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**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION IV
1600 E. LAMAR BLVD
ARLINGTON TX 76011-4511

May 2, 2016

Mr. Randall K. Edington
Executive Vice President Nuclear/CNO
Arizona Public Service Company
P.O. Box 52034, MS 7602
Phoenix, AZ 85072-2034

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 –
NRC MATERIAL CONTROL AND ACCOUNTING PROGRAM INSPECTION
REPORT 05000528/2016405, 05000529/2016405, AND 05000530/2016405

Dear Mr. Edington:

On April 22, 2016, the U.S. Nuclear Regulatory Commission (NRC) completed a security baseline inspection at your Palo Verde Nuclear Generating Station, Units 1, 2, and 3. The inspection covered the material control and accounting of special nuclear material attribute of the security cornerstone of the NRC's Reactor Oversight Process. The enclosed inspection report documents the inspection results, which were discussed on April 22, 2016, with Mr. R. Bement, Senior Vice President, Site Operations, and other members of your staff.

The inspection examined activities conducted under your license as they relate to security and compliance with the Commission's rules and regulations and with the conditions of your license. The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel.

Based on the results of this inspection, no findings were identified.

In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390, "Public Inspections, Exemptions, Requests for Withholding," of the NRC's "Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC's Public Document Room or from the Publicly Available Records (PARS) component of the NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

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Sincerely,

/RA/

Heather J. Gepford, PhD, CHP, Chief
Plant Support Branch 2
Division of Reactor Safety

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

Nonpublic Enclosure:
NRC Inspection Report 05000528/2016405,
05000529/2016405, and 05000530/2016405
w/Attachment: Supplemental Information

cc w/enclosure: Electronic Distribution

cc w/enclosure:
Mr. Michael J. Cosenza
Department Leader, Nuclear Security Programs
Arizona Public Service Company
P.O. Box 52034, MS 7002
Phoenix, AZ 85072-2034

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See next page

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Letter to Randall K. Edington from Heather J. Gepford, dated May 2, 2016

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