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ARIZONA CORPORATION COMMISSION

January 7, 1991

Mr. John B. Martin
Administrator
United States Nuclear Regulatory Commission
Region V
1450 Maria Lane, Suite 210
Walnut Creek, California 94596

RE: ARIZONA CORPORATION COMMISSION REGULATION OF ARIZONA PUBLIC
SERVICE COMPANY - PALO VERDE NUCLEAR GENERATING STATION

Dear Mr. Martin:

I am writing to gain your assistance in better understanding the dynamics of the NRC's regulatory oversight of the Palo Verde Nuclear Generating Station (PVNGS).

Like the NRC, the Arizona Corporation Commission (ACC) is vitally concerned with the safe operation of PVNGS. In addition, as the authority responsible for setting utility rates in Arizona, the ACC is also concerned with the efficient and economic operation of PVNGS. As we carry-out our regulatory responsibilities, I believe it is important that our agencies do not work at cross purposes. Since both the NRC and ACC compile information, undertake performance assessments of PVNGS and discuss performance with Arizona Public Service Company (APS), both agencies could benefit through the sharing of information opportunities.

For example, the NRC's process of dialogue with APS on PVNGS matters is, at times, done away from full public view. This is understandable given the nature of subjects under discussion. Yet, these private discussions between the NRC and APS could prove extremely valuable to the ACC and its Staff in our subsequent oversight of APS.

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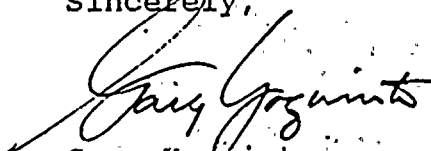
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So that we may be more effective in our oversight of APS, I am requesting that a technical representative of the ACC Staff be allowed to attend meetings that the NRC may have with APS to discuss the operations of PVNGS. If you find this idea acceptable, I would be happy to meet with you or your representative to work out the details.

I look forward to your response and establishing a better working relationship between our two agencies.

If you have any questions, please call me at (602) 542-0745.

Sincerely,



Gary Yaquinto
Director
Utilities Division

GY:mi

cc: Chairman Marcia Weeks
Commissioner Renz Jennings
Commissioner Dale Morgan
Charles Tedford, Director, Arizona Radiation
Regulatory Agency
Steve Olea, Chief Engineer, Arizona Corporation Commission

