

June 4, 2003

Mr. Gregg R. Overbeck  
Senior Vice President, Nuclear  
Arizona Public Service Company  
P. O. Box 52034  
Phoenix, AZ 85072-2034

SUBJECT: RESPONSE TO ORDER FOR COMPENSATORY MEASURES RELATED TO  
ACCESS AUTHORIZATION (TAC NOS. MB7107, MB7108, AND MB7109)

Dear Mr. Overbeck:

On January 7, 2003, the U. S. Nuclear Regulatory Commission (NRC or Commission) issued Orders to holders of licenses for operating power reactors, for the implementation of compensatory measures (CMs) related to access authorization. On January 24, 2003, Arizona Public Service Company, the licensee for Palo Verde Nuclear Generating Station, submitted its written response to the Order.

The NRC staff has completed its review of your response. Based on that review, the NRC staff finds that your response to the January 7, 2003, Order is acceptable and responsive to the Order.

Please remember, pursuant to Section III.C.2 of the Order, you are to report to the Commission, in accordance with Title 10, of the *Code of Federal Regulations*, Section 50.4, when you have achieved full compliance with the requirements described in Attachment 2 to the Order. The NRC will determine the effectiveness of your implementation of the CMs through onsite inspections.

If you have any questions about this letter, please call Mr. Christopher Gratton at 301-415-1055.

Sincerely,

*/RA/*

Richard J. Laufer, Chief, Section 1  
Project Directorate I  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-528, 50-529, and 50-530

cc: See next page

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Palo Verde Generating Station, Units 1, 2, and 3

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