the license for fuel loading and low power testing, License No. NPF-65, issued on March 25, 1987, is superseded by Facility Operating License No. NPF-74 hereby issued to the Arizona Public Service Company, Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority (licensees) to read as follows:
- A. This license applies to the Palo Verde Nuclear Generating Station, Unit 3, a pressurized water reactor and associated equipment (facility) owned by the licensees. The facility is located on the licensees' site in Maricopa County, Arizona and is described in the licensees' Final Safety Analysis Report, as supplemented and amended; in the related CESSAR Final Safety Analysis Report, as supplemented and amended through Amendment No. 8 and referenced in the licensees' Updated Final Safety Analysis Report; and in their Environmental Report, as supplemented and amended.

¹Arizona Public Service Company is authorized to act as agent for Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority, and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

- B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
- (1) Pursuant to Section 103 of the Act and 10 CFR Part 50, Arizona Public Service Company, Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority to possess, and Arizona Public Service Company (APS) to use and operate the facility at the designated location in Maricopa County, Arizona, in accordance with the procedures and limitations set forth in this license;
 - (2) Pursuant to the Act and 10 CFR Part 70, APS to receive, possess, and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the licensees' Final Safety Analysis Report, as supplemented and amended, and the CESSAR Final Safety Analysis Report as supplemented and amended through Amendment No. 8 and referenced in the licensees' Updated Final Safety Analysis Report;
 - (3) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, APS to receive, possess, and use at any time any byproduct, source, and special nuclear material as sealed neutron sources for reactor startup, as sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - (4) Pursuant to the Act and 10 CFR Part 30, 40, and 70, APS to receive, possess, and use in amounts required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
 - (5) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, APS to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.
- C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

Arizona Public Service Company (APS) is authorized to operate the facility at reactor core power levels not in excess of 3876 megawatts thermal (100% power) in accordance with the conditions specified herein.

(2) Technical Specifications and Environmental Protection Plan

The Technical Specifications contained in Appendix A, as revised through Amendment No. 128, and the Environmental Protection Plan contained in Appendix B, are hereby incorporated into this license. APS shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan, except where otherwise stated in specific license conditions.

(3) Antitrust Conditions

This license is subject to the antitrust conditions delineated in Appendix C to this license.

(4) Initial Test Program (Section 14, SER and SSER 2)

Deleted

(5) Additional Conditions

Deleted

- D. APS has previously been granted an exemption from Paragraph III.D.2(b)(ii) of Appendix J to 10 CFR Part 50. This exemption was previously granted in Facility Operating License NPF-65 pursuant to 10 CFR 50.12.

With the granting of this exemption, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- E. The licensees shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The Safeguard Contingency Plan is incorporated into the Physical Security Plan. The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Palo

Verde Nuclear Station Physical Security Plan," with revisions submitted through March 18, 1997; and "Palo Verde Nuclear Generating Station Guard Training and Qualification Plan," with revisions submitted through December 26, 1987. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- F. APS shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety analysis Report for the facility, as supplemented and amended, and as approved in the SER through Supplement 11, subject to the following provision:

APS may make changes to the approved fire protection program without approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

- G. Except as otherwise provided in the Technical Specifications or the Environmental Protection Plan, APS shall report any violations of the requirements contained in Section 2.C of this license in the following manner: Initial notification shall be made within 24 hours to the NRC Operations Center via the Emergency Notification System, with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e);
- H. The licensees shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims; and
- I. This license is effective as of the date of issuance and shall expire at midnight on March 25, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Attachments:

1. [Requirements for Initial Mode 1 Entry] - Deleted
2. Appendix A -
 Technical Specifications
3. Appendix B -
 Environmental Protection Plan
4. Appendix C -
 Antitrust Conditions
5. Appendix D - [Additional Conditions] - Deleted

Date of Issuance: November 25, 1987

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
RELATED TO AMENDMENT NO. 128 TO FACILITY OPERATING LICENSE NO. NPF-41,
AMENDMENT NO. 128 TO FACILITY OPERATING LICENSE NO. NPF-51,
AND AMENDMENT NO. 128 TO FACILITY OPERATING LICENSE NO. NPF-74
ARIZONA PUBLIC SERVICE COMPANY, ET AL.
PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3
DOCKET NOS. STN 50-528, STN 50-529, AND STN 50-530

1.0 INTRODUCTION

By application dated December 1, 1999, the Arizona Public Service Company (the licensee) requested changes to the operating licenses for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (PVNGS). The licensee submitted this request on behalf of itself, the Salt River Project Agricultural Improvement and Power District, Southern California Edison Company, El Paso Electric Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority.

The proposed changes would remove or correct outdated administrative information, and remove completed conditions in the licenses for the three units. There are no changes to the Technical Specifications for the units.

