



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION IV
1600 E LAMAR BLVD
ARLINGTON, TX 76011-4511

September 2, 2014

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

**SUBJECT: MID-CYCLE ASSESSMENT LETTER FOR PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 (REPORT 05000528/2014006,
05000529/2014006 AND 05000530/2014006)**

Dear Mr. Edington,

On August 13, 2014, the NRC completed its mid-cycle performance review of Palo Verde Nuclear Generating Station, Units 1, 2, And 3. The NRC reviewed the most recent quarterly performance indicators (PIs) in addition to inspection results and enforcement actions from July 1, 2013 through June 30, 2014. This letter informs you of the NRC's assessment of Palo Verde Nuclear Generating Station during this period and its plans for future inspections at your facility.

The NRC determined that overall, Palo Verde Nuclear Generating Station, Units 1, 2, and 3 were operated in a manner that preserved public health and safety and met all cornerstone objectives. The NRC determined the performance at Palo Verde Nuclear Generating Station, Units 1, 2, and 3 during the most recent quarter was within the Licensee Response Column of the NRC's Reactor Oversight Process (ROP) Action Matrix because all inspection findings had very low (i.e., Green) safety significance, and all PIs indicated that your performance was within the nominal, expected range (i.e., Green). Therefore, the NRC plans to conduct ROP baseline inspections at your facility.

As a result of the Safety Culture Common Language Initiative, the terminology and coding of cross-cutting aspects were revised. All cross-cutting aspects identified during inspections conducted in calendar year 2014 reflect this revision to Inspection Manual Chapter (IMC) 0310. Cross-cutting aspects identified in 2013 using the 2013 terminology were converted to the latest revision in accordance with the cross-reference in IMC 0310 during the mid-cycle assessment review and evaluated for cross-cutting themes and potential substantive cross-cutting issues in accordance with IMC 0305.

The NRC identified a cross-cutting theme in the Consistent Process aspect (H.13). Specifically, during this assessment period, four findings were assigned the cross-cutting aspect of H.13.

The NRC determined that a substantive cross-cutting issue associated with H.13 does not exist because the NRC does not have a concern with your staff's scope of effort and progress in addressing the cross-cutting theme. Your staff identified the theme, entered it into their corrective action program, evaluated it, and identified and implemented corrective actions to address the theme. The NRC will continue to monitor your staff's effort and progress in addressing the theme until the theme criteria are no longer met.

The NRC also identified a cross-cutting theme in the Operating Experience aspect (P.5). Specifically, during this assessment period, four findings were assigned the cross-cutting aspect of P.5. The NRC determined that a substantive cross-cutting issue associated with P.5 does not exist because the NRC does not have a concern with your staff's scope of effort and progress in addressing the cross-cutting theme. Your staff identified the theme, entered it into their corrective action program, evaluated it, and identified and implemented corrective actions to address the theme. The NRC will continue to monitor your staff's effort and progress in addressing the theme until the theme criteria are no longer met.

The enclosed inspection plan lists the inspections scheduled through December 31, 2015. Routine inspections performed by resident inspectors are not included in the inspection plan. The inspections listed during the last nine months of the inspection plan are tentative and may be revised at the end-of-cycle performance review. The NRC provides the inspection plan to allow for the resolution of any scheduling conflicts and personnel availability issues. The NRC will contact you as soon as possible to discuss changes to the inspection plan should circumstances warrant any changes. This inspection plan does not include security related inspections, which will be sent via separate, non-publicly available correspondence.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Please contact me at 817-200-1173 with any questions you have regarding this letter.

Sincerely,

/RA/

James F. Drake
Chief, Branch D
Division of Reactor Projects

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

Enclosure: Palo Verde Nuclear Generating
Station, Units 1, 2, and 3
Inspection/Activity Plan

R. Edington

- 2 -

The NRC determined that a substantive cross-cutting issue associated with H.13 does not exist because the NRC does not have a concern with your staff's scope of effort and progress in addressing the cross-cutting theme. Your staff identified the theme, entered it into their corrective action program, evaluated it, and identified and implemented corrective actions to address the theme. The NRC will continue to monitor your staff's effort and progress in addressing the theme until the theme criteria are no longer met.

