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UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
1600 EAST LAMAR BLVD  
ARLINGTON, TEXAS 76011-4511

May 7, 2012

EA-11-256

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

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 –  
FINAL SIGNIFICANCE DETERMINATION FOR A SECURITY-RELATED  
GREATER THAN GREEN FINDING AND NOTICE OF VIOLATION,  
NRC INSPECTION REPORT 05000528/2011404, 05000529/2011404 AND  
05000530/2011404

Dear Mr. Edington:

This letter provides you the final results of our significance determination of the preliminary Greater than Green finding identified in our previous communication, dated February 21, 2012, which included the subject inspection report. This Greater than Green finding was discussed in detail in Section 3.0 of the subject inspection report.

A Regulatory Conference was held on April 4, 2012, to further discuss your views on this issue. During the meeting, your staff described your assessment of the significance of the finding, the root causes for the finding, and associated corrective actions taken. The NRC recognizes that you considered this event as significant and conducted a thorough root-cause evaluation and extent of condition review.

After considering the information developed during the inspection and the information you provided at the conference, the NRC has concluded that the inspection finding is appropriately characterized as Greater than Green, an issue that may require additional NRC inspections.

You have 30 calendar days from the date of this letter to appeal the staff's determination of significance for the identified Greater than Green finding. Such appeals will be considered to have merit only if they meet the criteria given in NRC Inspection Manual Chapter 0609, Attachment 2. An appeal must be sent in writing to the Regional Administrator, Region IV, 1600 East Lamar Blvd., Arlington, TX 76011-4511.

**"Enclosure transmitted herewith contains SUNSI. When separated from enclosure, this transmittal document is decontrolled."**

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The NRC has also determined that the condition discussed is a violation of 10 CFR 73.21(a)(i), as cited in the attached Notice of Violation (Notice). The circumstances surrounding the violation are described in detail in the subject inspection report. In accordance with the NRC's Enforcement Policy, the Notice is considered escalated enforcement action because it is associated with a Greater than Green finding.

Because plant performance for this issue has been determined to be beyond the licensee response band, we will use the NRC Action Matrix to determine the most appropriate NRC response for this event. We will notify you, by separate correspondence, of that determination.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's Agencywide Documents Access Management System (ADAMS). ADAMS is accessible from the NRC Web site at [www.nrc.gov/reading-rm/adams.html](http://www.nrc.gov/reading-rm/adams.html). However, the material enclosed herewith contains Security-Related Information in accordance with 10 CFR 2.390(d)(1), and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the enclosure will not be made available electronically for public inspection in the NRC Public Document Room or from ADAMS. If Security-Related Information is necessary to provide an acceptable response, please follow the instructions for withholding in 10 CFR 2.390(b)(1).

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response. You may contact Michael C. Hay of my staff at 817-200-1527 with any questions.

Sincerely,



Elmo E. Collins  
Regional Administrator

Dockets: 50-528; 50-529; 50-530  
Licenses: NPF-41; NPF-51; NPF-74

Nonpublic Enclosures:

1. Notice of Violation
2. NRC Evaluations and Conclusions

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cc w/enclosures:

Mr. Randall Bramlett

Department Leader, Nuclear Security Programs

Arizona Public Service Co.

P.O. Box 52034, MS 7002

Phoenix, AZ 85072-2034

cc w/o enclosures: Electronic Distribution