2.0 EVALUATION

In an enclosure to its application, the licensee organized the proposed changes to the licenses for the three units in the following manner:

1. Changes to delete or update references to outdated administrative information:

Unit 1	requests 1, 2, 3, and 8
Unit 2	requests 1, 2, 6, and 10
Unit 3	requests 1 and 2

2. Changes to delete license conditions that have been either completed or are no longer applicable to the current operating environment:

Unit 1	requests 5, 6, 9, and 16
Unit 2	requests 4 and 5
Unit 3	request 4

3. Changes to delete license conditions that were one-time requirements that have been completed:

Unit 1	requests 4, 7, 10 to 15, and 17 to 21
Unit 2	requests 3, 7, 8, 9, and 11 to 15
Unit 3	requests 3 to 6

The individual requests were presented separately for each unit in Attachments A through C to the application, for Units 1, 2, and 3, respectively. The requests were in the order of the units from Unit 1 through Unit 3, and in the order of the requests for that unit.

2.1 Unit 1 Requests

In its application, the licensee proposed 21 changes to the operating license for Unit 1.

Request 1 is the deletion of the asterisk beside the name of the Los Angeles Department of Water and Power and of the associated footnote, on page 1 of the license. The footnote stated the following:

Los Angeles Department of Water and Power will be included as an owner in this license on the date it officially acquires an ownership interest in the facility which is expected to occur shortly after Palo Verde Nuclear Generating Station, Unit 1 achieves commercial operation.

The licensee stated that NRC was notified by letter dated December 31, 1986, that Los Angeles Department of Water and Power had officially acquired an ownership interest in PVNGS and pointed out that this footnote was not included in the licenses for Units 2 and 3.

The licensees listed in the title on page 1 of the license for Unit 1 include Los Angeles Department of Water and Power. The footnote was to show that this entity had not officially acquired an ownership interest in Unit 1 at the time the license was issued. Since that time, Los Angeles Department of Water and Power has acquired such interest and the letter of December 31, 1986, acknowledges this fact. Because the letter of December 31, 1986, acknowledges that Los Angeles Department of Water and Power had become a joint owner of the units at PVNGS, including Unit 1, the footnote is no longer needed. Therefore, the staff concludes that the proposed request to delete the asterisk and its associated footnote is acceptable.

Request 2 is for Item 2.A on page 3 of the license. The request is to (1) delete the reference to a specific PVNGS Final Safety Analysis Report (FSAR) amendment number and (2) qualify the reference to the Combustion Engineering Standard Safety Analysis Report (CESSAR) FSAR by adding a reference to the PVNGS FSAR.

In the paragraph that is Item 2.A of the license, there is a statement that the facility is "described in the licensees' Final Safety Analysis Report, as supplemented and amended through Amendment No. 14;...." The licensee has proposed to delete the phrase "through Amendment No. 14" and, therefore, not make any reference to an FSAR amendment number in Item 2.A of the license. The licensee's request would acknowledge that the PVNGS FSAR would be supplemented and amended throughout the life of the unit. There is no need to list

the latest amendment number in the license. The licensee is required by 10 CFR 50.59 and 50.71(e) to submit updates to the FSAR on a periodic basis. Based on this, the staff concludes that the proposed request is acceptable.

Also in Item 2.A, the licensee has proposed to add the phrase "and referenced in the licensees' updated Final Safety Analysis Report" after Amendment No. 8 for the CESSAR FSAR. The licensee stated that the reference to the CESSAR FSAR should be qualified because many of the descriptions of the unit in the PVNGS FSAR have been updated and now supersede the original CESSAR FSAR descriptions. The up-to-date version of the CESSAR FSAR at the time the unit was licensed was Amendment No. 8. The description of the unit has been updated from the original CESSAR FSAR description and the reference to that FSAR should be qualified by a reference to the PVNGS FSAR. Based on this, the staff concludes that the proposed request is acceptable.

Request 3 is for Item 2.B.(2) on page 3 of the license. As described above for request 2 in Item 2.A, the licensee has proposed to (1) delete the reference to a specific PVNGS FSAR amendment number and (2) qualify the reference to the CESSAR FSAR by adding a reference to the PVNGS FSAR. For the reasons stated above in request 2, the staff concludes that the proposed request is acceptable.

Request 4 is for license condition 2.C.(1), Maximum Power Level. The licensee states that the condition should be revised to delete the references to Attachment 1, which contains conditions that have been completed. The justification for the deletion of the items in Attachment 1 is provided in request 15. Since the staff finds the deletion of Attachment 1 acceptable, as set forth below, the deletion of the references to Attachment 1 is also acceptable.

Request 5 is for license condition 2.C.(4), Operating Staff Experience Requirements. The current condition states:

APS shall have operators on each shift who meet the requirements described in Attachment 2. Attachment 2 is hereby incorporated into this license.

