



10 CFR 50.80
10 CFR 50.90
10 CFR 2.107(a)

Palo Verde Nuclear
Generating Station

Gregg R. Overbeck
Senior Vice President
Nuclear

TEL (623) 393-5148
FAX (623) 393-6077

Mail Station 7602
P.O. Box 52034
Phoenix, AZ 85072-2034

102-04876-GRO/SAB/RMW
December 23, 2002

VIA: Overnight

U.S. Nuclear Regulatory Commission
ATTN: Mr. Samuel J. Collins
Director, Office of Nuclear Reactor Regulation
Mail Stop O-5 E7
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

References:

1. APS letter 102-04686, dated April 15, 2002, from Mr. James M. Levine, APS/PWE, to Mr. Samuel J. Collins, NRC, "Application for Order and Conforming Administrative Amendments for License Transfer".
2. APS letter 102-04813, dated July 11, 2002, from Mr. James M. Levine, APS/PWE, to Mr. Samuel J. Collins, NRC, "Response to Request for Additional Information Regarding Application for Order and Conforming Administrative Amendments for License Transfer and Request to Amend the Application".
3. APS letter 102-04846, dated October 3, 2002, from Mr. Gregg R. Overbeck, APS, to Mr. Samuel J. Collins, NRC, "Request to Stay Issuance of Requested Order and Conforming Administrative Amendments for License Transfers".

Dear Mr. Collins:

**Subject: Palo Verde Nuclear Generating Station (PVNGS), Units 1, 2 and 3
Facility Operating License Nos. NPF-41, NPF-51 and NPF-74
Docket Nos. 50-528, 50-529, and 50-530
Request to Withdraw "Application for Order and Conforming
Administrative Amendments for License Transfer" in Accordance
with 10 CFR 2.107(a).**

In References 1 and 2 above, Pinnacle West Energy Corporation (PWE) and Arizona Public Service Company (APS)(collectively the "Applicants") submitted their Application for Order and Conforming Administrative Amendments for License Transfer ("Application") and provided additional information in support of this application.

A 001

U.S. Nuclear Regulatory Commission
ATTN: Mr. Samuel J. Collins, Director, Office of Nuclear Reactor Regulation
Request to Withdraw "Application for Order and Conforming Administrative
Amendments for License Transfer" in Accordance with 10 CFR 2.107(a).
Page 2

In Reference 3, the Applicants notified the NRC that the Arizona Corporation Commission (ACC) issued an order on September 10, 2002 directing APS to "cancel any plans to divest interests in any generating assets". In addition, the Applicants requested that the NRC complete internal processing of the Application, but not issue any order or conforming administrative license amendments pending the resolution of a motion for reconsideration that was filed by APS with the ACC on September 30, 2002.

Because of continuing uncertainty regarding deregulation of the electric industry in Arizona, the Applicants are requesting to withdraw their Application, in accordance with 10 CFR 2.107(a).

Thank you for your efforts in supporting the timely review and approval of this Application. Please contact Mr. Scott Bauer at 623-393-5978 if you have any questions or require any additional information regarding this matter.

No regulatory commitments are being made to the NRC in this letter.

Sincerely,



GRO/SAB/RMW/kg

cc:

Nuclear Regulatory Commission
E. W. Merschoff
J. N. Donohew
N. L. Salgado
Aubrey V. Godwin
Timothy P. Matthews

Document Control Desk
Regional Administrator, Region IV, NRC
PVNGS Project Manager, NRR
PVNGS Senior resident inspector
Arizona Radiation Regulatory Agency
Morgan Lewis & Bockius, LLP