

July 23, 2002

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 -  
NOTICE OF CONSIDERATION OF APPROVAL OF TRANSFER OF FACILITY  
OPERATING LICENSES AND CONFORMING AMENDMENTS, AND  
OPPORTUNITY FOR A HEARING (TAC NOS. MB4824, MB4825, AND  
MB4826)

Dear Mr. Overbeck:

Enclosed is a copy of a "Notice of Consideration of Approval of Transfer of Facility Operating Licenses and Conforming Amendments, and Opportunity for a Hearing" related to your application dated April 15, 2002 (102-04686), as supplemented by a submittal dated July 11, 2002 (102-04813). The application (pursuant to 10 CFR 50.80) seeks approval of the proposed transfer of Facility Operating Licenses Nos. NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Palo Verde) to the extent held by a co-owner (29.1 percent interest), which is also the operator of the facility, Arizona Public Service Company, to a new generating company named Pinnacle West Energy Corporation, which would acquire the preceding ownership interest and become the licensed operator of the facility. The application also seeks (pursuant to 10 CFR 50.90) the approval of conforming amendments to the licenses to reflect the transfer.

This notice is being forwarded to the Office of the Federal Register for publication.

Sincerely,

**/RA/**

Jack Donohew, Senior Project Manager, Section 2  
Project Directorate IV  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

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

Enclosure: Notice of Consideration

cc w/encl: See next page

July 23, 2002

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 -  
NOTICE OF CONSIDERATION OF APPROVAL OF TRANSFER OF FACILITY  
OPERATING LICENSES AND CONFORMING AMENDMENTS, AND  
OPPORTUNITY FOR A HEARING (TAC NOS. MB4824, MB4825, AND  
MB4826)

Dear Mr. Overbeck:

Enclosed is a copy of a "Notice of Consideration of Approval of Transfer of Facility Operating Licenses and Conforming Amendments, and Opportunity for a Hearing" related to your application dated April 15, 2002 (102-04686), as supplemented by a submittal dated July 11, 2002 (102-04813). The application (pursuant to 10 CFR 50.80) seeks approval of the proposed transfer of Facility Operating Licenses Nos. NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Palo Verde) to the extent held by a co-owner (29.1 percent interest), which is also the operator of the facility, Arizona Public Service Company, to a new generating company named Pinnacle West Energy Corporation, which would acquire the preceding ownership interest and become the licensed operator of the facility. The application also seeks (pursuant to 10 CFR 50.90) the approval of conforming amendments to the licenses to reflect the transfer.

This notice is being forwarded to the Office of the Federal Register for publication.

Sincerely,

**/RA/**

Jack Donohew, Senior Project Manager, Section 2  
Project Directorate IV  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

**DISTRIBUTION**

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

PUBLIC GHill (6)

PDIV-2 r/f

RidsNrrDlpmLpdiv (WRuland)

Enclosure: Notice of Consideration

RidsNrrPMJDonohew

RidsNrrLAMMcAllister

cc w/encl: See next page

RidsAcrsAcnwMailCenter

RidsOgcRp

RidsRgn4MailCenter(LSmith/LHurley)

**ACCESSION NO: ML021300617 NRR-058**

OFFICE	PDIV-2/PM	PDIV-1/LA	RPRP/SC	OGC nlo	PDIV-2/SC
NAME	JDonohew:sp	MMcAllister	BThomas	SHom	SDembek
DATE	7/16/2002	7/16/02	7/18/02	7-19-02	7/22/02

DOCUMENT NAME: C:\MYFILES\Copies\PaloV-App of Transfer.wpd  
OFFICIAL RECORD COPY

UNITED STATES NUCLEAR REGULATORY COMMISSION  
ARIZONA PUBLIC SERVICE COMPANY  
PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3  
DOCKET NOS. 50-528, 50-529, AND 50-530  
NOTICE OF CONSIDERATION OF APPROVAL OF TRANSFER  
OF FACILITY OPERATING LICENSES AND CONFORMING AMENDMENTS  
AND OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (the Commission) is considering the issuance of an order under 10 CFR 50.80 approving the transfer of Facility Operating Licenses Nos. NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Palo Verde) to the extent held by Arizona Public Service Company (APS), as a co-owner (29.1 percent interest) and the licensed operator of Palo Verde. The transfer would be to Pinnacle West Energy Corporation (PWE). The Commission is also considering amending the licenses, including the antitrust conditions attached thereto, for administrative purposes to reflect the proposed transfer.

According to an application for approval filed by APS, PWE would acquire APS's current 29.1 percent ownership interest in Palo Verde and become responsible for the operation and maintenance of Palo Verde, following approval of the proposed license transfers. The remaining 70.9 percent ownership interest in Palo Verde would remain with the following six other current licensees of Palo Verde: Salt River Project Agriculture Improvement and Power District (17.49 percent interest), El Paso Electric Company (15.80 percent interest), Southern California Edison Company (15.80 percent interest), Public Service Company of New Mexico (10.20 percent interest), Southern California Public Power Authority (5.91 percent interest), and

Los Angeles Department of Water and Power (5.70 percent interest). No physical or operational changes to Palo Verde are being proposed in the application. The present plant organization, the oversight organizations, and the engineering and support organizations will be transferred from APS to PWE essentially intact.

The proposed amendments would generally replace references to APS in the licenses, including the antitrust conditions attached thereto, with references to PWE to reflect the proposed transfer.