The licensee stated that this condition was imposed on Unit 1 for initial startup because it was the first PVNGS unit to be started up, and there was no site-specific operating staff experience. This condition was not included in the Unit 3 operating license. Unit 1 has been operating for more than 13 years and the APS staff has accumulated significant operating experience. The operating staff requirements are prescribed by 10 CFR 50.54, PVNGS Technical Specifications, and the PVNGS UFSAR commitments to Regulatory Guide 1.8, "Qualification and Training of Personnel for Nuclear Power Plants," and ANSI/ANS 3.1. Request 16 addresses the deletion of Attachment 2. Since the NRC staff finds the deletion of Attachment 2 acceptable, as described below, we conclude that the proposed request to remove license condition 2.C(4), which references Attachment 2, is also acceptable.

Request 6 is the deletion of license condition 2.C.(5), Post-Fuel-Loading Initial Test Program (Section 14, SER [Safety Evaluation Report] and SSER [Supplemental SER] 2). The current condition states:

Any changes in the Initial Test Program described in Section 14 of the FSARs (Palo Verde and CESSAR) made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

The licensee states that the Initial Test Program described in Section 14 of the PVNGS and CESSAR FSARs ended with the completion of initial power ascension testing; this condition is no longer applicable. Since the licensee has completed its initial power ascension testing, the staff concludes that the proposed request to delete the license condition is acceptable.

Request 7 is the deletion of license condition 2.C.(6), Environmental Qualification. The current condition states:

Pursuant to the extension granted in the Commission letter of November 18, 1985, APS shall environmentally qualify the hydrogen recombiners according to the provisions of 10 CFR 50.49 by March 30, 1986.

The licensee stated that this license condition was documented as being completed in its letter dated April 10, 1986 (ANPP-36035) and can be deleted. Since the hydrogen recombiners have been environmentally qualified, the staff concludes that the proposed request to delete the license condition is acceptable.

Request 8 is a revision to license condition 2.C.(7), Fire Protection Program (Section 9.5.1, SSER 6, SSER 7, and SSER 8). The current condition states:

APS shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility, as supplemented and amended, and as approved in the SER through Supplement 8, subject to the following provision:

The licensee states that "the SER through Supplement 8," should be updated to read "the SER through Supplement 11," as in the Unit 3 license condition 2.F. After the Unit 1 operating license was issued, the NRC continued to review information for the licensing of Units 2 and 3, which included fire protection information common to all three units. The NRC, in reviewing this additional information, issued subsequent SER supplements with SSER 11 being the last one to contain fire protection program approval. Since the program is common to all three units, the approval in SSER 11 would also apply to all three units. Based on the above, the staff concludes that the proposed request is acceptable.

Also in request 8, the licensee requested an editorial change to remove the references in the title of the license condition to remove "Section 9.5.1, SSER 6, SSER 7 and SSER 8" since the license condition states where the Fire Protection Program is described. Based on the above, the staff concludes that the proposed request is acceptable.

Request 9 is the deletion of license condition 2.C.(8), Emergency Preparedness. The current condition states:

In the event that the NRC finds that the lack of progress in the completion of the procedures in the Federal Emergency Management Agency's final rule, 44 CFR Part 350, is an indication that a major substantive problem exists in achieving or maintaining an adequate state of preparedness, the provisions of 10 CFR Section 50.54(s)(2) will apply.

The licensee stated that the Federal Emergency Management Agency (FEMA) had informed the NRC of a formal 44 CFR 350 finding of adequate offsite emergency preparedness. Supplement No. 9 to NUREG-0857, NRC Safety Evaluation Report Related to the Operation of PVNGS Units 1, 2, and 3, dated December 1985, section 1.11, item (1) states that the emergency preparedness license condition from the Unit 1 full power license was not included in the Unit 2 full power license because "[b]y letter dated September 25, 1985, FEMA advised the staff of a formal 44 CFR 350 finding of adequate offsite emergency preparedness." Since SSER No. 9 to NUREG-0857 states that FEMA found adequate offsite emergency preparedness, the staff concludes that the proposed request to delete the license condition is acceptable.

Request 10 is the deletion of license condition 2.C.(9), Results of Piping Vibration Test Program (Section 3.9.2, SER). The current condition states:

Three months following the completion of the piping vibration test program performed during initial startup, APS shall submit a summary of the results which demonstrate that the vibration of piping systems is within acceptance levels.

The licensee stated that this license condition was completed as described in APS letter 161-00312, dated June 24, 1987 and therefore can be deleted. Since the licensee submitted the results of the test program, the staff concludes that the proposed request to delete the license condition is acceptable.

Request 11 is the deletion of license condition 2.C.(10), Response to Salem ATWS Event (Section 7.2, SSER 7, and Section 1.11, SSER 8). The current condition states:

APS shall complete implementation of the requirements of Generic Letter 83-28 on a schedule which is consistent with that given in its letter dated April 19, 1985.

The licensee stated that commitments made as a result of Generic Letter 83-28 have been documented, completed, and were determined to be appropriately closed during a May 26, 1992, APS/NRC Management Meeting. The meeting was documented in a June 16, 1992, meeting summary. Since the commitments have been completed, the staff concludes that the proposed request to delete the license condition is acceptable.

Request 12 is the deletion of license condition 2.C.(11), Supplement No. 1 to NUREG-0737 Requirements. The current condition states:

APS shall complete the emergency response capabilities as required by Attachment 3.

