



A subsidiary of Pinnacle West Capital Corporation

Palo Verde Nuclear
Generating Station

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102-06374-DCM/TLC
June 29, 2011

ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

- References:
1. Letter from J. H. Hesser, (APS), to U.S. Nuclear Regulatory Commission, "Resubmittal of Request for Approval of the PVNGS Cyber Security Plan," dated July 22, 2010
 2. Letter from D. C. Mims (APS) to U.S. Nuclear Regulatory Commission, "Response to Request for Additional Information for the Review of the PVNGS Cyber Security Plan," dated January 20, 2011
 3. Letter from D. C. Mims (APS) to U.S. Nuclear Regulatory Commission, "Response to Second Request for Additional Information for the Review of the PVNGS Cyber Security Plan," dated March 31, 2011

Dear Sirs:

**Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2, and 3
Docket Nos. STN 50-528, 50-529, and 50-530
Revised Request for Approval of the PVNGS Cyber Security Plan**

On July 22, 2010, Arizona Public Service (APS) submitted a license amendment request (Reference 1) for the Facility Operating Licenses (FOL) of PVNGS Units 1, 2, and 3. The proposed amendment requested U.S. Nuclear Regulatory Commission (NRC) approval of the PVNGS Cyber Security Plan (CSP), provided an Implementation Schedule, and added a paragraph to the existing FOL Physical Protection license condition to require APS to fully implement and maintain in effect all provisions of the Commission-approved CSP.

In order to implement an industry generic communication from the NRC regarding a FOL license condition (Agencywide Documents Access and Management System (ADAMS) Accession No. ML110980538), dated May 9, 2011, the Renewed FOL has been updated with the suggested text (Enclosure 1). Also, APS responded to two requests for additional information (RAIs) from the NRC (References 2 and 3). In the response to the first RAI, APS agreed to make changes to the CSP that eliminated

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specific deviations from the Nuclear Energy Institute (NEI) CSP template. In the response to the second RAI, APS agreed to make additional changes to address industry generic concerns regarding the CSP. The changes identified in both RAIs have been incorporated in the enclosed revision to the CSP (Enclosure 2), which replaces the CSP submitted in Reference 1. Upon NRC approval, PVNGS will issue the CSP as revision 0.

Enclosure 3 contains the revised CSP Implementation Schedule that was also submitted in response to the second RAI. Enclosure 4 contains an updated Deviation Table that explains the agreed upon deviations. Previous deviations that were not the subject of questions in either of the RAIs were left in place. Implementation of the CSP will be completed by September 30, 2017, as described in Enclosure 3, contingent upon NRC approval. The No Significant Hazards Consideration determination provided in the original amendment request remains valid.

In accordance with the PVNGS Quality Assurance Program, the Plant Review Board and the Offsite Safety Review Committee have reviewed and concurred with this proposed amendment. By copy of this letter, this submittal is being forwarded to the Arizona Radiation Regulatory Agency (ARRA) pursuant to 10 CFR 50.91(b)(1).

APS makes one commitment in this letter, to fully implement the PVNGS Cyber Security Plan by September 30, 2017. Should you need further information regarding this submittal, please contact Russell A. Stroud, Licensing Section Leader, at (623) 393-5111.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 6/29/11
(Date)

Sincerely,
A.C. Mena

DCM/TLC

Enclosure 1 – PVNGS Renewed FOL Markup
Enclosure 2 – PVNGS Cyber Security Plan
Enclosure 3 – PVNGS Cyber Security Plan Implementation Schedule
Enclosure 4 – PVNGS NEI 08-09, Revision 6, Deviation Table

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cc: E. E. Collins Jr. NRC Region IV Regional Administrator
L. K. Gibson NRC NRR Project Manager for PVNGS
J. R. Hall NRC NRR Senior Project Manager
M. A. Brown NRC Senior Resident Inspector for PVNGS

Sr. Physical Security Inspector, RIV/DRS/PSB

A. V. Godwin Arizona Radiation Regulatory Agency (ARRA) (electronic
(pdf) to agodwin@azrra.gov)
T. Morales Arizona Radiation Regulatory Agency (ARRA) (electronic
(pdf) to tmorales@azrra.gov)

ENCLOSURES 2, 3, AND 4 CONTAIN
Security-Related Information – Withhold under 10 CFR 2.390
UPON SEPARATION THIS PAGE IS DECONTROLLED

ENCLOSURE 1

PVNGS Renewed Facility Operating License (FOL) Markup
(Insertions are underlined)

Renewed FOL No. NPF-41 - Page 8
Renewed FOL No. NPF-51 - Page 9
Renewed FOL No. NPF-74 - Pages 6 and 7

ENCLOSURES 2, 3, AND 4 CONTAIN
Security-Related Information – Withhold under 10 CFR 2.390
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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.

