



A subsidiary of Pinnacle West Capital Corporation

Palo Verde Nuclear
Generating Station

Robert S. Bement
Vice President
Nuclear Operations

Tel (623) 393-6116
Fax (623) 393-6077

Mail Station 7602
PO Box 52034
Phoenix, Arizona 85072-2034

291-03863-RSB/MPE/ST
February 19, 2008

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Maricopa County Environmental Services
Air Quality Department
Enforcement Division
ATTN: Greg Verkamp
1001 North Central Avenue, Suite # 600
Phoenix, Arizona 85004 -1989

Dear Mr. Verkamp:

Subject: Order of Abatement by Consent – Number NV-006-08-GJV

In accordance with Order of Abatement by Consent Number NV-006-08-GJV, APS – Palo Verde encloses herewith the payment of \$79,619.45. This payment is in full satisfaction of the allegations set forth in the Order.

APS – Palo Verde is enclosing three sets of original documents that have been signed by the authorized Palo Verde representative. Please sign all three sets and return two, to APS – Palo Verde for our records in the enclosed envelope.

APS – Palo Verde appreciates the professionalism that your representatives have shown in resolving this matter.

If you have any questions, please contact Mr. Sreenath Thota of our Environmental Department at (623) 393-6537.

Sincerely,

RSB/MPE/ST/hsc

cc: S. Thota, APS
M. Eroh, APS

291-03863-RSB/MPE/ST
February 19, 2008



P.O. BOX 53940 * PHOENIX AZ 85072-3940

OPERATING AGENT PALO VERDE NUCLEAR GENERATING STATION

WELLS FARGO
11-24/1210

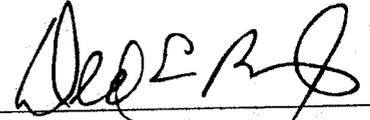
Check No: 50603235
Date: 02/14/2008

Seventy Nine Thousand Six Hundred Nineteen Dollars and 45 Cent
S

Amount: \$79,619.45
VOID IF PRESENTED MORE THAN 90
DAYS FROM DATE OF ISSUE

PAY TO THE ORDER OF:

MARICOPA COUNTY
ATTN MCAQD ENFORCEMENT DIVISION
1001 N CENTRAL AVE SUITE 600
PHOENIX AZ 85004-0000


Authorized Signature

⑈50603235⑈ ⑆121000248⑆ 4159540897⑈

VENDOR NUMBER:	4242	GROUP CODE:	12-SPC	CHECK AMOUNT:	79619.45	CHECK NUMBER:	50603235
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VENDOR NAME:	MARICOPA COUNTY	DATE:	02/14/2008	PAGE NUMBER	1 of 1
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Invoice Information

Date	Number	Description	Amount	Discount	Net Amount
02/06/2008	61420301	PENALTY FEE NV-006-08-GJV PEPMIT 030132 AND E061838	79,619.45	0.00	79,619.45

STA 7626 SALINAS-CARD

9059.3.1.273 1 SP 0.000



**BEFORE THE CONTROL OFFICER OF THE
MARICOPA COUNTY AIR QUALITY DEPARTMENT**

In the Matter of:)
)
APS)
Palo Verde Nuclear Generating Station)
PO Box 52034)
Phoenix, AZ 85072)
)
Respondent)

ORDER OF ABATEMENT BY CONSENT

Number NV-006-08-GJV

Permit **030132 and E061838**

I. NOTIFICATION

You are hereby notified that the Control Officer of the Maricopa County Air Quality Department (hereinafter "MCAQD") has reasonable cause to believe that APS's Palo Verde Nuclear Generating Station (hereinafter "APS Palo Verde") operated in violation of Maricopa County Air Pollution Control Regulations (hereinafter "Regulation") adopted by the Maricopa County Board of Supervisors.

II. JURISDICTION

The Control Officer has jurisdiction over the subject matter of this action and is authorized to enter into this Order of Abatement by Consent (hereinafter "Order") pursuant to A.R.S. § 49-511 and Regulation I, Rule 110, Section 301, Violations; Order of Abatement.

III. FINDING OF VIOLATION

- A. On **10/26/06**, MCAQD issued APS Palo Verde a Notice of Violation, # **607763**, pursuant to Maricopa County Air Pollution Control Regulation **Rule 310, Section 308.3** for failure to comply with trackout requirements.
- B. On **11/22/06**, MCAQD issued APS Palo Verde a Notice of Violation, # **21668**, for failure to comply with permit condition #**21** of **MCAQD Permit # 03-0132** which requires APS Palo Verde to limit emissions of particulate matter less than 10 microns in diameter (PM 10) to less than 54.0 tons on a 12-month rolling total basis.

