



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
1600 EAST LEMAR BOULEVARD  
ARLINGTON, TEXAS 76011-4511

March 01, 2023

Adam C. Heflin, Executive Vice President  
and Chief Nuclear Officer  
Arizona Public Service  
P.O. Box 52034, MS 7602  
Phoenix, AZ 85072-2034

SUBJECT: ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR  
GENERATING STATION – UNITS 1, 2 AND 3 (REPORT 05000528/2022006,  
05000529/2022006, AND 05000530/2022006)

Dear Adam Heflin:

The U.S. Nuclear Regulatory Commission (NRC) has completed its end-of-cycle performance assessment of Palo Verde Nuclear Generating Station, Units 1, 2, and 3, reviewing performance indicators (PIs), inspection results, and enforcement actions from January 1, 2022, through December 31, 2022. This letter informs you of the NRC's assessment of your facility during this period and its plans for future inspections at your facility. The NRC concluded that overall performance at your facility preserved public health and safety. The baseline inspection program was completed at your facility as defined in Inspection Manual Chapter 2515, "Light-Water Reactor Inspection Program - Operations Phase."

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, the highest performance category of the NRC's Reactor Oversight Process (ROP) Action Matrix, because all inspection findings had very low safety significance (i.e., Green), and all PIs were within the expected range (i.e., Green). Therefore, the NRC plans to conduct ROP baseline inspections at your facility.

The enclosed inspection plan lists the inspections scheduled through December 31, 2024. The NRC provides the inspection plan to allow for the resolution of any scheduling conflicts and personnel availability issues. Routine inspections performed by resident inspectors are not included in the inspection plan. The inspections listed during the last twelve months of the inspection plan are tentative and may be revised. The NRC will contact you as soon as possible to discuss changes to the inspection plan should circumstances warrant any changes.

The Regional Administrator has approved the staff's plan to conduct Inspection Procedure 71003, "Post-Approval Site Inspection for License Renewal," at your facility, Units 1 and 2, as indicated in the enclosed inspection plan.

In response to the COVID-19 public health emergency (PHE), the NRC adjusted inspection plans and schedules to safeguard the health and safety of both NRC and licensee staff while still effectively implementing the ROP.

While the PHE continues, overall conditions throughout the country support performance of our inspection and oversight activities returning to normal onsite presence by our resident and region-based inspectors and completion of nominal baseline inspection samples. We continue to monitor site-specific conditions and, as discussed in our November 2, 2021, memo, "Implementation of Inspection Programs Following Re-Entry from the Public Health Emergency for the Reactor Safety Program" (ML21295A302), it may be necessary to alter how and when we perform our inspection and oversight activities as we balance the importance of protecting the health and safety of our staff with the need to conduct effective oversight that supports the NRC's critical safety mission.

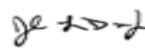
For inspections requiring extensive coordination with offsite organizations, such as evaluated emergency preparedness exercises, NRC guidance and frequently asked questions for security and emergency preparedness can be found here: <https://www.nrc.gov/about-nrc/covid-19/security-ep/>. Similarly, the NRC has developed guidance if force-on-force inspections cannot be completed as scheduled due to an emergency, such as the COVID-19 PHE. These changes help ensure the health and safety of both NRC and licensee staff while maintaining the NRC's important safety and security mission during the COVID-19 PHE. The attached inspection plan is accurate on the date of issuance but remains subject to change based on approval of potential exemption requests or other changes needed due to changing conditions in the COVID-19 PHE. NRC staff will contact your appropriate regulatory affairs staff in order to coordinate inspection planning and scheduling.

Beginning on January 1, 2023, the engineering inspection frequency will transition from a triennial (3-year) to a quadrennial (4-year) cycle. The new engineering inspection program will consist of a "Comprehensive Engineering Team Inspection (CETI)"<sup>1</sup> and three "Focused Engineering Inspections (FEIs)" that will be performed in each quadrennial cycle. For the cycle beginning in 2023, the FEIs will be: "Fire Protection Team Inspection," "Commercial Grade Dedication" and "Age-Related Degradation."

In accordance with Title 10 of the *Code of Federal Regulations* (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 817-200-1574 with any questions you have regarding this letter.

