

2 JUL 1987

MEMORANDUM FOR: Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

FROM: Jesse L. Funches, Chief
Policy Development and Technical
Support Branch
Program Management, Policy Development
and Analysis Staff

SUBJECT: OPERATING LICENSE ANTITRUST ANALYSIS OF THE
PALO VERDE NUCLEAR GENERATING STATION, UNIT 3

Enclosed for your signature is a finding of no significant changes pursuant to the operating license antitrust review of the captioned nuclear unit. This finding is based upon an analysis by the antitrust staffs of PTSB and OGC (after consultation with the Department of Justice), which concludes that a "no significant change" finding is warranted. The staff analysis is enclosed as background information.

This is an initial finding which will be noticed in the Federal Register, thereby providing the public the opportunity to request a reevaluation of your finding. If there are no requests for reevaluation, the finding will become final, and the operating license antitrust review of Unit 3 of the Palo Verde Nuclear Generating Station will have been completed.

Signed by
Jesse L. Funches

Jesse L. Funches, Chief
Policy Development and Technical
Support Branch
Program Management, Policy Development
and Analysis Staff

Enclosures:
As stated

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Docket File 50-530A

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1. The first part of the report is a general description of the project and its objectives. It also includes a brief history of the project and a list of the people involved.

2. The second part of the report is a detailed description of the project and its objectives. It also includes a list of the people involved.

3. The third part of the report is a detailed description of the project and its objectives. It also includes a list of the people involved.

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6. The sixth part of the report is a detailed description of the project and its objectives. It also includes a list of the people involved.

7. The seventh part of the report is a detailed description of the project and its objectives. It also includes a list of the people involved.

8. The eighth part of the report is a detailed description of the project and its objectives. It also includes a list of the people involved.