- C. On 11/2/07, MCAQD issued APS Palo Verde a Notice of Violation, # 100900, for failure to comply with permit condition #21 of MCAQD Permit # 03-0132 which requires APS Palo Verde to limit emissions of particulate matter less than 10 microns in diameter (PM 10) to less than 5.6 tons per month.

IV. TERMS AND CONDITIONS

- A. MCAQD agrees not to pursue criminal or civil remedies authorized by A.R.S. § 49-502 and A.R.S. § 49-513 against APS Palo Verde for violations alleged in Section III of this Order. MCAQD agrees not to request the United States Environmental Protection Agency (hereinafter "EPA") to overfile on any violations alleged in this Order. MCAQD also agrees not to request EPA to consider any other enforcement action under EPA authority for violations alleged in this Order. In no way does this Order limit the authority of EPA to bring an action on any violations alleged in this Order.
- B. In return, and without admitting to the violations alleged in Section III of this Order, APS Palo Verde agrees to pay MCAQD a total sum of **\$79,619.45** due on or before **February 29, 2008**. Monetary payment received by MCAQD pursuant to this agreement shall be deposited in the special public health fund established by A.R.S. § 49-480. This payment may not be claimed as a deduction or other Business expense on any form of tax return. Payment shall be made payable to the **Maricopa County Air Quality Department** and submitted to the attention of **MCAQD, Enforcement Division, 1001 North Central Avenue, Suite 600, Phoenix, Arizona 85004-1989**.
- C. Failure by APS Palo Verde to make full and timely payment consented to herein shall subject APS Palo Verde to pay interest assessed pursuant to A.R.S § 49-113(B). In the event that subsequent legal action is necessary to collect payment and interest required by this Order, APS Palo Verde shall pay all additional enforcement expenses. These expenses shall include attorney's fees and the costs incurred by Maricopa County for the collection proceedings.
- D. Failure by APS Palo Verde to make full and timely payment consented to herein may result in referral of the matter to a collections agency for further action and the reporting of the failure to pay to credit reporting services. In the event of referral to a collections agency APS Palo Verde is responsible for all additional expenses related to the collections effort.

- E. APS Palo Verde agrees to comply with the regulations described in this order.
- F. MCAQD agrees that payment in full by APS Palo Verde of the total sum required by Paragraph B of this Section constitutes complete satisfaction to MCAQD that the violations alleged in Section III of this Order were resolved appropriately.
- G. The Parties (as defined in Section V) agree that this Order resolves Notices of Violation #607763, #21668, and #100900 issued to APS Palo Verde by MCAQD.

V. **GENERAL PROVISIONS**

- A. MCAQD and APS Palo Verde are the Parties to this Order.
- B. All communications with MCAQD, including submittals, plans, payments, and other items arising from this Order, shall be directed to the attention of:

Greg Verkamp, Enforcement Officer
Maricopa County Air Quality Department
1001 N. Central Avenue, Suite 600
Phoenix, Arizona 85004-1989

- C. If any delay or anticipated delay in meeting the terms and conditions of this Order are caused by unforeseeable circumstances beyond the control of APS Palo Verde, and cannot be overcome by due diligence, the time for performance under this Order may be extended by written amendment to this Order for a period no longer than the delay resulting from such circumstances. APS Palo Verde shall notify MCAQD in writing within five (5) calendar days after the date that APS Palo Verde first knew or reasonably should have known that such circumstances may or will cause a delay or anticipated delay. Economic factors shall not be considered sufficient cause for extension of deadlines established by this Order.
- D. The Parties to this Order promise to take all actions reasonably necessary to comply with the terms, conditions, and provisions of the Order.
- E. If, after the effective date of this Order, any provision is held to be illegal, invalid or unenforceable under present or future laws effective during the duration of this Order, such provision shall be fully severable.

- F. This Order shall not be modified or amended except by written instrument signed by the Parties to this Order.
- G. The validity, construction, interpretation, and administration of this Order shall be governed by the laws of the State of Arizona. The Parties declare that there are no other written documents between them affecting this Order; and the Parties agree that this document is the exclusive statement of the terms and conditions of this Order.

VI. APPEAL AND EFFECTIVE DATE

APS Palo Verde hereby waives its right to appeal this Order under A.R.S. § 49-490. This Order shall be effective upon the latter date, if any, of signature by the Parties. Signature by each party on any copy of this Order shall constitute signature of the Order for determining the Effective Date.

