ICM B.5.b compliance
EA-02-026

Palo Verde Nuclear Generating Station

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U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
11555 Rockville Pike
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Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units: 1, 2, and 3
Dockets: 50-528, 50-529, 50-530
Licenses: NPF-41, NPF-51, NPF-74
Response to NRC Guidance Regarding Mitigation Strategies

The NRC issued Orders For Interim Safeguards and Security Compensatory Measures ("Order EA-02-026" or "ICM Order") dated February 25, 2002, for the Palo Verde Nuclear Generating Station.

Order EA-02-026 imposed requirements on nuclear power plants licensed pursuant to the Atomic Energy Act of 1954 and Title 10 of the Code of Federal Regulations. Section III.A of the Order required licensees to implement certain changes in physical security plans and safeguards contingency plans on an interim basis until final requirements were established. Among other requirements, Arizona Public Service Company (APS) submitted its response to Section II.B.5.b. of Order EA-02-026 by the August 31, 2002, required date.

Subsequently, the NRC issued Orders, dated April 29, 2003, Requiring Compliance with Revised Design Basis Threat for Operating Power Reactors ("Order EA-03-086" or "DBT Order") and other security related Orders (collectively "Orders") for the Palo Verde Nuclear Generating Station. In many ways, Order EA-03-086 complemented or superseded requirements the interim measures imposed by Order EA-02-026.

NOTE: ATTACHMENT 1 TO THIS LETTER CONTAINS "SAFEGUARDS INFORMATION" AND MUST BE PROTECTED ACCORDINGLY. UPON REMOVAL OF THE ATTACHMENT, THIS LETTER IS "DECONTROLLED."

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As required by Order EA-03-086, the plans for the above-mentioned licensed facility have been implemented. Subsequently, APS was requested to respond to the letter from J. E. Dyer, Director, Office of Nuclear Reactor Regulation, dated February 25, 2005, *NRC Staff Guidance for Use in Achieving Satisfactory Compliance with February 25, 2002, Order Section B.5.b*, ("NRC B.5.b. Guidance") by May 31, 2005, and to implement appropriate enhancement to current mitigation strategies by August 31, 2005. Specifically, nuclear power plant licensees were requested by Enclosure 2, *Developing Mitigating Strategies / Guidance for Nuclear Power Plants to Respond to Loss of Large Areas of the Plant in Accordance with B.5.b of the February 25, 2002, Order* (dated February 24, 2005) ("NRC B.5.b. Guidance"), to the February 25, 2005, letter to review the Areas of Consideration delineated in Attachment A to that Enclosure and evaluate additional considerations for potential inclusion in the licensees' mitigating strategies that licensees deemed appropriate in accordance to Attachment B to that Enclosure.

Subsequently, the Nuclear Energy Institute ("NEI"), in conjunction with the NEI Security Working Group, developed and issued guidance for licensee use ("NEI Guidance") to assist licensees in responding to the February 25, 2005, letter.

As requested in the February 25, 2005, letter, APS has reviewed the information in Attachments A and B in accordance with the NEI Guidance and is hereby submitting, as a Safeguards Information attachment to this letter (Attachment 1), Arizona Public Service Company's evaluation of the information the NRC provided. Attachment 1 reflects the results of a comprehensive and thorough review of the guidance and describes the considerations that APS either has already or intends to implement at the Palo Verde Nuclear Generating Station by August 31, 2005.

The primary guiding principles used in the conduct of this evaluation were (1) whether or not equipment and resources were "readily available," and (2) if equipment is readily available, can it be effectively utilized in a licensee's mitigating strategy. APS considered "readily available" to mean that the equipment or resources was already licensee owned, under contract, or part of an existing Memorandum of Understanding. Further, even if equipment and resources are readily available, the second criterion is to ensure that the equipment can be used in a mitigating strategy in an effective manner. Even if the equipment is readily available, it is of no value if it cannot be effective in implementing the mitigating strategy.

In accordance with these principles, mitigative strategies are being implemented to address the NRC B.5.b. Guidance. These actions are considered to be commitments for that purpose and will be managed in accordance with Arizona Public Service Company's commitment management system.

Attachment 2 to this letter is the schedule that APS has developed regarding the implementation of commitments resulting from the evaluations documented in Attachment 1.

Should you have questions regarding this submittal, please contact Mr. A. David Huttie at (623) 393-3525.

Sincerely,

Gregg R. Overbeck

GRO/CDM/CKS/DJS

Attachments:

1. Arizona Public Service Company's evaluation of the Information the NRC Provided
2. Schedule Regarding the Implementation of Commitments Resulting from the Evaluations Documented in Attachment 1

cc: J. E. Dyer
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