The licensee stated that the emergency response capabilities required by Attachment 3 have been completed. Since the staff finds the deletion of Attachment 3 acceptable as discussed in requests 17 through 21, as set forth below, the deletion of this reference to Attachment 3 is administrative and the deletion of the license condition 2.c.(11) is acceptable.

Request 13 is the deletion of license condition 2.C.(12), Radiochemistry Laboratory (Section 7.3.1.5(3), Emergency Plan). The current condition states:

APS shall maintain and operate the Palo Verde, Unit 2 radiochemistry laboratory as part of the Palo Verde, Unit 1 facility under this Part 50 license authorization, in accordance with the commitments made by letter ANPP-30937, dated October 24, 1984, until the Unit 2 facility is issued a Part 50 license.

PVNGS, Unit 2 was issued a 10 CFR Part 50 full-power license on April 24, 1986. Since Unit 2 was granted a license, this license condition has been met and the staff concludes that the proposed request to delete the license condition is acceptable.

Request 14 is the deletion of license condition 2.C.(14), Additional Conditions. The current condition states:

The Additional Conditions contained in Appendix D, as revised through Amendment No. 117, are hereby incorporated into this license. Arizona Public Service Company shall operate the facility in accordance with the Additional Conditions.

Appendix D was created when the licensee adopted the improved standard Technical Specifications for Palo Verde, which were approved by the NRC on May 20, 1998. In SECY-98-224, "Staff and Industry Activities Pertaining to the Management of Commitments Made by Power Reactor Licensees to the NRC," dated September 28, 1998, the NRC issued guidance that stated that the practice of adding conditions in a newly created appendix to the operating license introduced unwarranted administrative burdens, and further stated that licensees could request deletion of the special appendix. In Inspection Report 50-528/98-08; 50-529/98-08; 50-530/98-08, dated December 11, 1998, the staff confirmed that the Appendix D conditions had been implemented as required. Based on the above, the staff concludes that the deletion of Appendix D, including the completed license conditions contained within this appendix, is acceptable.

Request 15 is the deletion of Attachment 1, Requirements for Initial Mode 1 Entry. Attachment 1 currently states:

This attachment identifies items which must be completed to the NRC staff's satisfaction in accordance with the schedule identified below.

Surveillance Program

Prior to entering Mode 1 for the first time, APS shall

- a. Have completed a review of the surveillance procedures applicable to the change of mode, and determined that the procedures demonstrate the operability of the required systems with respect to all acceptance criteria defined in the Technical Specifications.
- b. Have dispatched written notification to the NRC Regional Administrator, Region V, that the action defined in (a), above, has been completed for Mode 1.

The licensee, in its letter dated June 6, 1985 (ANPP-32780), informed the NRC Regional Administrator, Region V, that PVNGS Unit 1 had completed Item 1.a. of Attachment 1 for initial

entry into Mode 1. Therefore, the staff concludes that the proposed request to delete Attachment 1 is acceptable.

Request 16 is the deletion of Attachment 2, Operating Staff Experience Requirements. Attachment 2 currently states:

Operating Staff Experience Requirements

APS shall have a licensed senior operator on each shift who has had at least six months of hot operating experience on a same type plant, including at least six weeks at power levels greater than 20% of full power, and who has had startup and shutdown experience. For those shifts where such an individual is not available on the plant staff, an advisor shall be provided who has had at least four years of power plant experience, including two years of nuclear plant experience, and who has had at least one year of experience on shift as a licensed senior operator at a similar type facility. Use of advisors who were licensed only at the RO level will be evaluated on a case-by-case basis. Advisors shall be trained on plant procedures, technical specifications and plant systems, and shall be examined on these topics at a level sufficient to assure familiarity with the plant. For each shift, the remainder of the shift crew shall be trained in the role of the advisors. Advisors, or fully trained and qualified replacements, shall be retained until the experience levels identified in the first sentence above have been achieved. The names of any replacement advisors shall be certified by APS prior to these individuals being placed on shift. The NRC shall be notified at least 30 days prior to the date APS proposes to release the advisors from further service.

The licensee stated that this attachment was imposed on Unit 1 for initial startup because it was the first PVNGS unit to be licensed, and APS, therefore, had no site-specific operating staff experience. The licensee noted that this was not included with the Unit 3 operating license. PVNGS Unit 1 has been operating over 13 years, and therefore, the operating staff has accumulated significant operating experience. Operating staff requirements are prescribed by 10 CFR 50.54, PVNGS Technical Specifications, and the PVNGS Updated FSAR (UFSAR) commitments to Regulatory Guide 1.8 and ANSI/ANS 3.1. Based on the above, the staff concludes that the proposed request to delete Attachment 2 is acceptable.

