



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

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September 21, 2006

James M. Levine, Executive
Vice President, Generation
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION - NRC SECURITY
INSPECTION REPORT 05000528/2006007, 05000529/2006007, and
05000530/2006007

Dear Mr. Levine:

On August 28, 2006, the U.S. Nuclear Regulatory Commission (NRC) completed a security baseline inspection at your Palo Verde Nuclear Generating Station facility. The inspection covered one or more of the key attributes of the security cornerstone of the NRC's Reactor Oversight Process. The enclosed inspection report documents the inspection results that were discussed on August 28, 2006, with you and other members of your staff.

This inspection examined activities conducted under your license as they relate to security and compliance with the Commission's rules and regulations and with the conditions of your license. The inspector reviewed selected procedures and records, observed activities, and interviewed personnel.

Based on the results of this inspection no findings of significance were identified.

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 the NRC's document system, ADAMS. ADAMS is accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html> (The Public Electronic Reading Room). However, because of the security related concerns contained in the enclosure, and in accordance with 10 CFR 2.390, a copy of this letter's enclosure will not be available for public inspection.

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In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system ADAMS. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark your entire response Security Related Information - Withhold under 10 CFR 2.390" and follow the instructions for withholding in 10 CFR 2.390(b)(1).

Sincerely,

/RA/

Michael P. Shannon, Chief
Plant Support Branch
Division of Reactor Safety

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

NRC Inspection Report 05000528; 05000529; 05000530/2006007
w/Attachment: Supplemental Information

cc w/encl:
Craig K. Seaman, General Manager
Regulatory Affairs and
Performance Improvement
Palo Verde Nuclear Generating Station
Mail Station 7636
P.O. Box 52034
Phoenix, AZ 85072-2034

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SUNSI Review Completed: Yes ADAMS: Yes No Initials: MPS

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DOCUMENT: R:\ REACTORS\ PV\2006\PV2006007-RLP-OUO-Letter.wpd

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