

September 10, 2004

Mr. Gregg R. Overbeck
Arizona Public Service Company
P. O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: IMPLEMENTATION STATUS OF INDEPENDENT SPENT FUEL STORAGE
INSTALLATION INTERIM COMPENSATORY MEASURES (TAC NO. MC2950,
MC2951 AND MC2952)

Dear Mr. Overbeck:

The Nuclear Regulatory Commission (NRC) issued Order (EA-02-104) to all holders of general and specific licenses of Independent Spent Fuel Storage Installations (ISFSIs) on October 16, 2002, requiring implementation of security-related interim compensatory measures (ICMs). Since October 16, 2002, the NRC has issued by Order the same ICMs to six additional facilities. Although the NRC did not require licensees to modify their ISFSI physical protection plans in response to these Orders, the NRC staff reviewed all licensee responses to these Orders and concluded that they were acceptable.

Subsequently, the NRC issued Order (EA-03-086) dated April 29, 2003, to all power reactor licensees that required them to modify their physical security, safeguards contingency, and training and qualification plans mandated by 10 CFR 50.34(c), 50.34(d), and 73.55(b)(4)(ii) to provide protection against the revised Design Basis Threat (DBT). The Order further required that these revised power reactor security plans be submitted to the NRC by April 29, 2004.

Several licensees with ISFSIs included ISFSI-related security provisions in their revised power reactor security plans. However, the NRC does not intend to review ISFSI-related security provisions as part of its review of the revised power reactor security plans submitted in response to the April 29, 2003, Order. The NRC staff at this time, seeks to ensure that ISFSI-related security provisions implemented in response to the ICMs remain unchanged.

To achieve this aim, the NRC is requesting that those licensees who are in receipt of this letter respond in writing, within 10 days from the receipt of this letter, stating whether or not their implementation of ISFSI-related security provisions of the ISFSI ICM Orders have been modified or revised since responding to the ISFSI Orders described above. If no modifications or revisions which decrease the effectiveness of the implementation of ISFSI-related security provisions have been made, a statement to that effect will suffice as an adequate response to this letter. Where modifications or revisions which decrease the effectiveness of the ISFSI-related security provisions are proposed, provide detailed descriptions of those modifications or revisions. NRC review and approval of the proposed modifications or revisions would be required prior to implementation.

If you have any questions concerning this request, please contact me at (301) 415-1460 or by e-mail at BJB@nrc.gov.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Brian Benney, Project Manager
Security Plan Review Team
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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

cc: See next page

September 10, 2004

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If you have any questions concerning this request, please contact me at (301) 415-1460 or by e-mail at BJB@nrc.gov.

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Sincerely,

/RA/

Brian Benney, Project Manager
Security Plan Review Team
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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

cc: See next page

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| OFC | NSIR | | NSIR | | NSIR | | NSIR | | SFPO | | OGC | | SFPO | | NSIR | |
| NAME | PKelley | | MLayton | | SMorris | | JShea | | MRoss-Lee | | JGoldberg | | WBrach | | GTracy (DDorman for) | |
| DATE | 8/13/04 | | 8/13/04 | | 8/13/04 | | 8/13/04 | | 8/20/04 | | 8/25/04 | | 9/2/04 | | 9/8/04 | |

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| OFC | SPRT/PM | | SPRT/SC | |
| NAME | MChernoff | | JNakoski | |
| DATE | 9/10/04 | | 9/10/04 | |

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

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