Requests 17 through 21 relate to the deletion of items within Attachment 3, Emergency Response Capabilities. The attachment currently starts with:

APS shall complete the following requirements of NUREG-0737 Supplement No. 1 on the schedule noted below:

Request 17 is the deletion of Item (a), which currently states:

- (a) Three months after the staff issues its evaluation of Revision 2 to the CE Owners Group emergency procedure guidelines (CEN-152), dated May 8, 1984, APS shall provide a schedule for revising (i) the Procedure Generation Package to be in conformance with Revision 2 to CEN-152, as modified by the staff's

evaluation, and (ii) the emergency operating procedures to be in conformance with the revised Procedures Generation Package.

The NRC, by letter dated April 16, 1985, forwarded its evaluation of the emergency procedure guidelines to the CE Owners Group. The licensee, in its letter dated July 10, 1985 (ANPP-32987), submitted its schedule for revising the PVNGS plant-specific technical guidelines (Procedures Generation Package) and emergency operating procedures. By the submittal of this letter, APS completed Item (a) of Attachment 3. Therefore, the staff concludes that the proposed request to delete Item (a) is acceptable.

Request 18 is the deletion of Item (b), which currently states:

- (b) Prior to August 31, 1985, APS shall submit for review and approval a Supplemental DCRDR Summary Report which provides the information described in SSER 7.

The licensee, in its letter dated August 30, 1985, as supplemented by a letter dated January 23, 1987, submitted its Supplemental Detailed Control Room Design Review (DCRDR) for review and approval by the staff. Therefore, the staff concludes that the proposed request to delete Item (b) is acceptable.

Request 19 is the deletion of Item (c), which currently states:

- (c) Prior to startup following the first refueling outage, APS shall implement actions to correct HEDs A-5.14, A-5.9, B-5.9, B-5.14 and deferred HEDs A-1.2, A-1.3, 64, 100, 101b, 138, 172, and A-5.16 as described in APS letter, dated October 29, 1984.

The licensee in its letter dated May 27, 1988 (APS 161-01060) stated that the human engineering discrepancies (HEDs) have been verified corrected and Item (c) closed. Therefore, the staff concludes that the proposed request to delete Item (c) is acceptable.

Request 20 is the deletion of Item (d), which currently states:

- (d) By June 28, 1985, APS shall have installed, tested and made functional the primary system to be used for post accident dose assessment (the Chemical and Radiological Analysis Computer system or an alternate system which meets the NRC staff's requirements).

The licensee in its letter dated June 27, 1985, informed the NRC that it had installed, tested, and made functional the primary system to be used for satisfying the post-accident dose assessment requirements of 10 CFR 50.47 and Appendix E. The system was the IBM Personal Computer (PC) System utilizing a straight line gaussian model for offsite dose calculations. Therefore, the staff concludes that the proposed request to delete Item (d) is acceptable.

Request 21 is the deletion of Item (e), which currently states:

- (e) After completion of the verification and validation program for the Safety Parameter Display System (SPDS), APS shall provide a date for the NRC staff's on-site audit of the SPDS. The system shall not be used by the operators for accident evaluation until the NRC staff has approved its use.

The licensee in its letter dated November 8, 1985, informed the NRC that "The SPDS would be ready for an NRC audit by April 30, 1986." The NRC, in its letter dated February 5, 1987, stated that, based on an NRC November 18 and 19, 1986, audit of the SPDS, "the staff finds that the SPDS is acceptable for use by the operators for accident evaluation. Therefore, the restriction on the use of the SPDS, specified in Condition (e) in Attachment 3 to the Operating License for Palo Verde, Unit 1 (NPF-41) and in the Condition in Attachment 2 to the Operating License for Palo Verde, Unit 2 (NPF-51), is no longer applicable." Therefore, the staff concludes that the proposed request to delete Item (e) is acceptable.

2.2 Unit 2 Requests

In its application, the licensee proposed 15 changes to the operating license for Unit 2.

Request 1 is to qualify the reference to the CESSAR FSAR by adding a reference to the PVNGS FSAR in Item 2.A of the license. The licensee has proposed to add the phrase "and referenced in the licensees' updated Final Safety Analysis Report" after Amendment No. 8 for the CESSAR FSAR. The licensee stated that the reference to the CESSAR FSAR should be qualified because many of the descriptions of the unit in the PVNGS FSAR have been updated and now supersede the original CESSAR FSAR descriptions. The up-to-date version of the CESSAR FSAR at the time the unit was licensed was Amendment No. 8. The description of the unit has superseded that given in the CESSAR FSAR and the reference to that FSAR should be qualified by a reference to the PVNGS FSAR. Based on this, the staff concludes that the proposed request is acceptable.

Request 2 is to qualify Item 2.B.(2) of the license. As described above for request 1 in Item 2.A, the licensee has proposed to qualify the reference to the CESSAR FSAR by adding a reference to the PVNGS FSAR. For the reasons stated above in request 1, the staff concludes that the proposed request is acceptable.

Request 3 is a revision to license condition 2.C.(1), Maximum Power Level. The licensee states that the condition should be revised to delete the references to Attachment 1, which contains conditions that have been completed. The justification for the deletion of the items in Attachment 1 is provided in requests 11 through 14 below. Since the staff finds the deletion of Attachment 1 acceptable, as described below, the deletion of the references to Attachment 1 is also acceptable.

