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

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June 11, 2007

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 AND 3,- NRC SECURITY TEAM INSPECTION REPORT 05000528/2007401; 05000529/2007401; AND 05000530/2007401

Dear Mr. Edington:

On May 17, 2007, the US Nuclear Regulatory Commission (NRC) completed a security baseline inspection at your Palo Verde Nuclear Generating Station, Units 1, 2 and 3. 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, which were discussed on May 17. 2007, with Mr. Bob Bement, Vice President of Nuclear Operations, and other members of your staff.

The 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 inspectors reviewed selected procedures and records, observed activities, and interviewed personnel. 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

Enclosure:
NRC Inspection Report 05000528/2007401;
05000529/2007401; 05000530/2007401
w/Attachment - Supplemental Information

cc w/o enclosure:
Scott Bauer, Acting General Manager
Regulatory Affairs and
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