VII. RELIEF

APS Palo Verde acknowledges that failure to comply with this Order may result in an action by MCAQD for criminal or civil penalties pursuant to A.R.S. § 49-502 and A.R.S. § 49-513, injunctive relief pursuant to A.R.S. § 49-512, and class 5 felony penalties for knowingly violating this Order pursuant to A.R.S. § 49-514.D.

VIII. SIGNATORIES

The undersigned representatives of MCAQD and APS Palo Verde certify that they are authorized to enter into the terms and conditions of this Order and bind legally the Parties to this Order.

MARICOPA COUNTY AIR QUALITY DEPARTMENT

Signature: _____

Print Name: Greg Verkamp

Title: Enforcement Officer

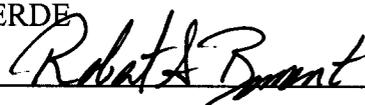
Date: _____

Ratified by: _____

Robert Kard, Control Officer

Date: _____

APS PALO VERDE

Signature: 

Print Name: Robert S. Bement

Title: VP Nuclear Operations

Date: 2/19/2008

291-03863-RSB/MPE/ST
February 19, 2008

NOT A PART OF TRANSMITTAL
Do Not Send With Original or cc's
INTERNAL USE ONLY

bcc:

Randy Edington
Dwight Mims
Scott Bauer
Henry Day
Ed Fox
Ann Becker
Archives
Unit File 1300.3.6.5

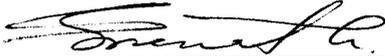
NOT A PART OF TRANSMITTAL
Do Not Send With Original or cc's
INTERNAL USE ONLY

SOURCE DOCUMENTS

- Air Quality Permit 030132 and E061838.

VERIFICATION OF ACCURACY:

RA Preparer: I have prepared the attached document and validated selected statements of fact to the identified source.

 | Sreenath Thota | 2/14/2008
Signature Printed Date

RA Peer Reviewer: I have reviewed the attached document for completeness, QV&V adequacy and submittal quality.

 | Marty Eroh | 2/14/2008
Signature Printed Name Date

Other Licensing Document Changes:

UFSAR NO Yes LDCR _____
TS Bases NO Yes LDCR _____
TRM NO Yes LDCR _____
OTHER NO

ACTION TRACKING:

None

ENVIRONMENTAL DEPARTMENT

Document Authorization Routing Slip

Do Not Send With Original or cc's

Date Prepared: February 12, 2008

FilePath: H:\EHS\LETTER\2008 Letters\DRAFTS\Thota, Sreelorder of abatement 2-9-08.doc

Special Instructions:

- Please put on company letterhead and route for signature.
- Include two original order of abatement in addition to the one that will be retained by the county (Total Three).
- Send a self addressed envelope for the two original order of abatement to be returned to APS – Palo Verde
- Obtain check for the required amounts and place with letter.

BRIEF DESCRIPTION:

Order of abatement – Settlement Document to Maricopa County Air Quality Department

Due To Agency By: *FEBRUARY 29, 2008*

Hard Due Date: NO YES

Post-mark By:

To Final Approver

Target Date: *FEBRUARY 29, 2008*

Actual Date:

Signature Date:

ROUTE TO INDIVIDUAL	STA.	SIGNATURE REQUIRED	REVIEW REQUIRED	DATE REVIEWED/ APPROVED	COMMENTS
Marty Eroh	7626	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<i>2/14/08 ME</i>	
Sreenath Thota	7626	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<i>2/14/08 S.</i>	
Henry Day	7626	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<i>2-14 HPD</i>	
Robert Bement		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<i>2-19 B</i>	

RETURN TO:

H. Salinas-Card

STA:

7626

FOR QUESTIONS, CONTACT:

Sreenath Thota

EXT.:

6537

NOT PART OF TRANSMITTAL

For Information Use Only

"DO NOT SEND WITH ORIGINAL OR CC'S"

**COMMUNICATION TO OWNERS AND ACC REGARDING PVNGS'
RESOLUTION OF NOTICES OF VIOLATION FROM MARICOPA COUNTY AIR
QUALITY DEPARTMENT:**

PVNGS has resolved three Notices of Violations (NOVs) from the Maricopa County Air Quality Division for events dating from December 2005 and October 2006. Two of the NOVs were related to cooling tower particulate (PM₁₀) emission tests, and the third NOV was due to a dust control (earthmoving) violation.

The dust control violation occurred in October 2006, when a contractor for APS was working along the water reclamation supply line. The corrective action for this NOV was implemented on the same day as the county inspection.

