



A subsidiary of Pinnacle West Capital Corporation

Palo Verde Nuclear
Generating Station

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102-06617-DCM/RKR/CJS
November 16, 2012

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

Dear Sirs:

Subject: **Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2, and 3
Docket Nos. STN 50-528, 50-529, and 50-530
Transmittal Regarding License Amendment Request for the Cyber
Security Plan Implementation Schedule (TAC NOS. ME9247, ME9248,
AND ME9249)**

By letter dated August 10, 2012 (102-06567)(Agencywide Documents Access and Management System (ADAMS) Accession No. ML12240A053), as supplemented by letters dated September 4, 2012 (102-06577)(ADAMS Accession No. ML12255A278), and October 11, 2012 (102-06605)(ADAMS Accession No. ML122786A333), Arizona Public Service Company (APS) submitted a license amendment request (LAR) for Palo Verde Nuclear Generating Station, Units 1, 2, and 3. The LAR would modify the Cyber Security Plan Implementation schedule.

By e-mail dated November 8, 2012, the Nuclear Regulatory Commission (NRC) requested that APS provide a transmittal to support the NRC staff review. The request was for APS to document agreement to the language of the proposed license condition and to provide a markup page for each of the Renewed Operating Licensees. APS agrees to the proposed license conditions. Markup and clean pages for each of the Renewed Operating Licenses are provided as an Enclosure to this letter.

No commitments are being made to the NRC by this letter.

By copy of this letter, this LAR transmittal is being forwarded to the Arizona Radiation Regulatory Agency (ARRA) pursuant to 10 CFR 50.91(b)(1).

A member of the **STARS** (Strategic Teaming and Resource Sharing) Alliance

Callaway • Comanche Peak • Diablo Canyon • Palo Verde • San Onofre • South Texas • Wolf Creek

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U.S. Nuclear Regulatory Commission
Transmittal Regarding License Amendment Request for the Cyber Security Plan
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Page 2

Should you need further information regarding this transmittal, please contact Mr. Robert K. Roehler, Licensing Section Leader, at (623) 393-5241.

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

Executed on 11/16/12
(Date)

Sincerely,

TN WOBOL... for
DC Mims

DCM/TNW/RKR/CJS/hsc

Enclosure – Transmittal Regarding License Amendment Request for the Cyber Security Plan Implementation Schedule

cc: E. E. Collins Jr. NRC Region IV Regional Administrator
L. K. Gibson NRC NRR Project Manager for PVNGS
M. A. Brown NRC Senior Resident Inspector for PVNGS
E. T. Byre Sr. Physical Security Inspector, RIV/DRS/PSB
A. V. Godwin Arizona Radiation Regulatory Agency (ARRA)
T. Morales Arizona Radiation Regulatory Agency (ARRA)

ENCLOSURE

Transmittal Regarding License Amendment Request for the Cyber Security Plan Implementation Schedule

NRC Request

By application dated August 10, 2012 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML12240A053), as supplemented by letters dated September 4, 2012 (ADAMS Accession No. ML12255A278) and October 11, 2012 (ADAMS Accession No. ML122786A333), Arizona Public Service Company (APS, the licensee) requested changes to the renewed facility operating licenses for Palo Verde Nuclear Generating Station (PVNGS), Units 1, 2, and 3. The proposed changes would revise the scope of Cyber Security Plan (CSP) Implementation Schedule Milestones #6 and #7 and the existing license conditions in the renewed facility operating licenses

In the application and supplements, the licensee did not address the need to modify License Condition 2.E of Renewed Operating License No. NPF-41, Renewed Operating License No. NPF-51, and Renewed Operating License No. NPF-74. The NRC intends to modify the license conditions with the additional language indicated in bold:

*APS shall fully implement and maintain in effect all provisions of the Commission-approved cyber security plan (CSP), including changes made pursuant to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The APS CSP was approved by License Amendment No. 185 **as supplemented by a change approved by License Amendment No. 190.***

In order to ensure that there are no unintended consequences of this modification, the NRC is requesting that the licensee submit a supplement to the application agreeing to the language of the proposed license condition. Please provide a mark-up page for each of the Renewed Operating Licensees.

APS Response

APS agrees to the proposed license conditions. Markup and clean pages for each of the Renewed Operating Licenses are provided as Attachments to this Enclosure.

**Transmittal Regarding License Amendment Request for the Cyber Security Plan
Implementation Schedule**

Attachment 1

**Renewed Operating License
Mark-Up Pages**

Unit 1, NPF-41
Page 8

Unit 2, NPF-51
Page 9

Unit 3, NPF-74
Page 6

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.

APS shall fully implement and maintain in effect all provisions of the Commission-approved cyber security plan (CSP), including changes made pursuant to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The APS CSP was approved by License Amendment No. 185 as supplemented by a change approved by License Amendment No. 190.

- 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

/RA/

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

Amendment No. 19085

- 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.

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- 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

/RA/

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

Amendment No. 19085

- (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.

APS shall fully implement and maintain in effect all provisions of the Commission-approved cyber security plan (CSP), including changes made pursuant to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The APS CSP was approved by License Amendment No. 185 as supplemented by a change approved by License Amendment No. 190.

**Transmittal Regarding License Amendment Request for the Cyber Security Plan
Implementation Schedule**

Attachment 2

**Renewed Operating License
Clean Pages**

Unit 1, NPF-41
Page 8

Unit 2, NPF-51
Page 9

Unit 3, NPF-74
Page 6

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FOR THE NUCLEAR REGULATORY COMMISSION

Eric J. Leeds, Director
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7. Appendix D - Additional Conditions

Date of Issuance:

Renewed Facility Operating License No. NPF-41
Amendment No. 190

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FOR THE NUCLEAR REGULATORY COMMISSION

Eric J. Leeds, Director
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Date of Issuance:

Renewed Facility Operating License No. NPF-51
Amendment No. 190

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- 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.

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