Pursuant to 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. The Commission will approve an application for the transfer of a license, if the Commission determines that the proposed transferee is qualified to hold the license, and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

Before issuance of the proposed conforming license amendments, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

As provided in 10 CFR 2.1315, unless otherwise determined by the Commission with regard to a specific application, the Commission has determined that any amendment to the license of a utilization facility which does no more than conform the license to reflect the transfer action involves no significant hazards consideration. No contrary determination has been made with respect to this specific license amendment application. In light of the generic determination reflected in 10 CFR 2.1315, no public comments with respect to significant hazards considerations are being solicited, notwithstanding the general comment procedures contained in 10 CFR 50.91.

The filing of requests for hearing and petitions for leave to intervene, and written comments with regard to the license transfer application, are discussed below.

By August 19, 2002, any person whose interest may be affected by the Commission's action on the application may request a hearing and, if not the applicant, may petition for leave to intervene in a hearing proceeding on the Commission's action. Requests for a hearing and petitions for leave to intervene should be filed in accordance with the Commission's rules of practice set forth in Subpart M, "Public Notification, Availability of Documents and Records, Hearing Requests and Procedures for Hearings on License Transfer Applications," of 10 CFR Part 2. In particular, such requests and petitions must comply with the requirements set forth in 10 CFR 2.1306, and should address the considerations contained in 10 CFR 2.1308(a). Untimely requests and petitions may be denied, as provided in 10 CFR 2.1308(b), unless good cause for failure to file on time is established. In addition, an untimely request or petition should address the factors that the Commission will also consider, in reviewing untimely requests or petitions, set forth in 10 CFR 2.1308(b)(1)-(2).

Requests for a hearing and petitions for leave to intervene should be served upon Jay M. Gutierrez, Esq., Morgan, Lewis & Bockius, LLP, 1111 Pennsylvania Avenue, N.W., Washington, D.C. 20004; Nancy C. Loftin, Esq., Corporate Secretary and Counsel, Arizona Public Service Company, P.O. Box 53999, Mail Station 9068, Phoenix, Arizona 85072-3999; the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555 (e-mail address for filings regarding license transfer cases only: [OGCLT@NRC.gov](mailto:OGCLT@NRC.gov)); and the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, in accordance with 10 CFR 2.1313.

The Commission will issue a notice or order granting or denying a hearing request or intervention petition, designating the issues for any hearing that will be held and designating the

Presiding Officer. A notice granting a hearing will be published in the FEDERAL REGISTER and served on the parties to the hearing.

As an alternative to requests for hearing and petitions to intervene, by August 28, 2002, persons may submit written comments regarding the license transfer application, as provided for in 10 CFR 2.1305. The Commission will consider and, if appropriate, respond to these comments, but such comments will not otherwise constitute part of the decisional record. Comments should be submitted to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, and should cite the publication date and page number of this FEDERAL REGISTER notice.

For further details with respect to this action, see the application dated April 15, 2002, and supplement thereto dated July 11, 2002, available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible electronically from the Agencywide Documents Access and Management Systems (ADAMS) Public Electronic Reading Room on the internet at the NRC Web site, <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR Reference staff by telephone at 1-800-397-4209, 301-415-4737, or by e-mail to [pdr@nrc.gov](mailto:pdr@nrc.gov).

Dated at Rockville, Maryland this 23rd day of July 2002.

FOR THE NUCLEAR REGULATORY COMMISSION

**/RA/**

Jack Donohew, Senior Project Manager, Section 2  
Project Directorate IV  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

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

cc:

Mr. Steve Olea  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Douglas Kent Porter  
Senior Counsel  
Southern California Edison Company  
Law Department, Generation Resources  
P.O. Box 800  
Rosemead, CA 91770

Senior Resident Inspector  
U.S. Nuclear Regulatory Commission  
P. O. Box 40  
Buckeye, AZ 85326

Regional Administrator, Region IV  
U.S. Nuclear Regulatory Commission  
Harris Tower & Pavillion  
611 Ryan Plaza Drive, Suite 400  
Arlington, TX 76011-8064

Chairman  
Maricopa County Board of Supervisors  
301 W. Jefferson, 10th Floor  
Phoenix, AZ 85003

Mr. Aubrey V. Godwin, Director  
Arizona Radiation Regulatory Agency  
4814 South 40 Street  
Phoenix, AZ 85040

Mr. Craig K. Seaman, Director  
Regulatory Affairs/Nuclear Assurance  
Palo Verde Nuclear Generating Station  
P.O. Box 52034  
Phoenix, AZ 85072-2034

Mr. Hector R. Puente  
Vice President, Power Generation  
El Paso Electric Company  
2702 N. Third Street, Suite 3040  
Phoenix, AZ 85004

Mr. David Summers  
Public Service Company of New Mexico  
414 Silver SW, #1206  
Albuquerque, NM 87102

Mr. Jarlath Curran  
Southern California Edison Company  
5000 Pacific Coast Hwy Bldg DIN  
San Clemente, CA 92672

Mr. Robert Henry  
Salt River Project  
6504 East Thomas Road  
Scottsdale, AZ 85251

Terry Bassham, Esq.  
General Counsel  
El Paso Electric Company  
123 W. Mills  
El Paso, TX 79901

Mr. John Schumann  
Los Angeles Department of Water & Power  
Southern California Public Power Authority  
P.O. Box 51111, Room 1255-C  
Los Angeles, CA 90051-0100

Brian Almon  
Public Utility Commission  
William B. Travis Building  
P. O. Box 13326  
1701 North Congress Avenue  
Austin, TX 78701-3326