

September 20, 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 - REPLY  
TO RESPONSE TO ORDER FOR INTERIM SAFEGUARDS AND SECURITY  
COMPENSATORY MEASURES (TAC NOS. MB4158, MB4159, AND MB4160)

Dear Mr. Overbeck:

On February 25, 2002, the U.S. Nuclear Regulatory Commission (NRC) issued an Order modifying the operating licenses for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3, (Palo Verde) to require compliance with the specified interim safeguards and security compensatory measures.

The NRC's letter dated May 14, 2002, addressed your two earlier responses dated March 15, 2002 (102-04666 and 102-04667) to the Order and granted, in response to your request, an extension of time until June 20, 2002 for your submission of the required responses to interim compensatory measures (ICMs) B.2.a(1) and B.2.a(2).

The NRC staff has reviewed your responses to ICMs B.2.a(1) and B.2.a(2), which were submitted in your letter dated June 18, 2002 (102-04809), and finds that you have satisfied the current reporting requirements of the Order.

In your letter of August 30, 2002, (102-04832), you reported that Palo Verde is in full compliance with the Order. The NRC will determine the effectiveness of your implementation of the ICMs through on-site inspections.

This closes out the staff's work for TAC Nos. MB4158, MB4159, and MB4160. If you have any other questions on these issues, contact Jack Donohew, Project Manager for Palo Verde, at 301-415-1307.

Sincerely,

**/RA/**

John A. Zwolinski, Director  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

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

cc: See next page

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**NRR-106**

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

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