This license amendment is effective as of the date of its issuance. The implementation of the cyber security plan (CSP), including the key intermediate milestone dates and the full implementation date, shall be in accordance with the implementation schedule submitted by the licensee on June 29, 2011, and approved by the NRC staff with this license amendment. All subsequent changes to the NRC-approved CSP implementation schedule will require prior NRC approval pursuant to 10 CFR 50.90.

- F. Deleted
- G. 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
- H. This renewed operating license is effective as of the date of issuance and shall expire at midnight on June 1, 2045.

FOR THE NUCLEAR REGULATORY COMMISSION

Eric J. Leeds, Director
Office of Nuclear Reactor Regulation

Attachments:

1. Attachment 1 - [Requirements for Initial Mode 1 Entry] - Deleted
2. Attachment 2 - [Operating Staff Experience Requirements] - Deleted
3. Attachment 3 - [Emergency Response Capabilities] - Deleted
4. Appendix A - Technical Specifications
5. Appendix B - Environmental Protection Plan
6. Appendix C - Antitrust Conditions
7. Appendix D - Additional Conditions

Date of Issuance: April 21, 2011

Renewed Facility Operating License No. NPF-41

- 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.

This license amendment is effective as of the date of its issuance. The implementation of the cyber security plan (CSP), including the key intermediate milestone dates and the full implementation date, shall be in accordance with the implementation schedule submitted by the licensee on June 29, 2011, and approved by the NRC staff with this license amendment. All subsequent changes to the NRC-approved CSP implementation schedule will require prior NRC approval pursuant to 10 CFR 50.90.

- F. Deleted
- G. 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
- H. This renewed operating license is effective as of the date of issuance and shall expire at midnight on April 24, 2046.

FOR THE NUCLEAR REGULATORY COMMISSION

Eric J. Leeds, Director
Office of Nuclear Reactor Regulation

Attachments:

1. [Requirements for Initial Mode 1 Entry] – Deleted
2. [Schedule for NUREG-0737, Sup. 1, Requirement (SPDS)] – Deleted
3. Appendix A – Technical Specifications
4. Appendix B – Environmental Protection Plan
5. Appendix C – Antitrust Conditions
6. Appendix D – Additional Conditions

Date of Issuance: April 21, 2011

Renewed Facility Operating License No. NPF-51

- (b) The UFSAR supplement, as revised, submitted pursuant to 10 CFR 54.21(d), describes certain future activities to be completed prior to and/or during the period of extended operation. The licensee shall complete these activities in accordance with Appendix A of NUREG-1961, "Safety Evaluation Report Related to the License Renewal of Palo Verde Nuclear Generating Station, Units 1, 2, and 3," issued April 2011. The licensee shall notify the NRC in writing when activities to be completed prior to the period of extended operation are complete and can be verified by NRC inspection.
 - (c) All capsules in the reactor vessel that are removed and tested must meet the test procedures and reporting requirements of American Society for Testing and Materials (ASTM) E 185-82 to the extent practicable for the configuration of the specimens in the capsule. The NRC must approve any changes to the capsule withdrawal schedule, including spare capsules, prior to implementation. All capsules placed in storage must be maintained for future insertion. The NRC must approve any changes to storage requirements.
- D. 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-65 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.

This license amendment is effective as of the date of its issuance. The implementation of the cyber security plan (CSP), including the key intermediate milestone dates and the full implementation date, shall be in accordance with the implementation schedule submitted by the licensee on June 29, 2011, and approved by the NRC staff with this license amendment. All subsequent changes to the NRC-approved CSP implementation schedule will require prior NRC approval pursuant to 10 CFR 50.90.

- 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 renewed operating license is effective as of the date of issuance and shall expire at midnight on November 25, 2047.

FOR THE NUCLEAR REGULATORY COMMISSION

Eric J. Leeds, 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

Date of Issuance: April 21, 2011