Request 4 is the deletion of license condition 2.C.(4), Operating Staff Experience Requirements (Section 13.1.2, SSER 9). The current condition states:

APS shall have a licensed senior operator on each shift who has had at least six months of hot operating experience on the same type of plant, including startup and shutdown experience and at least six weeks at power levels greater than 20% of full power.

The licensee stated that this condition was imposed on Unit 2 for initial startup because, since PVNGS had only recently begun operation, there was little site-specific operating experience. This condition was not included in the Unit 3 operating license. Unit 2 has been operating for over 13 years and the APS staff has accumulated significant operating experience. The operating staff requirements are prescribed by 10 CFR 50.54, PVNGS Technical Specifications, and the PVNGS UFSAR commitments to Regulatory Guide 1.8 and ANSI/ANS 3.1. Based on the above, the NRC staff concludes that the proposed request to delete the license condition is acceptable.

Request 5 is the deletion of license condition 2.C.(5), Initial Test Program (Section 14, SER and SSER 2). The current condition states:

Any changes in the initial test program described in Section 14 of the FSARs (Palo Verde and CESSAR) made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

The licensee states that the Initial Test Program described in Section 14 of the PVNGS and CESSAR FSARs ended with the completion of initial power ascension testing; therefore, this condition is no longer applicable. Since the licensee has completed its initial test program, the staff concludes that the proposed request to delete the license condition is acceptable.

Request 6 is a revision to license condition 2.C.(6), Fire Protection Program (Section 9.5.1, SSER 6, SSER 7, and SSER 8). The current condition states:

APS shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility, as supplemented and amended, and as approved in the SER through Supplement 8, subject to the following provision:

The licensee states that "the SER through Supplement 8," should be updated to read "the SER through Supplement 11," as in the Unit 3 license condition 2.F. After the Unit 1 operating license was issued, the NRC continued to review information for the licensing of Units 2 and 3, which included fire protection information common to all three units. The NRC, in reviewing this additional information, issued subsequent SER supplements with SSER 11 being the last one to contain fire protection program approval. Since the program is common to all three units, the approval in SSER 11 would also apply to all three units. Based on the above, the staff concludes that the proposed request is acceptable.

Also in request 6, the licensee requested an editorial change to remove the references in the title of the license condition to remove "Section 9.5.1, SSER 6, SSER 7 and SSER 8" since the license condition states where the Fire Protection Program is described. Based on the above, the staff concludes that the proposed request is acceptable.

Request 7 is the deletion of license condition 2.C.(7), Inservice Inspection Program (Sections 5.2.4 and 6.6, SER and SSER 9). The current condition states:

Prior to September 10, 1986, APS shall submit the inservice inspection program for Unit 2 for NRC review and approval.

The licensee, in its letter dated July 17, 1986 (ANPP 37421), submitted the Unit 2 Inservice Inspection Program, thereby satisfying the license condition. Since the licensee submitted the program to meet the license condition, the staff concludes that the proposed request to delete the license condition is acceptable.

Request 8 is the deletion of license condition 2.C.(8), Supplement No. 1 to NUREG-0737 Requirements. The current condition states:

APS shall complete the items listed in Attachment 2.

The licensee stated that the emergency response capabilities required by Attachment 2 have been completed. Since the staff finds the deletion of Attachment 2 acceptable as discussed below in request 15, the deletion of the license condition referencing Attachment 2 is acceptable.

Request 9 is the deletion of license condition 2.C.(9), Additional Conditions. The current condition states:

The Additional Conditions contained in Appendix D, as revised through Amendment No. 117, are hereby incorporated into this license. Arizona Public Service Company shall operate the facility in accordance with the Additional Conditions.

Appendix D was created when the licensee adopted the improved standard Technical Specifications for Palo Verde, which were approved by the NRC on May 20, 1998. In SECY-98-224, dated September 28, 1998, the NRC issued guidance that stated that the practice of adding conditions in a newly created appendix to the operating license introduced unwarranted administrative burdens, and further stated that licensees could request deletion of the special appendix. In Inspection Report 50-528/98-08; 50-529/98-08; 50-530/98-08, dated December 11, 1998, the staff confirmed that the Appendix D conditions had been implemented as required. Based on the above, the staff concludes that the deletion of Appendix D, including the completed license conditions contained within this appendix, is acceptable.

Request 10 is the deletion of license condition 2.D.(2). The current license condition states:

APS has previously been granted a partial exemption from those portions of General Design Criterion 4 of Appendix A to 10 CFR Part 50 which require protection of structures, systems, and components against certain dynamic effects associated with postulated reactor coolant system pipe breaks. This exemption was granted on November 29, 1985 (50 FR 50020) pursuant to 10 CFR 50.12 for a period ending with the completion of the second refueling outage for PVNGS-2 or the adoption of the proposed rulemaking for modification of GDC 4 whichever occurs first.

