



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

February 1, 2007

Mr. Randall K Edington
Senior Vice President, Nuclear
Mail Station 7602
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, & 3 - ADMINISTRATIVE CHANGE TO FACILITY OPERATING LICENSE IN CONJUNCTION WITH THE COMMISSION ORDER EA-06-037 AND REVISIONS TO PHYSICAL SECURITY PLAN, TRAINING AND QUALIFICATION PLAN, AND SAFEGUARDS CONTINGENCY PLAN (TAC NOS. MD2256, MD2257, AND MD2258)

Dear Mr. Edington:

By letter to the Nuclear Regulatory Commission (NRC) dated May 16, 2006, Arizona Public Service Company (the licensee), submitted its revised security plans and confirmed the full implementation at Palo Verde Nuclear Generating Station, Units 1, 2, and 3, (PVNGS) of Order EA-06-037 regarding an updated adversary characteristic of the design basis threat (DBT).

The NRC staff has completed its review of the changes related to implementation of Order EA-06-037. As discussed in the enclosed safeguards evaluation (Enclosure 2), the NRC staff has determined that the licensee's changes to the security plans meet the requirements of the NRC Order and Title 10 of the *Code of Federal Regulations* (10 CFR) Part 73 requirements and are, therefore, acceptable. The effectiveness of these security provisions will continue to be the subject of NRC review and inspection.

Consistent with the Order, administrative license changes to Facility Operating License Nos. NPF-41, NPF-51, and NPF-74 for PVNGS are being made to incorporate the reference to the revised Physical Security Plan, Safeguards Contingency Plan, and Training and Qualification Plan. These changes comply with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Part 1. Please replace Page 6 of the Renewed Facility Operating License No. NPF-41, Page 7 of the Renewed Facility Operating License No. NPF-51, and Page 5 of the Renewed Facility Operating License No. NPF-74 with Enclosure 1. Enclosure 2 to this letter is designated exempt from public disclosure under 10 CFR 2.390(d)(1).

NOTICE: Enclosure 2 contains Security-Related Information. Upon separation from Enclosure 2, this letter and Enclosure 1 are DECONTROLLED.

MT

R. K. Edington

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If you have any questions, please contact me at (301) 415-3062.

Sincerely,



Mel Fields, Senior Project Manager
Plant Licensing Branch IV
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

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

Enclosures:

1. Revised Page 6 of License No. NPF-41
Revised Page 7 of License No. NPF-51
Revised Page 5 of License No. NPF-74
2. Safeguards Evaluation

cc w/encls 1 and 2: John H. Hesser, PVNGS
James Larsen, Region IV

cc w/encl 1 only: See next page

MT

Palo Verde Nuclear Generating Station

cc w/encl 1 and 2:

John H. Hesser, Director
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4814 South 40 Street
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Mr. Scott Bauer, Acting General Manager
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Ms. Karen O'Regan
Environmental Program Manager
City of Phoenix
Office of Environmental Programs
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Mr. Matthew Benac, Assistant Vice President
Nuclear & Generation Services
El Paso Electric Company
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Phoenix, AZ 85004

- (9) Results of Piping Vibration Test Program (Section 3.9.2, SER)
Deleted
- (10) Response to Salem ATWS Event (Section 7.2, SSER 7, and Section 1.11, SSER 8)
Deleted
- (11) Supplement No. 1 to NUREG-0737 Requirements
Deleted
- (12) Radiochemistry Laboratory (Section 7.3.1.5(3), Emergency Plan)
Deleted
- (13) RCP Shaft Vibration Monitoring Program (Section 5.4.1, SSER 12)
Deleted
- (14) Additional Conditions
Deleted

D. The facility requires an exemption from Paragraph III.D.2(b)(ii) of Appendix J to 10 CFR Part 50 (Section 6.2.6, SSER 7). This exemption is authorized by law and will not endanger life or property or the common defense and security and is otherwise in the public interest. This exemption is, therefore, hereby granted pursuant to 10 CFR 50.12. With the granting of this exemption, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

E. The licensees shall fully implement and maintain in effect all provisions of the Commission-approved physical security, training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The combined set of plans, which contains Safeguards Information protected under 10 CFR 73.21, is entitled: "Palo Verde Nuclear Station Security Plan, Training and Qualification Plan, Safeguards Contingency Plan and Independent Spent Fuel Storage Installation Security Program Revision 3," submitted by letter dated May 16, 2006.

(9) Additional Conditions

Deleted

D. (1) APS has previously been granted an exemption from Paragraph III.D.2(b)(ii) of Appendix J to 10 CFR Part 50. This exemption was previously granted in Facility Operating License NPF-46 pursuant to 10 CFR 50.12.

(2) Deleted

With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

E. The licensees shall fully implement and maintain in effect all provisions of the Commission-approved physical security, training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The combined set of plans, which contains Safeguards Information protected under 10 CFR 73.21, is entitled: "Palo Verde Nuclear Station Security Plan, Training and Qualification Plan, Safeguards Contingency Plan and Independent Spent Fuel Storage Installation Security Program Revision 3," submitted by letter dated May 16, 2006.

F. Deleted

Verde Nuclear Station Security Plan, Training and Qualification Plan, Safeguards Contingency Plan and Independent Spent Fuel Storage Installation Security Program Revision 3," submitted by letter dated May 16, 2006.

- F. APS shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety analysis Report for the facility, as supplemented and amended, and as approved in the SER through Supplement 11, subject to the following provision:

APS may make changes to the approved fire protection program without approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

- G. Deleted
- H. The licensees shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims; and
- I. This license is effective as of the date of issuance and shall expire at midnight on November 25, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Attachments:

1. [Requirements for Initial Mode 1 Entry] - Deleted
2. Appendix A -
 Technical Specifications
3. Appendix B
 Environmental Protection Plan
4. Appendix C
 Antitrust Conditions
5. Appendix D - [Additional Conditions] - Deleted

Date of Issuance: November 25, 1987

Amendment No. 83, 87, 128, 147, 158, 162
Revised by letter dated February 1, 2007