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Letter to Randall K. Edington from James F. Drake dated September 2, 2014

SUBJECT: MID-CYCLE ASSESSMENT LETTER FOR PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 (REPORT 05000528/2014006,
05000529/2014006 AND 05000530/2014006)

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Electronic Distribution for Palo Verde Nuclear Generating Station

Palo Verde
Inspection / Activity Plan
09/01/2014 - 12/31/2015

Unit Number	Planned Dates Start End	Inspection Activity	Title	No. of Staff on Site
		TI-189 - SNUBBER PROGRAM		1
1, 2, 3	10/20/2014 10/24/2014	IP 2515/189	Inspection to Determine Compliance of Dynamic Restraint (Snubber) Program with 10 CFR 50.55a	
		71111.08 - PV 1R18 INSERVICE INSPECTION		1
1	10/20/2014 10/31/2014	IP 7111108P	Inservice Inspection Activities - PWR	
		RS 13 PI - RADIATION SAFETY		2
1, 2, 3	10/27/2014 10/31/2014	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	10/27/2014 10/31/2014	IP 71124.03	In-Plant Airborne Radioactivity Control and Mitigation	
1, 2, 3	10/27/2014 10/31/2014	IP 71151-OR01		
1, 2, 3	10/27/2014 10/31/2014	IP 71151-PR01		
		INSP - BIENNIAL REQUAL INSPECTION		3
1, 2, 3	11/17/2014 11/21/2014	IP 7111111B	Licensed Operator Requalification Program	
		EXAM - INITIAL OPERATOR EXAM		7
1	03/16/2015 03/20/2015	X02558	INITIAL EXAM PV UNIT 1 (04/2015)	
1	03/16/2015 03/20/2015	X02559	INITIAL EXAM PV UNIT 2 (04/2015)	
3	03/16/2015 03/20/2015	X02560	INITIAL EXAM PV UNIT 3 (04/2015)	
1	04/13/2015 04/20/2015	X02558	INITIAL EXAM PV UNIT 1 (04/2015)	
1	04/13/2015 04/20/2015	X02559	INITIAL EXAM PV UNIT 2 (04/2015)	
3	04/13/2015 04/20/2015	X02560	INITIAL EXAM PV UNIT 3 (04/2015)	
1	04/21/2015 08/21/2015	X02558	INITIAL EXAM PV UNIT 1 (04/2015)	
		EP-2 - HAB EXERCISE INSPECTION		2
1, 2, 3	03/02/2015 03/06/2015	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	03/02/2015 03/06/2015	IP 7111407	Exercise Evaluation - Hostile Action (HA) Event	
		EP-3 - EP PERFORMANCE INDICATORS		1
1, 2, 3	03/02/2015 03/06/2015	IP 71151-EP01		
1, 2, 3	03/02/2015 03/06/2015	IP 71151-EP02		
1, 2, 3	03/02/2015 03/06/2015	IP 71151-EP03		
		RS 12 PI - RADIATION SAFETY		2
1, 2, 3	04/13/2015 04/17/2015	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/13/2015 04/17/2015	IP 71124.02	Occupational ALARA Planning and Controls	
1, 2, 3	04/13/2015 04/17/2015	IP 71151-OR01		
1, 2, 3	04/13/2015 04/17/2015	IP 71151-PR01		
		71111.08 - INSERVICE INSPECTION 3R18		1
3	04/13/2015 04/24/2015	IP 7111108P	Inservice Inspection Activities - PWR	

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Palo Verde
Inspection / Activity Plan
09/01/2014 - 12/31/2015

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
Start	End				
RS 5678 - RADIATION SAFETY - TEAM					
					4
1, 2, 3	06/08/2015	06/12/2015	IP 71124.05	Radiation Monitoring Instrumentation	
1, 2, 3	06/08/2015	06/12/2015	IP 71124.06	Radioactive Gaseous and Liquid Effluent Treatment	
1, 2, 3	06/08/2015	06/12/2015	IP 71124.07	Radiological Environmental Monitoring Program	
1, 2, 3	06/08/2015	06/12/2015	IP 71124.08	Radioactive Solid Waste Processing and Radioactive Material Handling, Storage, and Transportation	
EB1-07T - PV TRIENNIAL HEAT SINK PERFORMANCE					
					1
1, 2, 3	08/17/2015	08/21/2015	IP 7111107T	Heat Sink Performance	
71111.08 - INSERVICE INSPECTION 2R19					
					1
2	10/19/2015	10/30/2015	IP 7111108P	Inservice Inspection Activities - PWR	