The cooling tower violations were based on an emissions test conducted in December 2005. This initial test indicated the cooling towers were emitting more particulates than expected. Both Palo Verde and the county agreed that the appropriate course of action was to conduct a re-test following cooling tower maintenance in the spring of 2006. This second test was conducted in July of 2006 and the results were submitted to the county in September of 2006. This second test showed emissions were well below our permit limits.

Throughout this process, Palo Verde provided full, complete and timely information to the County, explained precisely what we intended to do to remedy the problem, expeditiously implemented that remedy, and conducted another test.

However, after accepting the results of the second test, Maricopa County Air Quality Department issued two NOVs to Palo Verde. One NOV alleged that Palo Verde violated its Non-Title V Air Permit by failing to limit PM₁₀ emissions to less than 5.6 tons per month, and the second NOV was for failure to limit PM₁₀ emissions to less than 54 tons on an annual total rolling limit. These NOVs were based on the first cooling tower test results from December 2005. Further, the county applied its Air Quality Violation Penalty Policy in calculating a proposed penalty amount of \$171,607.45 to resolve all three violations.

Palo Verde representatives met with representatives from the Maricopa County Air Quality Enforcement Division on January 30, 2008 and negotiated a settlement of \$79,619.45 for all three NOVs. The county agreed to the reduced penalty based on acceptance of more accurate operating data provided by Palo Verde and in recognition of Palo Verde's timely correction of the problems and the low probability of recurrence.

Palo Verde made the payment of \$79,619.45 during the week of February 18, 2008. This payment was in full satisfaction of the three Air Quality NOVs.

It is expected that the county will make this settlement public in the near future.

CHECK REQUEST

BUSINESS UNIT PVNGS = Palo Verde

PAYEE

VENDOR NUMBER / EMPLOYEE NUMBER			
PAYEE NAME (All Caps) MARICOPA COUNTY			
ATTN: AIR QUALITY DEPARTMENT			
PAYEE ADDRESS LINE 1 (All Caps) ENFORCEMENT DIVISION, SUITE 600			
PAYEE ADDRESS LINE 2 (All Caps) 1001 NORTH CENTRAL AVENUE			
CITY PHOENIX	STATE AZ	ZIP CODE 85004	COUNTRY USA
DATE CHECK TO BE MAILED			

CASH MANAGEMENT USE ONLY		
PREPAID (P)	BANK NO.	AUTH.
WIRE (W)		
CHECK/WIRE NUMBER		
CHECK/WIRE DATE		
<input type="checkbox"/> ATTACHMENTS CHECK THIS BOX IF ATTACHMENTS ARE REQUIRED BY VENDOR.		
SPECIAL INSTRUCTIONS		
MAIL TO STA. 7626	CALL EXTENSION 82-5638	
EMPLOYEE HENEDINA SALINAS-CARD		

INVOICE BILL DATE	INVOICE NUMBER AND/OR INVOICE BILL DESCRIPTION (LIMIT ONE INVOICE PER CHECK REQUEST)	TOTAL CHECK AMOUNT
02/06/2008	NV-006-08-GJV	\$79,619.45

INVOICE

OPTIONAL: REMIT MESSAGE TO BE PRINTED ON THE CHECK (4 LINES, 20 CHARACTERS PER LINE)

PENALTY FEE

NV-006-08-GJV

PERMIT 030132

AND E061838

OPTIONAL: POWER PLANT MESSAGE(LIMIT 30 CHARACTERS)

ORDER OF ABATEMENT BY CONSENT

DISTRIBUTION

LINE NO.	CHARGE NUMBER	DEPARTMENT	RESOURCE CATEGORY	AMOUNT
0001	MM900721	8106	899	\$79,619.45
0002				
0003				
0004				
0005				
TOTAL DISTRIBUTION AMOUNT (Must balance with TOTAL CHECK AMOUNT)				\$79,619.45

Check this box if there is an additional Distribution Page

Original supporting documentation must be attached

AUTHORIZATION

REQUESTOR(Last Name) EROH	(First Name) MARTIN	EMPLOYEE NO. 00352
DATE 02/06/2008	EXTENSION 82-6688	STATION 7626
APPROVAL SIGNATURE (Must Have Authorization) <i>D.C. Martin</i>	EMP. NO. 206036	DATE 2/6/08

THIS FORM REQUIRES A HANDWRITTEN SIGNATURE AND / OR BACKUP DOCUMENTATION. PLEASE PRINT THE FORM. SIGN IT AND SEND TO ACCOUNTING, STA. 9540

PLEASE SEND SIGNED FORM TO ACCOUNTS PAYABLE, STATION 9540