The licensee completed its second refueling outage in July 1990; therefore, the exemption has expired. Since the exemption has expired, the staff concludes that the proposed request to delete the license condition is acceptable.

Requests 11 through 14 relate to the deletion of items within Attachment 1. The attachment currently starts with:

This attachment identifies items which must be completed to the NRC staff's satisfaction in accordance with the schedule identified below.

Request 11 is the deletion of Attachment 1, Item 1. Item 1 currently states:

1. Prior to entering Mode 1 for the first time, APS shall
 - a. Have installed and operable a Post Accident Sampling System which meets the provisions of NUREG-0737 (II.B.3)
 - b. Have completed a review of the surveillance procedures applicable to the change of mode, and determined that the procedures demonstrate the operability of the required systems with respect to all acceptance criteria defined in the Technical Specifications.
 - c. Have dispatched written notification to the NRC Regional Administrator, Region V, that the action defined in (a) and (b) above, has been completed for Mode 1 entry.

The licensee, by letter dated May 21, 1986 (ANPP-36653), notified the Region V Regional Administrator that Items 1.a and 1.b of Attachment 1 to the license had been completed for initial entry into Mode 1, therefore satisfying Item 1.c of Attachment 1. Based on the above, the staff concludes that the proposed request to delete Item 1 of Attachment 1 is acceptable.

Request 12 is the deletion of Attachment 1, Item 2. Item 2 currently states:

APS shall perform compensatory measures, complete testing and make operable all elements of the Radiation Monitoring System in accordance with the schedule and commitments presented in ANPP letters 34129 and 36152, dated November 29, 1985 and April 15, 1986, respectively.

The licensee stated that the license condition was completed during the initial Unit 2 startup program. Based on the above, the staff concludes that the proposed request to delete Item 2 of Attachment 1 is acceptable.

Request 13 is the deletion of Attachment 1, Item 3. Item 3 currently states:

APS shall submit the following information concerning the charging pumps to the Office of Nuclear Reactor Regulation in accordance with the schedules and commitments presented in ANPP Letters 34127 and 34174, dated November 29, 1985 and December 5, 1985, respectively:

- a. An evaluation of the effects of gas binding an operating charging pump assuming that the pump has a preexisting crack in the block. If this postulated condition will lead to a failure of the pump to deliver the

required flow, APS shall also include with the evaluation a proposed course of action regarding this outcome.

- b. An evaluation and implementation schedule, for staff approval, regarding the long-term solution which considers alternative hardware changes that may be necessary to eliminate the need for venting hydrogen from the suction of the charging pumps.

The licensee, by letter dated March 2, 1988 (APS 161-00845), submitted the evaluation required by Item 3.a. The evaluation and implementation schedule required by Item 3.b was submitted by the licensee in its letter dated June 26, 1986 (ANPP-37162). In a letter dated March 9, 1995 (102-03278), APS requested that it not have to implement the commitments to modify the charging pumps it made in the June 26, 1986, letter. The NRC, by letter dated March 23, 1999, accepted APS's request not to implement the proposed modifications. Based on the above, the staff concludes that the proposed request to delete Item 3 of Attachment 1 is acceptable.

Request 14 is the deletion of Attachment 1, Item 4. Item 4 currently states:

APS shall implement the resolution of the design adequacy of masonry walls in accordance with the commitments provided in ANPP letter 36301, dated April 18, 1986.

In Inspection Report number 50-529/88-15, dated June 29, 1988, the NRC stated that "The licensee completed the reinforcement of the masonry block wall separating the two trains of safety related equipment housed on the basement level of the control building. Completion of this work was identified as a license condition in the unit 2 operating license. This item is closed." Based on the inspection report findings and conclusion, the staff concludes that the proposed request to delete Item 4 of Attachment 1 is acceptable.

Request 15 is the deletion of Attachment 2. Attachment 2 currently states:

APS shall complete the following requirement of NUREG-0737 Supplement No. 1 on the schedule noted below:

By October 30, 1986, the Safety Parameter Display System (SPDS) shall be ready for operation. The system shall not be used by the operators for accident evaluation until the NRC staff has approved its use.

The NRC, in its letter dated February 5, 1987, stated that based on an NRC November 18 and 19, 1986, audit of the SPDS, "the staff finds that the SPDS is acceptable for use by the operators for accident evaluation. Therefore, the restriction on the use of the SPDS, specified in Condition (e) in Attachment 3 to the Operating License for Palo Verde, Unit 1 (NPF-41) and in the Condition in Attachment 2 to the Operating License for Palo Verde, Unit 2 (NPF-51), is no longer applicable." Based on the above, the staff concludes that the proposed request to delete Attachment 2 is acceptable.

2.3 Unit 3 Requests

In its application, the licensee presented seven proposed changes to the operating license for Unit 3.