Sincerely,



Signed by Dixon, John  
on 03/01/23

John L. Dixon, Jr., Chief  
Project Branch D  
Division of Operating Reactor Safety

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<sup>1</sup> Aspects of the Design Basis Assurance Inspection (DBAI), Evaluations of Changes, Tests, & Experiments, and Heat Sink inspections will be included in the new CETI inspection. Previously scheduled Evaluation of Changes, Tests, & Experiments and Heat Sink inspections have been cancelled and removed from attached Report 22.

Docket Nos. 05000528, 05000529  
and 05000530  
License Nos. NPF-41, NPF-51  
and NPF-74

Enclosure:  
Inspection Plan

cc w/ encl: Distribution via LISTSERV

ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR GENERATING STATION – UNITS 1, 2 AND 3 (REPORT 05000528/2022006, 05000529/2022006, AND 05000530/2022006)- DATED MARCH 01, 2023

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DOCUMENT NAME: ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR GENERATING STATION – UNITS 1, 2 AND 3 (REPORT 05000528/2022006, 05000529/2022006, AND 05000530/2022006)

ADAMS ACCESSION NUMBER: **ML23055B074**

SUNSI Review                      ADAMS:                       Non-Publicly Available                       Non-Sensitive                      Keyword:  
 By: ASanchez                       Yes  No                       Publicly Available                       Sensitive                      NRC-002

OFFICE	SRI:DORS/D	SPE:DORS/D	BC:DORS/D		
NAME	LMerker	ASanchez	JDixon		
SIGNATURE	/RA/	/RA/	/RA/		
DATE	02/28/23	02/27/23	03/01/23		

**OFFICIAL RECORD COPY**

# Site Inspection Activity Plan

## 07200044 - Palo Verde (ISFSI)

01/01/2023 - 12/31/2024

Unit	Start	End	Activity	CAC	Title	Staff Count
<b>ISFSI Security Inspection (IP 81311)</b>						1
	9/9/2024	9/13/2024	IP 81311	001006	Physical Security Requirements for Independent Spent Fuel Storage Installations	

# Site Inspection Activity Plan

## Palo Verde

01/01/2023 - 12/31/2024

Unit	Start	End	Activity	CAC	Title	Staff Count
<b>Palo Verde ISFSI Confirmatory Order (Part 50 feeder)</b>						2
1,2,3	1/10/2023	1/11/2023	IP 92702 CONF	001701	Enforcement Related Order Follow-Up-Only	
<b>Security FFD .08</b>						1
1,2,3	1/23/2023	1/26/2023	IP 71130.08	000740	Fitness For Duty Program	
<b>Protective Strategy (.05), Security Plan Changes (.09)</b>						3
1,2,3	1/30/2023	2/17/2023	IP 71130.05	000737	Protective Strategy Evaluation	
1,2,3	1/30/2023	2/3/2023	IP 71130.09	001656	Security Plan Changes	
<b>EP 2023 Biennial Exercise &amp; PI Inspection</b>						4
1,2,3	3/6/2023	3/10/2023	IP 71114.01	000716	Exercise Evaluation	
1,2,3	3/6/2023	3/10/2023	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	
1,2,3	3/6/2023	3/10/2023	IP 71151	001397	Performance Indicator Verification	
<b>Inservice Inspection 2R24</b>						1
2	4/17/2023	4/28/2023	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
<b>RP 1,4,PI -</b>						2
1,2,3	4/17/2023	4/21/2023	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1,2,3	4/17/2023	4/21/2023	IP 71124.04	000728	Occupational Dose Assessment	
<b>PV 2023 INITIAL EXAM</b>						6
1,2,3	3/26/2023	4/1/2023	OV	000956	FB-OR-ONSITE VALIDATION OF INITIAL LICENSE EXAMINATION (OV)	
1,2,3	4/30/2023	5/6/2023	EXAD	000500	FB-OR-INITIAL LICENSE EXAM ADMINISTRATION (EXAD)	
<b>Palo Verde Biennial PI&amp;R</b>						4
1,2,3	6/26/2023	6/30/2023	IP 71152B	000747	Problem Identification and Resolution	
1,2,3	7/10/2023	7/14/2023	IP 71152B	000747	Problem Identification and Resolution	
<b>Commercial Grade Dedication Inspection - 21N - Palo Verde</b>						3
1,2,3	9/11/2023	9/15/2023	IP 71111.21N.03	001808	Commercial Grade Dedication	
1,2,3	9/25/2023	9/29/2023	IP 71111.21N.03	001808	Commercial Grade Dedication	
<b>Inservice Inspection - PV (U1)</b>						1
1	10/16/2023	10/27/2023	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
<b>License Renewal Inspection (Phase 1) - PV U1</b>						2
1	10/23/2023	10/27/2023	IP 71003	000687	Post-Approval Site Inspection for License Renewal	
<b>Security Access Authorization .01 and Access Control .02 + PIV</b>						2
1,2,3	10/30/2023	11/3/2023	IP 71130.01	000733	Access Authorization	
1,2,3	10/30/2023	11/3/2023	IP 71130.02	000734	Access Control	
1,2,3	10/30/2023	11/3/2023	IP 71151	001338	Performance Indicator Verification	

