

January 21, 1997

Mr. James M. Levine
Senior Vice President, Nuclear
Arizona Public Service Company
Post Office Box 53999
Phoenix, Arizona 85072-3999

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNIT NO. 3 - (TAC NO. M96667)

Dear Mr. Levine:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact related to your application for exemption dated September 12, 1996. The proposed exemption would permit the use of fuel rods clad with advanced Zirconium-based alloys other than Zircaloy or ZIRLO in Unit 3 for Cycles 7, 8, and 9.

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

Sincerely,

Original Signed By

James W. Clifford, Senior Project Manager
Project Directorate IV-2
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

Docket No. STN 50-530

Enclosure: Environmental Assessment

cc w/encl: See next page

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Mr. James M. Levine

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January 21, 1997

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UNITED STATES NUCLEAR REGULATORY COMMISSIONARIZONA PUBLIC SERVICE COMPANYDOCKET NO. STN 50-530PALO VERDE NUCLEAR GENERATING STATION, UNIT NO. 3ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT

The U.S. Nuclear Regulatory Commission (the Commission) is considering issuance of an exemption to Facility Operating License No. NPF-74, issued to Arizona Public Service Company, (the licensee), for operation of the Palo Verde Nuclear Generating Station, Unit No. 3 located in Maricopa County, Arizona.

ENVIRONMENTAL ASSESSMENTIdentification of the Proposed Action:

The proposed action would allow a temporary exemption for Palo Verde Nuclear Generating Station (PVNGS), Unit 3, from the requirements of 10 CFR 50.44, 10 CFR 50.46, and 10 CFR Part 50, Appendix K. The proposed action would permit the use of up to three lead fuel assemblies containing fuel rods clad with advanced Zirconium-based alloys in PVNGS Unit 3 for Cycles 7, 8, and 9.

The proposed action is in accordance with the licensee's application for exemption dated September 12, 1996.

The Need for the Proposed Action:

The proposed action is needed to allow testing of representative cladding material whose chemical composition falls outside the ASTM specifications for Zircaloy. The regulations currently specify the use of Zircaloy or ZIRLO cladding material. The proposed action would allow testing to collect data to support future regulation changes to allow full batch use of the new cladding material.

Environmental Impacts of the Proposed Action:

The Commission has completed its evaluation of the proposed action and concludes, pursuant to 10 CFR 50.12, that the exemption is authorized by law and will not endanger life or property and is otherwise in the public interest. The proposed material is very similar to current cladding materials used in the core and, core neutronics, mechanics, hydraulics and materials integrity will not be affected by the use of the test assemblies.

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 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 that 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 reduce operational flexibility and would not change current environmental impacts.

Alternative Use of Resources:

This action does not involve the use of any resources not previously considered in the Final Environmental Statement for the Palo Verde Nuclear Generating Station dated February 1982.

Agencies and Persons Consulted:

In accordance with its stated policy, on January 21, 1997, 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 September 12, 1996, 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, 1221 N. Central Avenue, Phoenix, Arizona 85004.

Dated at Rockville, Maryland, this 21st day of January 1997.

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in cursive script, appearing to read "James W. Clifford".

James W. Clifford, Senior Project Manager
Project Directorate IV-2
Division of Reactor Projects - III/IV
Office of Nuclear Reactor Regulation