PALO VERDE NUCLEAR GENERATING STATION, UNIT 3
OPERATING LICENSE ANTITRUST REVIEW
FINDING OF NO SIGNIFICANT CHANGE

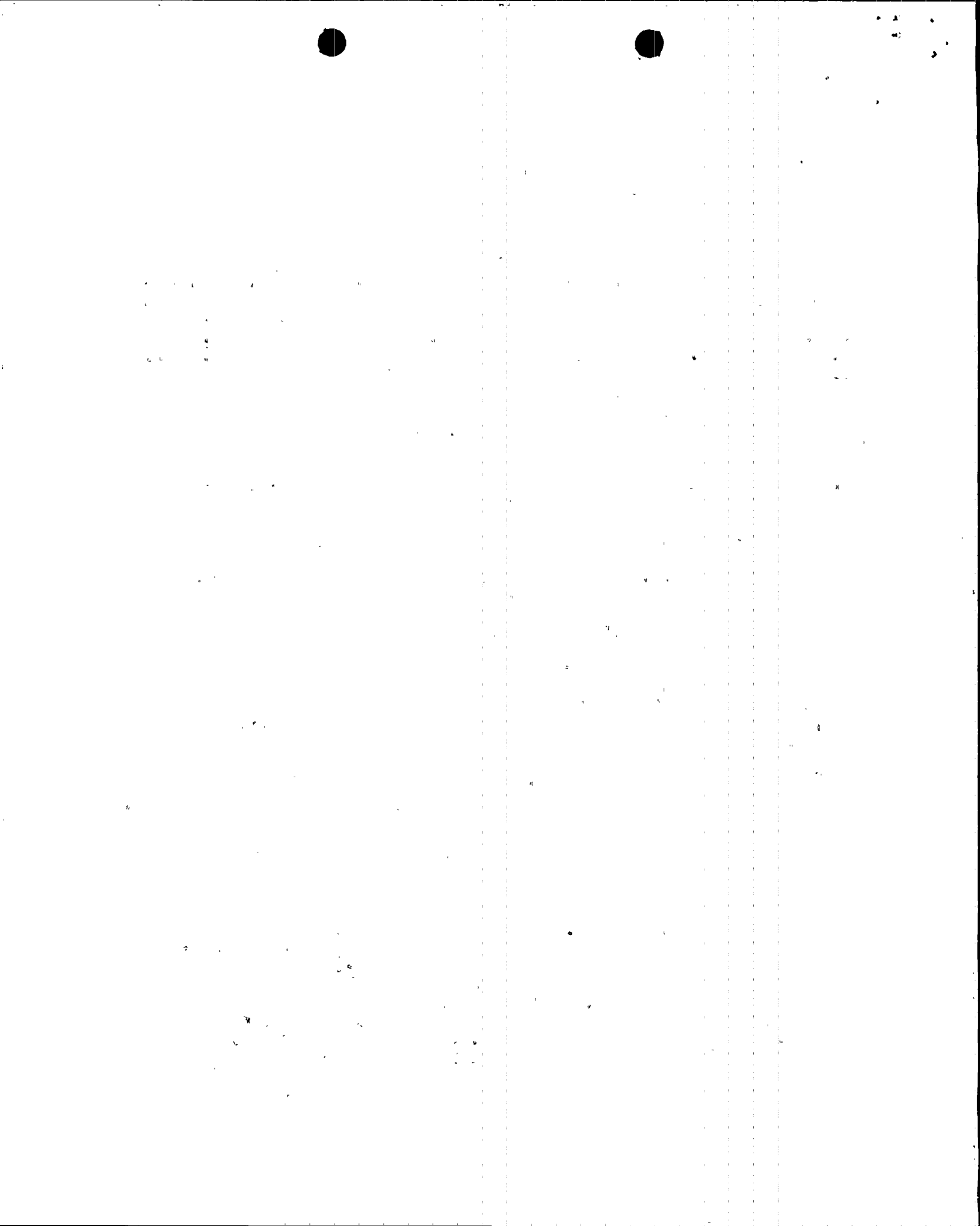
Section 105c(2) of the Atomic Energy Act of 1954, as amended, provides for an antitrust review of an application for an operating license if the Commission determines that significant changes in the licensee's activities or proposed activities have occurred subsequent to the previous construction permit review. The Commission has delegated the authority to make the "significant change" determination to the Director, Office of Nuclear Reactor Regulation. Based upon an examination of the events since the issuance of the Palo Verde construction permits to Arizona Public Service Company, et al., the staffs of the Policy Development and Technical Support Branch, Office of Nuclear Reactor Regulation and the Office of the General Counsel, hereafter referred to as "staff", have jointly concluded, after consultation with the Department of Justice, that the changes that have occurred since the construction permit review are not of the nature to require a second antitrust review at the operating license stage of the application.

In reaching this conclusion, the staff considered the structure of the electric utility industry in the Southwest, the events relevant to the Palo Verde construction permit and operating license reviews, and the events that have occurred subsequent to these reviews.

The conclusion of the staff's analysis is as follows:

"Staff has identified several groups of changes in the licensees' activities since the previous antitrust review associated with the Palo Verde Nuclear Generating Station. These changes have been largely procompetitive or competition neutral.

"In the process of conducting its antitrust operating license review of Palo Verde Unit 3, staff was apprised of a dispute between one of the co-licensees and a competing power supplier pursuant to transmission access in the desert Southwest. After extensive negotiations, the parties in the dispute entered into a binding Settlement Agreement on June 5, 1987 which provided for both transmission planning and ownership of new transmission capacity for the power system that had allegedly been denied these power supply options. With the recent signing of this Agreement, coupled with evidence that procompetitive market transactions have become increasingly more prevalent in the Southwestern bulk power services market, staff believes that the competitive process is at play in the desert Southwest and recommends that the Director of the Office of Nuclear Reactor Regulation make a finding of no significant change pursuant to the Palo Verde Nuclear Generating Station, Unit 3 antitrust operating license review."



Based upon the staff's analysis, it is my finding that there have been no "significant changes" in the licensees' activities or proposed activities since the completion of the previous antitrust review in connection with the construction permit.

Original signed by

Thomas E. Murley

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

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1. *Chlorophyll a* (Chl *a*)

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Figure 1 displays a 10x10 grid of 100 small grayscale images. Each image shows a handwritten digit '4' in various orientations and positions. The images are arranged in 10 rows and 10 columns. The first row shows the digit '4' in various orientations and positions, while the subsequent rows show the digit becoming increasingly distorted and noisy, with some images showing only parts of the digit or significant background noise.