SAFETY EVALUATION

PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2 AND 3

INTRODUCTION

By letter dated July 31, 1981, Arizona Public Service Company (APS), as Project Manager and Operating Agent of the Palo Verde Nuclear Generating Station, Units 1, 2 and 3 (PVNGS), submitted a request for amendments to the Construction Permits (CPPR-141, CPPR-142, and CPPR-143) for PVNGS, to add two additional co-owners and to secure approval of a transfer in ownership percentages to the proposed co-owners. This request involves a transfer of 5.70 percent and 5.91 percent undivided ownership shares in PVNGS, from the Salt River Project Agricultural Improvement and Power District's 29.10 percent ownership interest, to the Los Angeles Department of Water and Power (LADWP) and Southern California Public Power Authority (SCPPA), respectively, as tenants in common with the other PVNGS participants (includes the El Paso Electric Company, M-S-R Public Power Agency, Southern California Edison Company and Public Service Company of New Mexico). In support of the request, APS had submitted financial information about the proposed transferees.

The purpose of this Safety Evaluation is to present the results of the staff's analysis of the proposed addition of LADWP and SCPPA as co-owners to PVNGS.

ANALYSIS

APS, as Project Manager and Operating Agent, has exclusive responsibility for the design and construction of PVNGS. Since APS will retain exclusive responsibility for the design and construction of PVNGS with the proposed addition of LADWP and SCPPA as co-owners, the only issue which required an evaluation is the proposed co-owner's financial qualifications to assume their respective shares of PVNGS.

The NRC regulations relating to the determination of an applicant's financial qualifications are in Section 50.33(f) of 10 CFR Part 50. These regulations, as amended on March 31, 1982, state that a financial review of an applicant to construct a production facility (commercial nuclear power plant) shall not be conducted if the applicant is an electric utility. Since PVNGS is a production facility and since LADWP and SCPPA are electric utilities, a financial review of the proposed transfer of ownership shares in PVNGS to LADWP and SCPPA is not required.*

*The request for CP Amendment was filed prior to the change in Section 50.33(f) of 10 CFR Part 50 which deleted the requirements for the review of finanical qualifications for electric utility applicants. At the time that Section 50.33(f) was amended on March 31, 1982, the staff's review of the financial information filed with the request for CP amendment had reached the point where the staff could conclude that LADWP and SCPPA are financially qualified to assume their proposed respective ownership shares in PVNGS.

CONCLUSIONS

On the basis of the above evaluation, the staff finds that the issuance of the requested amendments, transferring ownership of 5.70 percent and 5.91 percent ownership percentages from the Salt River Project Agricultural Improvement and Power District to the Los Angeles Department of Water and Power and Southern California Public Power Authority, respectively, will not be inimical to the common defense and security or to the health and safety of the public. The staff finds that the requested amendments do not involve a significant hazards consideration because this action will not involve any significant increase in the probability or consequences of any accident, and this action will not involve any significant decrease in safety margin.

Date Issued: April 28, 1982