



A subsidiary of Pinnacle West Capital Corporation

Palo Verde Nuclear
Generating Station

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102-06258-DCM/TLC
September 29, 2010

Attn: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

References: (1) Letter from Jim Hughes, NERC to Jana Van Ness, Arizona Public Service (APS), "Request for Data or Information: Nuclear Power Plant 'Bright-Line' Survey," dated June 15, 2010

(2) Letter from Michael Moon (NERC) to APS, "NERC's Response to the Completed Bright-Line Survey," dated August 27, 2010

**Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2 and 3
Docket Nos. STN 50-528, 50-529 and STN 50-530
Notification Letter Designating PVNGS Balance of Plant Systems
Within the Cyber Security Rule Scope**

By Order dated March 19, 2009¹, the Federal Energy Regulatory Commission (FERC) clarified that the "balance of plant" equipment within a nuclear power plant is subject to compliance with the FERC approved Critical Infrastructure Protection (CIP) Reliability Standards. Paragraph 50 of the Order provides for an exception from the CIP Reliability Standards for equipment in the balance of plant that is subject to the Nuclear Regulatory Commission (NRC) cyber security regulations. Pursuant to paragraph 50 of the Order, the North American Electric Reliability Corporation (NERC) has been engaging in a "Bright-Line" determination process (Reference 1) to clarify the systems that would be subject to the NRC cyber security rule (10 CFR 73.54), and those that would be subject to the CIP Reliability Standards.

In the Reference (2) letter, NERC is requiring that Arizona Public Service (APS) provide the NRC with a letter identifying all balance of plant Systems, Structures, and Components (SSCs) considered important to safety with respect to the NRC's cyber security regulation. As documented in our response to the Bright-Line survey, the

¹ *Mandatory Reliability Standards for Critical Infrastructure Protection, order on clarification*, Order No. 706-B, 126 FERC ¶ 61,229 (2009).

SDDIA
NRC

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balance of plant SSCs in Attachment 1 of the Survey are important to safety, and thus, are within the scope of 10 CFR 73.54.

In accordance with the requirements of 10 CFR 73.54 (b)(1), a comprehensive identification of SSCs subject to the requirements of 10 CFR 73.54 will be developed during the implementation of the cyber security program. The program is implemented in accordance with the schedule submitted to the NRC by letter dated July 22, 2010, with the PVNGS Cyber Security Plan. This identification of SSCs will be available for inspection upon completion and will contain those SSCs as identified in Attachment 1 of the Bright-Line Survey. Providing the requested information in this alternate manner satisfies the intent of the NERC letter.

In the Reference (2) letter, NERC is also requiring that each nuclear power plant submit a revised cyber security plan to the NRC for its review and approval. On or before November 30, 2010, APS will supplement our Cyber Security Plan to clarify the scope of systems described in Section 2.1, "Scope and Purpose." Section 2.1, will be amended to clarify the balance of plant SSCs that will be included in the scope of the cyber security program.

No commitments are being made to the NRC by this letter. Should you need further information regarding this notification, please contact Russell A. Stroud, Licensing Section Leader, at (623) 393-5111.

Sincerely,

D.C. Mims

DCM/RAS/TLC/gat

cc: Michael Moon
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