



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

ARIZONA PUBLIC SERVICE COMPANY

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

EL PASO ELECTRIC COMPANY

SOUTHERN CALIFORNIA EDISON COMPANY

PUBLIC SERVICE COMPANY OF NEW MEXICO

LOS ANGELES DEPARTMENT OF WATER AND POWER

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

DOCKET NO. STN 50-530

PALO VERDE NUCLEAR GENERATING STATION, UNIT 3

FACILITY OPERATING LICENSE

License No. NPF-65

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
 - A. The application for license filed by Arizona Public Service Company, on behalf of itself and the Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority (licensees), complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made;
 - B. Construction of the Palo Verde Nuclear Generating Station, Unit 3 (facility) has been substantially completed in conformity with Construction Permit No. CPPR-143 and the application, as amended, the provisions of the Act and the regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D below);

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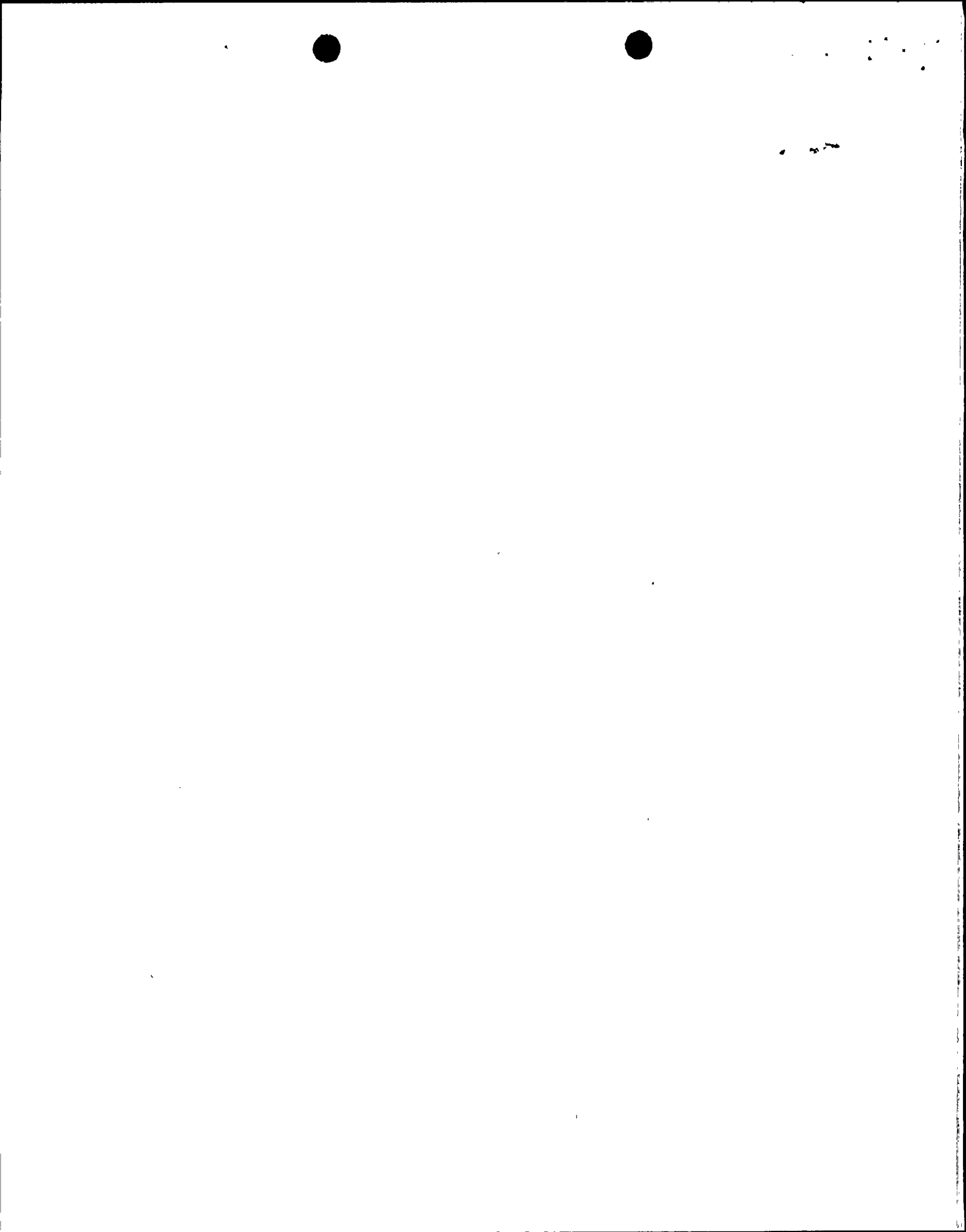


