



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV

611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

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JAN 31 1997

James M. Levine, Senior Vice
President, Nuclear
Arizona Public Service Company
P.O. Box 53999
Phoenix, Arizona 85072-3999

SUBJECT: NRC INSPECTION REPORT 50-528/96-20; 50-529/96-20; 50-530/96-20

Dear Mr. Levine:

On October 7-11, 1996, an NRC inspection of the facility physical security program for the Palo Verde Nuclear Generating Station, Units 1, 2 and 3 was conducted. The inspection activities consisted of selective examinations of procedures and representative records, interviews with personnel, and observation of activities in progress.

During the inspection, four unresolved items were identified. One of the unresolved items involved the implementation of changes made to your physical security plan between March 1, 1996 and August 29, 1996. This item is discussed in Section S2.4 of the enclosed inspection report and has been referred to the Office of Nuclear Reactor Regulation for resolution. The other three unresolved items, which involved your vehicle barrier system, are discussed in Section S1.1. You are requested to review the potential enforcement issues associated with these three unresolved items and provide a written response within 30 days to this office which articulates your position as to why you believe the vehicle barrier system unresolved items are not violations of your physical security plan.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR 73.21 and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be placed in the Public Document Room.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

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PDR ADOCK 05000528
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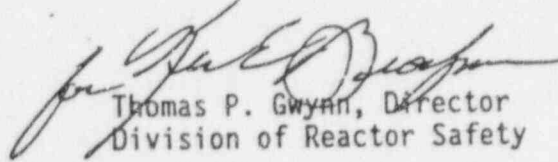
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Sincerely,



Thomas P. Gwynn, Director
Division of Reactor Safety

Docket Nos.: 50-528, 50-529, 50-530
License Nos.: NPF-41, NPF-51, NPF-74

Enclosure:

NRC Inspection Report
50-528/96-20; 50-529/96-20;
50-530/96-20 w/attachment

cc w/summary page only:

Mr. Steve Olea
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

Douglas K. Porter, Senior Counsel
Southern California Edison Company
Law Department, Generation Resources
P.O. Box 800
Rosemead, California 91770

Aubrey V. Godwin, Director
Arizona Radiation Regulatory Agency
4814 South 40 Street
Phoenix, Arizona 85040

Chairman
Maricopa County Board of Supervisors
111 South Third Avenue
Phoenix, Arizona 85003

Angela K. Krainik, Manager
Nuclear Licensing
Arizona Public Service Company
P.O. Box 52034
Phoenix, Arizona 85072-2034

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Arizona Public Service Company

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**DOCUMENT CONTAINS
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John C. Horne, Vice President
Power Supply
Palo Verde Services
2025 N. Third Street, Suite 220
Phoenix, Arizona 85004

Mr. Roy P. Lessy, Jr.
Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1333 New Hampshire Avenue, N.W.
Suite 400
Washington, D.C. 20036

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