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OFFICE OF SECRETARY
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ADJUDICATIONS STAFF

NATIONAL ENVIRONMENTAL PROTECTION CENTER

November 20, 2002

John E. Matthews
Morgan Lewis
1111 Pennsylvania Ave., N.W.
Washington, D.C. 20004

RE: John E. Matthews letter dated November 20th, 2002 to Thomas Saporito, Executive Director, National Environmental Protection Center

Dear Mr. Matthews:

This serves to acknowledge receipt of your letter dated November 20th, 2002 regarding certain and specific references to the National Environmental Protection Center ("NEPC") letter of November 9th, 2002 concerning your client Arizona Public Service Company ("APS"). In your letter, you assert that,

"... further communications with APS should be directed to Morgan Lewis and not to individual managers or employees of APS. . ."

Mr. Matthews, insofar as NEPC's communications with the U.S. Nuclear Regulatory Commission ("NRC") licensee APS are related to the pending NRC adjudication before the NRC Atomic Safety and Licensing Board ("ASLB"), we agree that our communications are properly made to your law firm as counsel to ASP. However, with respect to NEPC's right under existing authority, NEPC reserves its right to contact any APS employee regarding any safety and/or health concern that NEPC has with respect to operations at the APS Palo Verde Nuclear Generating Station ("PVNGS"). In your November 20th, letter, you state that,

"... be assured that APS has a robust security program, and both the NRC and the nuclear industry have enhanced security at nuclear reactor sites across the United States in response to the events of September 11, 2001. In addition, APS has a well-developed and effective program for assessing and responding to any nuclear safety-related concerns. . ."

We strenuously disagree that the PVNGS facility's security program is sufficient to prevent a terrorist attack similar to the September 11, 2001 event. Notably, NEPC's headquarters are approximately 7.5 miles from the PVNGS facility. Our recent observations during a recent refueling event at the PVNGS facility leave us to believe that APS could not act in a timely and sufficient manner to prevent a serious and significant terrorist attack, and especially during refueling events where the nuclear facility is most vulnerable. Unlike the undersigned, a seasoned journeyman instrument control technician with years of

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experience in the nuclear industry, you are an attorney at law and apparently mislead about the sufficiency of the security program at the PVNGS facility. Indeed, the PVNGS facility is located in an isolated area in the middle of the dessert and vulnerable to a terrorist attack. Moreover, the high-lines leading from the PVNGS facility stretch across the dessert and are extremely vulnerable to attack by terrorists. Moreover, should a terrorist attack cause the loss of off-site power to the PVNGS facility, it is not apparently clear what might result. NEPC has engaged the NRC Region IV authority to monitor its grave concerns with respect to APS's purported "robust" security program. To this extent, NEPC will continue to engage in "protected activity" in addressing its safety and health concerns to any NRC licensee employee at APS or to any government authority or to the media to ensure for the safety and health of the public and the environment as a whole.

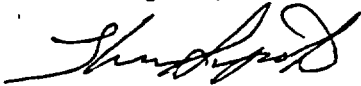
You end your November 20th, letter stating in relevant part that,

" . . . we are very concerned regarding your solicitation of an assignment from APS - relating to your proposal to come to the plant and interview numerous Palo Verde employees . . ."

Mr. Matthews, you and the law firm of **Morgan Lewis & Bockius** and your client APS are hereby put on **NOTICE** that neither NEPC nor its undersigned executive director will tolerate any type implied authority by you or your law firm or by APS to threaten, or to intimidate, or to otherwise dissuade NEPC, its membership, or its undersigned executive director from engaging in any type of activities deemed appropriate in furtherance of the NRC's safety regulations to ensure for the safe and proper operation of the APS nuclear facility. It is of grave concern to NEPC that your comments in your letter come on the heels of a NRC ASLB proceeding in which NEPC has petitioned the NRC ASLB for leave to intervene.

It is strongly suggested that you counsel your client APS accordingly!

Best regards,



Thomas Saporito
Executive Director

Cc: service sheet

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Handwritten signatures of Gary Sanborn and Russell Wise. The signature on the left is 'GS' and the signature on the right is 'RW'.