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- D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D below);
 - E. Arizona Public Service Company* is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations;
 - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
 - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs, and after considering available alternatives, the issuance of this Facility Operating License No. NPF-65, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
 - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, the Initial Decision and the Order Dismissing Proceeding issued by the Atomic Safety and Licensing Board dated December 30, 1982, and July 22, 1985, respectively, and the Decision issued by the Atomic Safety and Licensing Appeal Board dated February 15, 1983 (ALAB-713), regarding this facility, Facility Operating License No. NPF-65 is hereby issued to the Arizona Public Service Company, Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority (licensees) to read as follows:

*Arizona Public Service Company is authorized to act as agent for Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.



- A. This license applies to the Palo Verde Nuclear Generating Station, Unit 3, a pressurized water reactor and associated equipment (facility) owned by the licensees. The facility is located on the licensees' site in Maricopa County, Arizona and is described in the licensees' Final Safety Analysis Report, as supplemented and amended; in the related CESSAR Final Safety Analysis Report, as supplemented and amended through Amendment No. 8; and in their Environmental Report, as supplemented and amended.
- B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
- (1) Pursuant to Section 103 of the Act and 10 CFR Part 50, Arizona Public Service Company, Salt River Project Agricultural Improvement and Power District, El Paso Electric Company, Southern California Edison Company, Public Service Company of New Mexico, Los Angeles Department of Water and Power, and Southern California Public Power Authority to possess, and Arizona Public Service Company (APS) to use and operate the facility at the designated location in Maricopa County, Arizona, in accordance with the procedures and limitations set forth in this license;
 - (2) Pursuant to the Act and 10 CFR Part 70, APS to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the licensees' Final Safety Analysis Report, as supplemented and amended, and the CESSAR Final Safety Analysis Report as supplemented and amended through Amendment No. 8;
 - (3) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, APS to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - (4) Pursuant to the Act and 10 CFR Part 30, 40 and 70, APS to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
 - (5) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, APS to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.



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- C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter 1 and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

Arizona Public Service Company (APS) is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein and in Attachment 1 to this license. The items identified in Attachment 1 to this license shall be completed as specified. Attachment 1 is hereby incorporated into this license. Pending Commission approval, this license is restricted to power levels not to exceed 5 percent of full power (190 megawatts thermal). In addition operation above Mode 5 shall not proceed until successful testing and operability of Emergency Diesel Generators in accordance with 10 CFR 50, Appendix A, General Design Criterion 17, is achieved.

(2) Technical Specifications and Environmental Protection Plan

The Technical Specifications contained in Appendix A and the Environmental Protection Plan contained in Appendix B, both of which are attached hereto, are hereby incorporated into this license. APS shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

This license is subject to the antitrust conditions delineated in Appendix C to this license.

(4) Initial Test Program (Section 14, SER and SSER 2)

Any changes in the initial test program described in Section 14 of the FSARs (Palo Verde and CESSAR), made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

(5) Supplement No. 1 to NUREG-0737 Requirements

APS shall complete the requirements of Supplement No. 1

to NUREG-0737 in accordance with the schedule specified in ANPP letter 40173 dated February 20, 1987.