# Site Inspection Activity Plan

<b>RP 5,8 -</b>						2
1,2,3	11/13/2023	11/17/2023	IP 71124.05	000729	Radiation Monitoring Instrumentation	
1,2,3	11/13/2023	11/17/2023	IP 71124.08	000732	Radioactive Solid Waste Processing & Radioactive Material Handling, Storage, & Transportation	
<b>Age-Related Engineering Inspection - 21N - Palo Verde</b>						3
1,2,3	1/29/2024	2/2/2024	IP 71111.21N.04	001832	Age-Related Degradation	
1,2,3	2/12/2024	2/16/2024	IP 71111.21N.04	001832	Age-Related Degradation	
<b>Security Equipment (.04), Security Training (.07)</b>						2
1,2,3	2/5/2024	2/9/2024	IP 71130.04	000736	Equipment Performance, Testing, and Maintenance	
1,2,3	2/5/2024	2/9/2024	IP 71130.07	000739	Security Training	
<b>EP Program &amp; PI Inspection (2024) - PV</b>						1
1,2,3	3/18/2024	3/22/2024	IP 71114.02	000717	Alert and Notification System Testing	
1,2,3	3/18/2024	3/22/2024	IP 71114.03	000718	Emergency Response Organization Staffing and Augmentation System	
1,2,3	3/18/2024	3/22/2024	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	
1,2,3	3/18/2024	3/22/2024	IP 71114.05	000720	Maintenance of Emergency Preparedness	
1,2,3	3/18/2024	3/22/2024	IP 71151	001397	Performance Indicator Verification	
<b>Inservice Inspection - PV (U3)</b>						1
3	4/8/2024	4/19/2024	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
<b>PV 2024 INITIAL EXAM</b>						6
1,2,3	3/24/2024	3/30/2024	OV	000956	FB-OR-ONSITE VALIDATION OF INITIAL LICENSE EXAMINATION (OV)	
1,2,3	4/28/2024	5/4/2024	EXAD	000500	FB-OR-INITIAL LICENSE EXAM ADMINISTRATION (EXAD)	
<b>Cyber Security - PV</b>						2
1,2,3	5/20/2024	5/24/2024	IP 71130.10	000741	Cybersecurity	
<b>Security Access Control (.02), Security Plan Changes (.09), Security PIV (71151)</b>						1
1,2,3	9/9/2024	9/13/2024	IP 71130.02	000734	Access Control	
1,2,3	9/9/2024	9/13/2024	IP 71130.09	001656	Security Plan Changes	
1,2,3	9/9/2024	9/13/2024	IP 71151	001338	Performance Indicator Verification	
<b>PV 2024 BRQ</b>						3
1,2,3	9/15/2024	9/21/2024	IP 71111.11B	000704	Licensed Operator Requalification Program and Licensed Operator Performance	
<b>Inservice Inspection - PV (Unit 2)</b>						1
2	10/14/2024	10/25/2024	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
<b>License Renewal 71003 - PV (Unit 2/Phase 1)</b>						2
2	10/21/2024	10/25/2024	IP 71003	000687	Post-Approval Site Inspection for License Renewal	
<b>RP 1,3,PI</b>						2
1,2,3	10/21/2024	10/25/2024	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1,2,3	10/21/2024	10/25/2024	IP 71124.03	000727	In-Plant Airborne Radioactivity Control and Mitigation	