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

October 31, 2012

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 –
NRC SECURITY INSPECTION REPORT 05000528/2012403,
05000529/2012403 AND 05000530/2012403

Dear Mr. Edington:

On September 27, 2012, the U.S. Nuclear Regulatory Commission (NRC) completed a security baseline inspection at your Palo Verde Nuclear Generating Station, Units 1, 2, and 3. The inspection covered one or more of the key attributes of the security cornerstone of the NRC's Reactor Oversight Process. The enclosed inspection report documents the inspection results, which were discussed on September 27, 2012, with Mr. D. Mims, Vice President, Nuclear Regulatory Affairs and Oversight, and other members of your staff.

The inspection examined activities conducted under your license as they relate to security and compliance with the Commission's rules and regulations and with the conditions of your license. The inspector reviewed selected procedures and records, observed activities, and interviewed personnel.

No findings were identified during this inspection.

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 Document Access and Management System (ADAMS). ADAMS is accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

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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 the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. If Security-Related Information is necessary to provide an acceptable response, please mark your entire response Security-Related Information in accordance with 10 CFR 2.390(d)(1) and 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.

Sincerely,

/RA/

Mark S. Haire, Chief
Plant Support Branch 1
Division of Reactor Safety

Docket Nos.: 50-528, 50-529, 50-530
License Nos.: NPF-41, NPF-51, NPF-74

Nonpublic Enclosure:
NRC Inspection Report 05000528/2012403,
05000529/2012403, and 05000530/2012403
w/Attachment: Supplemental Information

cc w/enclosure:
Mr. Randall Bramlett
Department Leader, Nuclear Security Programs
Arizona Public Service Co.
P.O. Box 52034, MS 7002
Phoenix, AZ 85072-2034

cc: Electronic Distribution for Palo Verde w/o enclosure

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Security-Related Complete Report - OUO:

SUNSI Review Completed: MKB ADAMS: Yes Initials: MKB
 Non-Publicly Available Sensitive-Security- Related-Periodic Review Required

Letter Only:

SUNSI Review Completed: MKB ADAMS: Yes Initials: MKB
 Publicly Available Non-Sensitive

PSI:PSB1	C:PSB1	C:PBD	C:PSB1
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10/11/12	10/31/12	10/11/12	10/31/12

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