



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
611 RYAN PLAZA DRIVE, SUITE 400  
ARLINGTON, TEXAS 76011-8064

May 29, 2001

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

SUBJECT: ANNUAL ASSESSMENT LETTER - PALO VERDE NUCLEAR GENERATING  
STATION (REPORT 50-528, 529, 530/01-01)

Dear Mr. Overbeck:

On May 8, 2001, the NRC staff completed its end-of-cycle plant performance assessment of Palo Verde Nuclear Generating Station. The end-of-cycle review for Palo Verde Nuclear Generating Station involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period April 2, 2000, to March 31, 2001. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

Overall, Palo Verde Nuclear Generating Station operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green).

While plant performance for the most recent quarter is within the licensee response column of the Action Matrix, there was a low to moderate safety significant (White) performance indicator during the first three quarters of the assessment cycle. The Unit 3 - High Pressure Injection System Unavailability PI crossed the threshold from the Licensee (Green) to the Regulatory Response Column (White), because the high pressure safety injection discharge valve was inoperable from January 6 to March 28, 2000. The supplemental inspection, completed August 28, 2000, determined that the high pressure safety injection valve was repaired and found that your corrective actions were acceptable to minimize recurrence of similar events with other injection valves. Therefore, we plan to conduct only baseline inspections at your facility through May 31, 2002.

## Arizona Public Service Company-2-

The enclosure details the scheduled inspections that will occur through May 31, 2002. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature.

For your information, the NRC is in the process of aligning the inspection and assessment cycle with the calendar year. In order to transition to a calendar year cycle (January 1 through December 31), the next inspection and assessment cycle will consist of only three quarters (i.e., the second, third, and fourth calendar quarters of CY 2001). As a result, a quarterly review will be conducted for the third calendar quarter (July 1 through September 30) in lieu of a midcycle review. The impact on the inspection plan, which is included as an enclosure, is minimal. Activities planned for the transition cycle represent only 60-80 percent of those activities that would be accomplished during a typical 12-month inspection and assessment cycle.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made 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/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at (817) 860-8137 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

*/RA/*

Linda Joy Smith, Chief  
Project Branch D  
Division of Reactor Projects

Dockets: 50-528, 50-529, 50-530  
Licenses: NPF-41, NPF-51, NPF-74

Enclosure:  
Palo Verde Inspection/Activity Plan

cc w/enclosure:  
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Arizona Public Service Company-5-

Electronic distribution from ADAMS by RIV:  
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 Senior Project Engineer, DRP/D (**vacant**)  
 Section Chief, DRP/TSS (**PHH**)  
 J. Isom, NRR (**JAI**)  
**RidsNrrDipmlipb**

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|               |             |             |             |                    |
|---------------|-------------|-------------|-------------|--------------------|
| RIV:SPE:DRP/D | C:DRP/D     | D:DRS       | D:DRP       | OE:NRR/IIPB        |
| WCSifre;df    | LJSmith     | ATHowell    | KEBrockman  | JAlsom             |
| <b>/RA/</b>   | <b>/RA/</b> | <b>/RA/</b> | <b>/RA/</b> | <b>E-PHHarrell</b> |
| 5/15/01       | 5/15/01     | 5/18/01     | 5/24/01     | 5/22/01            |

|                |  |  |  |  |
|----------------|--|--|--|--|
| C:DRP/D        |  |  |  |  |
| Signature      |  |  |  |  |
| <b>LJSmith</b> |  |  |  |  |
| 5/29/01        |  |  |  |  |

