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

November 2, 2007

Mr. Randall K. Edington
Executive 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 -
DISTRIBUTION OF REVISION 2 OF THE NRC'S SIGNIFICANCE
DETERMINATION PROCESS RISK-INFORMED INSPECTION NOTEBOOKS,
AND ACCOMPANYING PHASE 2 PRE-SOLVED TABLES (TAC NO. MD6415)

Dear Mr. Edington:

In 2004, the U.S. Nuclear Regulatory Commission (NRC) requested information from licensees to support the Significance Determination Process (SDP) Risk-Informed Inspection Notebook (notebook) enhancement/standardization effort. The NRC has completed this effort and has issued Revision 2 of the notebook for Palo Verde Nuclear Generating Station, Units 1, 2, and 3. The NRC developed these notebooks to facilitate Phase 2 of the NRC inspection finding significance determination process detailed in Inspection Manual Chapter 0609, "Significance Determination Process," Appendix A, "Determining the Significance of Reactor Inspection Findings for At-Power Situations." SECY-99-007A, "Recommendations for Reactor Oversight Process Improvements," sets forth this process and additional details are included in the NRC Inspection Manual Chapter 0308, "Reactor Oversight Process Basis Document." NRC inspectors and risk analysts, who have extensive understanding of plant-specific design features and operation, are expected to use these notebooks. The notebooks will be updated on a case-by-case basis as needed to reflect changes to the facilities.

Revision 2 of the notebooks is accompanied by the Site Specific Pre-Solved Spreadsheet (the Spreadsheet). The NRC added the Spreadsheet to help reduce the time it takes to process inspection findings. The NRC benchmarked the notebooks against licensee Probability Risk Assessments and plant configurations. The enclosed compact disk containing the above documents is provided for your use to facilitate your understanding of the SDP in Inspection Manual Chapter 0609.

**The enclosure transmitted herewith
contains Security-Related information.
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document is decontrolled.**

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R.K. Edington

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The information on the enclosed compact disk is designated exempt from public disclosure pursuant to Section 2.390(d)(1) of Title 10 of the *Code of Federal Regulations* since it contains security-related information.

If you have any questions, please contact me at (301) 415-5723.

Sincerely,



Michael T. Markley, 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

License Nos. NPF-41, NPF-51, and NPF-74

Enclosure:

Compact Disk for Palo Verde Nuclear Generating Station,
Units 1, 2, and 3, SDP Revision 2
and Site Specific Pre-Solved Spreadsheet
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cc w/o encl: See next page

Palo Verde Nuclear Generating Station

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R.K. Edington

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/RA/

Michael T. Markley, Senior Project Manager
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Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

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and 50-530

License Nos. NPF-41, NPF-51, and NPF-74

Enclosure: Compact Disk for Palo Verde Nuclear Generating Station, Units 1, 2, and 3, SDP
Revision 2 and Site Specific Pre-Solved Spreadsheet **Official Use Only –
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