



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-4005**

July 18, 2005

Gregg R. Overbeck, Senior Vice
President, Nuclear
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: CLOSURE OF INVESTIGATION (OI 4-2004-020)

Dear Mr. Overbeck:

This refers to an investigation conducted by the NRC Office of Investigations (OI) regarding activities at the Palo Verde Nuclear Generating Station. OI initiated the investigation to determine if fuel assembly inspections were deliberately falsified.

Based on the evidence developed during the investigation, testimony, and document reviews, the allegation was not substantiated. The NRC plans no further action related to this case and considers this investigation closed.

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 (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA AVegal Acting for/

Arthur T. Howell III, Director
Division of Reactor Projects

Dockets: 50-528
50-529
50-530
Licenses: NPF-41
NPF-51
NPF-74

bcc: Allegation File

SISP Review Completed: Yes ADAMS: Yes No Initials: _____
 Publicly Available Non-Publicly Available Sensitive Non-Sensitive

OFFICE	RIV:SAC	C:RPBD	D:DRP	
NAME	HAFreeman	TWPruett	ATHowell	
	<i>/RA/</i>	<i>/RA/</i>	<i>/RA AVegal Acting for/</i>	
DATE	7/11/2005	7/11/2005	7/18/2005	

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