

November 15, 1995

Mr. William L. Stewart  
Executive Vice President, Nuclear  
Arizona Public Service Company  
Post Office Box 53999  
Phoenix, Arizona 85072-3999

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION UNITS 2 AND 3 - ENVIRONMENTAL  
ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT (TAC NOS. M93787 AND  
M93788)

Dear Mr. Stewart:

Enclosed is a copy of the Environmental Assessment and Finding of No  
Significant Impact related to your application for amendments dated  
October 3, 1995. The proposed amendments would delete the provisions of  
Facility Operating License Nos. NPF-51 and NPF-74 relating to the sale and  
leaseback transactions that were added by Amendment No. 3 for License No.  
NPF-51, and Amendment No. 1 for License No. NPF-74.

The assessment is being forwarded to the Office of the Federal Register for  
publication.

Sincerely,

ORIGINAL SIGNED BY:

Charles R. Thomas, Project Manager  
Project Directorate IV-2  
Division of Reactor Projects III/IV  
Office of Nuclear Reactor Regulation

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

Enclosure: Environmental Assessment

cc w/encl: See next page

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DOCUMENT NAME: PV93787.EA

\*See Previous Concurrence

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

Mr. William L. Stewart  
Executive Vice President, Nuclear  
Arizona Public Service Company  
Post Office Box 53999  
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Sincerely,

A handwritten signature in black ink, appearing to read "Charles R. Thomas", is written over the typed name.

Charles R. Thomas, Project Manager  
Project Directorate IV-2  
Division of Reactor Projects III/IV  
Office of Nuclear Reactor Regulation

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

Enclosure: Environmental Assessment

cc w/encl: See next page

Mr. William L. Stewart

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cc w/encl:

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Environmental Protection Agency  
75 Hawthorne Street  
San Francisco, California 94105

UNITED STATES NUCLEAR REGULATORY COMMISSIONARIZONA PUBLIC SERVICE COMPANY, ET AL.PALO VERDE NUCLEAR GENERATING STATION, UNIT NOS. 2 AND 3DOCKET NOS. STN 50-529 AND STN 50-530ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT

The U.S. Nuclear Regulatory Commission (the Commission) is considering issuance of amendments to Facility Operating License Nos. NPF-51 and NPF-74, issued to Arizona Public Service Company, et al. (the licensee), for operation of the Palo Verde Nuclear Generating Station, Unit Nos. 2 and 3, located in Maricopa County, Arizona.

ENVIRONMENTAL ASSESSMENTIdentification of the Proposed Action:

The proposed action would delete provisions added by previous amendments as a result of previous sale and leaseback arrangements entered into by El Paso Electric Company. El Paso Electric Company would re-obtain full ownership rights and continue to receive electric output from Palo Verde at its proportionate share. The requested rescission is part of a reorganization plan being pursued by El Paso Electric Company under a pending case before the U.S. Bankruptcy Court for the Western District of Texas subsequent to its filing for protection under Chapter 11 of the U.S. Bankruptcy Code on January 8, 1992.

The proposed action is in accordance with the licensee's application for amendment dated October 3, 1995.

The Need for the Proposed Action:

The proposed action in the form of an amendment is needed for approval by the U.S. Bankruptcy Court for the Western District of Texas of a reorganization plan being pursued by El Paso Electric Company in a proceeding under Chapter 11 of the U.S. Bankruptcy Code initiated on January 8, 1992.

Environmental Impacts of the Proposed Action:

The Commission has completed its evaluation of the proposed action and concludes that there will be no changes to the facility or to the operating, maintenance, engineering or other nuclear-related personnel as a result of the proposed reorganization and license amendment. No changes resulting from the reorganization are expected with regard to the following: lines of authority and responsibility, essential nuclear support functions provided to Palo Verde, effectiveness of the organization, priorities and ongoing plant improvement projects, technical qualifications, and corporate financial resources presently available in support of Palo Verde operations.

The change will not increase the probability or consequences of accidents, no changes are being made in the types of any effluents that may be released offsite, and there is no significant increase in the allowable individual or cumulative occupational radiation exposure. Accordingly, the Commission concludes that there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential nonradiological impacts, the proposed action does not involve features located entirely within the restricted area as defined in 10 CFR Part 20. It does not affect nonradiological plant effluents and has no other environmental impact. Accordingly, the Commission concludes

that there are no significant nonradiological environmental impacts associated with the proposed action.

Alternatives to the Proposed Action:

Since the Commission has concluded there is no measurable environmental impact associated with the proposed action, any alternatives with equal or greater environmental impact need not be evaluated. As an alternative to the proposed action, the staff considered denial of the proposed action. Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

Alternative Use of Resources:

This action does not involve the use of any resources not previously considered in the "Final Environmental Statement Related to the Operation of the Palo Verde Nuclear Generating Station, Units 1, 2, and 3," dated February 1982.

Agencies and Persons Consulted:

In accordance with its stated policy, on November 9, 1995, the staff consulted with the Arizona State official, Mr. William Wright of the Arizona Radiation Regulatory Agency, regarding the environmental impact of the proposed action. The State official had no comments.

FINDING OF NO SIGNIFICANT IMPACT

Based upon the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the licensee's letter dated October 3, 1995, which is available for public inspection at the Commission's Public Document Room, The Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Phoenix Public Library, 12 N. Central, Phoenix, Arizona 85004.

Dated at Rockville, Maryland, this 15th day of November 1995.

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in cursive script, reading "Charles R. Thomas".

Charles R. Thomas, Project Manager  
Project Directorate IV-2  
Division of Reactor Projects III/IV  
Office of Nuclear Reactor Regulation