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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4125

September 1, 2011

Randall K. Edington
Executive Vice President Nuclear/CNO
Arizona Public Service Co.
P.O. Box 52034, MS 7602
Phoenix, AZ 85072-2034

SUBJECT: MIDCYCLE SECURITY PERFORMANCE REVIEW AND INSPECTION PLAN -
PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3

Dear Mr. Edington:

On August 18, 2011, the NRC staff completed its performance review of Palo Verde Nuclear Generating Station, Units 1, 2, and 3, for the first half of the calendar year 2011 assessment cycle. Our technical staff reviewed performance indicators for the most recent quarter and inspection results over the previous 12 months. The purpose of this letter is to inform you of our assessment of your security performance during this period and our plans for future security inspections at your facility.

Security performance for the most recent quarter at Palo Verde Nuclear Generating Station, Units 1, 2, and 3, was within the Licensee Response column of the NRC's security action matrix on the basis that all inspection findings have very low security significance (Green) and the performance indicator was indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct security baseline inspections at your facility.

The enclosed inspection plan lists the security inspections scheduled through December 31, 2012. The inspection plan is provided to allow for the resolution of any scheduling conflicts and personnel availability issues well before our inspectors arrive onsite. The inspections in the last 9 months of the inspection plan are tentative and the plan may be revised at the end-of-cycle review. Routine force-on-force inspections are conducted approximately every 3 years. You will be notified by separate correspondence 8 to 10 weeks in advance of any force-on-force inspections scheduled for your facility.

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If we change the inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at (817) 276-6527 with any questions you may have regarding this letter or the inspection plan.

While we are fully committed to our goal of ensuring openness in our regulatory process, we must balance that goal with the more immediate need of ensuring the continued safety and secure operation of nuclear facilities and the protection of nuclear materials in our country. Thus, due to the security-related information contained in this correspondence and in accordance with NRC Policy for Handling, Marking and Protecting Sensitive Unclassified Non-Safeguards Information, a copy of this letter and its enclosure will not be available for public inspection in either the NRC Public Document Room or the Publicly Available Records (PARS) component of NRC's document system (ADAMS).

Sincerely,

/RA/

Michael C. Hay, Chief
Plant Support Branch-1
Division of Reactor Safety

Dockets: 50-528; 50-529; 50-530
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Enclosure:
Palo Verde Nuclear Generating Station,
Units 1, 2, and 3, Security Inspection Plan

cc w/o enclosure:
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Security Related Complete Letter - OOU:

SUNSI Review Completed: Y N ADAMS: Yes Initials: MCH
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