**Palo Verde**  
**Inspection / Activity Plan**  
**05/27/2001 - 05/31/2002**

| Unit Number | Inspection Activity | Title  | No. of Staff on Site | Planned Dates Start | Planned Dates End | Inspection Type      |
|-------------|---------------------|--|----------------------|---------------------|-------------------|----------------------|
|             | <b>EMB</b>          | <b>- BIENNIAL MAINTENANCE RULE INSPECTION</b>  | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 711112B          | Maintenance Rule Implementation  |                      | 06/04/2001          | 06/08/2001        | Baseline Inspections |
|             | <b>OB-EXAMS</b>     | <b>- RO/SRO EXAMS</b>  | <b>3</b>             |                     |                   |                      |
| 1           | X02208              | PALO VERDE-UNIT 1 - INITIAL EXAM (07/2001)   |                      | 06/18/2001          | 06/22/2001        | Not Applicable       |
| 1           | X02208              | PALO VERDE-UNIT 1 - INITIAL EXAM (07/2001)   |                      | 07/23/2001          | 07/27/2001        | Not Applicable       |
| 2           | X02209              | PALO VERDE-UNIT 2 - INITIAL EXAM (07/2001)   |                      | 07/23/2001          | 07/27/2001        | Not Applicable       |
| 3           | X02210              | PALO VERDE-UNIT3 - INITIAL EXAM (07/2001)  |                      | 07/23/2001          | 07/27/2001        | Not Applicable       |
|             | <b>PSB-RP2</b>      | <b>- ALARA PLANNING AND CONTROLS (3)</b>   | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7112102          | ALARA Planning and Controls  |                      | 10/15/2001          | 10/19/2001        | Baseline Inspections |
|             | <b>PSB-RP3</b>      | <b>- RAD MATERIALS PROCESSING &amp; SHIPPING</b>   | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7112202          | Radioactive Material Processing and Transportation   |                      | 11/05/2001          | 11/09/2001        | Baseline Inspections |
|             | <b>PSB-RP4</b>      | <b>- RAD ENVIRONMENTAL MONITORING</b>  | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7112203          | Radiological Environmental Monitoring Program  |                      | 11/05/2001          | 11/09/2001        | Baseline Inspections |
|             | <b>PSB-RP5</b>      | <b>- GASEOUS AND LIQUID EFFLUENTS</b>  | <b>2</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7112201          | Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems                       |                      | 11/26/2001          | 11/30/2001        | Baseline Inspections |
|             | <b>PSB-S1</b>       | <b>- RESP TO CONT EVENTS</b>   | <b>4</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7113003          | Response to Contingency Events (Protective Strategy and Implementation of Protective Strategy) |                      | 12/10/2001          | 12/14/2001        | Baseline Inspections |
|             | <b>EMB</b>          | <b>- 50.59</b>   | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7111102          | Evaluation of Changes, Tests, or Experiments   |                      | 01/07/2002          | 01/11/2002        | Baseline Inspections |
|             | <b>OB-PIR</b>       | <b>- PROBLEM ID INSP</b>   | <b>3</b>             |                     |                   |                      |
| 1, 2, 3     | IP 71152            | Identification and Resolution of Problems  |                      | 01/21/2002          | 02/01/2002        | Baseline Inspections |
|             | <b>PSB-RP6</b>      | <b>- ALARA PLANNING AND CONTROLS (4)</b>   | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7112102          | ALARA Planning and Controls  |                      | 02/04/2002          | 02/08/2002        | Baseline Inspections |
|             | <b>PSB-EP1</b>      | <b>- EP PROGRAM BASELINE INSPECTION</b>  | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7111402          | Alert and Notification System Testing  |                      | 02/25/2002          | 03/01/2002        | Baseline Inspections |
| 1, 2, 3     | IP 7111403          | Emergency Response Organization Augmentation Testing   |                      | 02/25/2002          | 03/01/2002        | Baseline Inspections |
| 1, 2, 3     | IP 7111404          | Emergency Action Level and Emergency Plan Changes  |                      | 02/25/2002          | 03/01/2002        | Baseline Inspections |
| 1, 2, 3     | IP 7111405          | Correction of Emergency Preparedness Weaknesses and Deficiencies                               |                      | 02/25/2002          | 03/01/2002        | Baseline Inspections |
| 1, 2, 3     | IP 71151            | Performance Indicator Verification   |                      | 02/25/2002          | 03/01/2002        | Baseline Inspections |
|             | <b>EMB</b>          | <b>- INSERVICE INSPECTION</b>  | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7111108          | Inservice Inspection Activities  |                      | 03/25/2002          | 03/29/2002        | Baseline Inspections |
|             | <b>PSB-S2</b>       | <b>- ACCESS AUTH/CONTROL, SEC PLAN &amp; PIV</b>   | <b>1</b>             |                     |                   |                      |
| 1, 2, 3     | IP 7113001          | Access Authorization Program (Behavior Observation Only)                                       |                      | 04/22/2002          | 04/26/2002        | Baseline Inspections |
| 1, 2, 3     | IP 7113002          | Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorization) |                      | 04/22/2002          | 04/26/2002        | Baseline Inspections |
| 1, 2, 3     | IP 7113004          | Security Plan Changes  |                      | 04/22/2002          | 04/26/2002        | Baseline Inspections |

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

Palo Verde  
Inspection / Activity Plan  
05/27/2001 - 05/31/2002

| Unit Number | Inspection Activity | Title  | No. of Staff on Site | Planned Dates<br>Start End |            | Inspection Type      |
|-------------|---------------------|--|----------------------|----------------------------|------------|----------------------|
| 1, 2, 3     | IP 71151            | PSB-S2 - ACCESS AUTH/CONTROL, SEC PLAN & PIV<br>Performance Indicator Verification | 1                    | 04/22/2002                 | 04/26/2002 | Baseline Inspections |

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