- D. (1) The facility requires an exemption from Paragraph III.D.2(b)(ii) of Appendix J to 10 CFR Part 50, the testing of containment air locks at times when containment integrity is not required (Section 6.2.6, SSER 7). This exemption is authorized by law; will not present an undue risk to the public health and safety, and is consistent with the common defense and security. The Commission further determines that special circumstances, as provided in 10 CFR 50.12(a)(2) (ii), are present justifying the exemption.
- (2) The facility requires a schedular exemption from 10 CFR 50, Appendix A, General Design Criterion 17 (GDC-17) to allow fuel load and operation up to Mode 5 with one Emergency Diesel Generator inoperable during repair and testing. Prior to exceeding Mode 5 both emergency diesel generators are to be operable in accordance with GDC 17. This exemption is authorized by law and will not present an undue risk to the public health and safety, and is consistent with the common defense and security. The Commission further determines that special circumstances, as provided in 10 CFR 50.12 (a)(2)(v), are present justifying the exemption (Section 8.3.1, SSER 11).

With the granting of these exemptions, 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. APS shall fully implement and maintain in effect all provisions of the physical security, guard training and qualification, and safeguards contingency plans previously approved by the Commission and all amendments and revisions to such plans made pursuant to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). By letter dated December 26, 1986, APS has incorporated Palo Verde Unit 3 into the previously approved plans. The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Palo Verde Nuclear Generating Station Security Plan," with revisions submitted through September 25, 1986, including a Chapter 8 Contingency Plan and "Palo Verde Nuclear Generating Station Guard Training and Qualification Plan," with revisions submitted through December 7, 1984.
- F. APS shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility, as supplemented and amended, and as approved in the SER through Supplement 11, subject to the following provision:

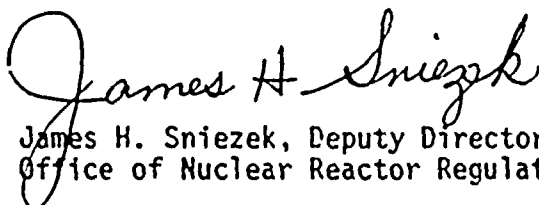


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APS may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

- G. Except as otherwise provided in the Technical Specifications or the Environmental Protection Plan, APS shall report any violations of the requirements contained in Section 2.C of this license in the following manner: Initial notification shall be made within 24 hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c) and (e);
- H. 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
- I. This license is effective as of the date of issuance and shall expire at midnight on March 25, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION


James H. Sniezek, Deputy Director
Office of Nuclear Reactor Regulation

Attachments:

- 1. Attachment 1
- 2. Appendix A -
Technical Specifications
- 3. Appendix B -
Environmental Protection Plan
- 4. Appendix C -
Antitrust Conditions

Date of Issuance: March 25, 1987



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March 25, 1987

ATTACHMENT 2

PALO VERDE NUCLEAR GENERATING STATION, UNIT 3
OPERATING LICENSE NPF-65

This attachment identifies items which must be completed to the NRC staff's satisfaction in accordance with the schedule identified below.

1. Prior to entering any operational mode for the first time, including initial fuel loading, APS shall:
 - a. Have completed a review of the surveillance procedures applicable to the change of mode, and determined that the procedures demonstrate the operability of the required systems with respect to all acceptance criteria defined in the Technical Specifications.
 - b. Have dispatched written notification to the NRC Regional Administrator, Region V, that the action defined in (a), above, has been completed for the mode or modes to be entered.
2. Prior to initial criticality APS shall make operable all portions of the radiation monitoring system in accordance with APS letter 161-00062 dated March 11, 1987.
3. The post accident sampling system shall be operable prior to exceeding 5% power.
4. Prior to loading fuel, APS shall have in place a technical specification numbering cross reference system, which shall identify those technical specifications which are incorrectly referenced in Unit 3 procedures due to the deletion of fire protection requirements from the technical specifications. All Unit 3 procedures shall be revised within 30 days of issuance of the operating license to correctly reference the applicable technical specifications.
5. Masonry wall modifications shall be completed prior to initial criticality in accordance with conditions specified in NRR letter of December 19, 1986.



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