March 4, 2015

Mr. Randall K. Edington
Executive Vice President Nuclear/CNO
Arizona Public Service Company
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 05000528/2014001, 05000529/2014001, AND 05000530/2014001)

Dear Mr. Edington,

On February 19, 2015, the Nuclear Regulatory Commission (NRC) completed its end-of-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 January 1, 2014, through December 31, 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.

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 it. 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 July 31, 2016. 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 mid-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 817-200-1147 with any questions you have regarding this letter.

Sincerely,

/RA/

Michael C. Hay
Chief, Branch D
Division of Reactor Projects

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

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