Request 1 is to qualify the reference to the CESSAR FSAR by adding a reference to the PVNGS FSAR in Item 2.A of the license. The licensee's application dated December 1, 1999, requested the word "licensee's", for Unit 3, while Units 1 and 2 requested the word "licensees'." After discussion with the licensee, it was agreed that all three units should say "licensees'." The licensee has proposed to add the phrase "and referenced in the licensees' updated Final Safety Analysis Report" after Amendment No. 8 for the CESSAR FSAR. The licensee stated that the reference to the CESSAR FSAR should be qualified because many of the descriptions of the unit in the PVNGS FSAR have been updated and now supersede the original CESSAR FSAR descriptions. The up-to-date version of the CESSAR FSAR at the time the unit was licensed was Amendment No. 8. The description of the unit has superseded that given in the CESSAR FSAR and the reference to that FSAR should be qualified by a reference to the PVNGS FSAR. Based on the above, the staff concludes that the proposed request is acceptable.

Request 2 is to qualify Item 2.B.(2) of the license. As described above for request 1 in Item 2.A, the licensee has proposed to qualify the reference to the CESSAR FSAR by adding a reference to the PVNGS FSAR. For the reasons stated above in request 1, the staff concludes that the proposed request is acceptable.

Request 3 is a revision to license condition 2.C.(1), Maximum Power Level. The licensee states that the condition should be revised to delete the references to Attachment 1, which contains conditions that have been completed. The justification for the deletion of the items in Attachment 1 is provided in requests 6 and 7 below. The staff finds the deletion of Attachment 1 acceptable, therefore, the deletion of the references to Attachment 1 is also acceptable.

Request 4 is the deletion of license condition 2.C.(4), Initial Test Program (Section 14, SER and SSER 2). The current condition states:

Any changes in the initial test program described in Section 14 of the FSARs (Palo Verde and CESSAR) made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

The licensee states that the Initial Test Program described in Section 14 of the PVNGS and CESSAR FSARs ended with the completion of initial power ascension testing; therefore, this condition is no longer applicable. Since the licensee has completed the Initial Test Program, the staff concludes that the proposed request to delete the license condition is acceptable.

Request 5 is the deletion of license condition 2.C.(5), Additional Conditions. The current condition states:

The Additional Conditions contained in Appendix D, as revised through Amendment No. 117, are hereby incorporated into this license. Arizona Public Service Company shall operate the facility in accordance with the Additional Conditions.

Appendix D was created when the licensee adopted the improved standard Technical Specifications for Palo Verde, which were approved by the NRC on May 20, 1998. In SECY-98-224, dated September 28, 1998, the NRC issued guidance that stated that the practice of adding conditions in a newly created appendix to the operating license introduced unwarranted administrative burdens, and further stated that licensees could request deletion of the special appendix. In Inspection Report 50-528/98-08; 50-529/98-08; 50-530/98-08, dated December 11, 1998, the staff confirmed that the Appendix D conditions had been implemented as required. Based on the above, the staff concludes that the deletion of Appendix D, including the completed license conditions contained within this appendix, is acceptable.

Requests 6 and 7 relate to the deletion of items within Attachment 1. The attachment currently starts with:

This attachment identifies items that must be completed to the NRC staff's satisfaction in accordance with the schedule identified below.

Request 6 is the deletion of Attachment 1, Item 1. Item 1 currently states:

Prior to entering Mode 1 for the first time, APS shall

- a. Have completed a review of the surveillance procedures applicable to the change of mode and determined that the procedures demonstrate the operability of the required systems with respect to all acceptance criteria defined in the Technical Specifications.
- b. Have dispatched written notification to the NRC Regional Administrator, Region V, that the action defined in (a), above, has been completed for Mode 1.

The licensee's letter dated November 26, 1987 (200-00517), informed the NRC Regional Administrator, Region V, that PVNGS Unit 3 had completed Item 1.a of Attachment 1 for initial entry into Mode 1. Based on the above, the staff concludes that the proposed request to delete Item 1 of Attachment 1 is acceptable.

Request 7 is the deletion of Attachment 1, Item 2. Item 2 currently states:

The post-accident sampling system shall be operable prior to exceeding 5% power.

The licensee, by letter dated March 4, 1988 (161-00858), informed the NRC that all items related to the post-accident sampling system (PASS) were complete and that the PASS was operable prior to exceeding 5 percent power. Based on the above, the staff concludes that the proposed request to delete Item 2 of Attachment 1 is acceptable.

3.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Arizona State official was notified of the proposed issuance of the amendments. The State official had no comments.

4.0 ENVIRONMENTAL CONSIDERATION

Pursuant to 10 CFR 51.21, 51.32, and 51.35, an environmental assessment and finding of no significant impact was published in the *Federal Register* on September 29, 2000 (65 FR 58577) for these amendments. Accordingly, based upon the environmental assessment, the Commission has determined that issuance of these amendments will not have a significant effect on the quality of the human environment.

5.0 CONCLUSION

The Commission has concluded, based on the considerations discussed above, that (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendments will not be inimical to the common defense and security or to the health and safety of the public.

Principal Contributor: Steven Bloom

Date: September 29, 2000