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

July 9, 2001

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

SUBJECT: MEETING SUMMARY FOR END-OF-CYCLE PERFORMANCE ASSESSMENT

Dear Mr. Overbeck:

This refers to the end-of-cycle performance assessment meeting conducted at the Estrella Mountain Community College, Avondale, Arizona, on June 28, 2001. The meeting attendanc list and a copy of the slides presented during the meeting are enclosed.

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

Should you have any questions concerning this matter, we will be pleased to discuss them w you.

Sincerely,

Linda Joy Smith

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

Enclosures:
1. Attendance List
2. NRC Presentation

cc w/enclosures:
Steve Olea
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

Douglas K. Porter, Senior Counsel
Southern California Edison Company
Law Department, Generation Resources
P.O. Box 800
Rosemead, California 91770

Chairman
Maricopa County Board of Supervisors
301 W. Jefferson, 10th Floor
Phoenix, Arizona 85003

Aubrey V. Godwin, Director
Arizona Radiation Regulatory Agency
4814 South 40 Street
Phoenix, Arizona 85040

Craig K. Seaman, Director
Regulatory Affairs
Arizona Public Service Company
P.O. Box 52034
Phoenix, Arizona 85072-2034

John C. Horne, Vice President,
Power Generation
El Paso Electric Company
2702 N. Third Street, Suite 3040
Phoenix, Arizona 85004

Terry Bassham, Esq.
General Counsel
El Paso Electric Company
123 W. Mills
El Paso, Texas 79901

John W. Schumann
Los Angeles Department of Water & Power
Southern California Public Power Authority
P.O. Box 51111, Room 1255-C
Los Angeles, California 90051-0100

David Summers
Public Service Company of New Mexico
414 Silver SW, #1206
Albuquerque, New Mexico 87102

Jarlath Curran
Southern California Edison Company
5000 Pacific Coast Hwy. Bldg. DIN
San Clemente, California 92672

Robert Henry
Salt River Project
6504 East Thomas Road
Scottsdale, Arizona 85251

Jan Kimmell
Division of Emergency Management
State of Arizona
5636 East McDowell Road
Phoenix, Arizona 85008

Electronic distribution from ADAMS by RIV:
Regional Administrator **(EWM)**
DRP Director **(KEB)**
DRS Director **(ATH)**
Senior Resident Inspector **(JHM2)**
Branch Chief, DRP/D **(LJS)**
Senior Project Engineer, DRP/D **(WCS)**
Section Chief, DRP/TSS **(PHH)**
RITS Coordinator **(NBH)**
J. Isom, NRR **(JAI)**
M. Johnson, NRR **(MRJ1)**
RidsNrrDipmlipb

R:_PV\2001\PV6-28-01EOCMS-DRP.wpd

RIV:C:DRP/D				
LJSmith;df				
7/9 /01				

OFFICIAL RECORD COPY T=Telephone E=E-mail F=

ENCLOSURE 1

Attendance List

Licensee

J. Gaffney, Director, Site Radiation Protection
J. Hesser, Director, Outage and Scheduling
W. Ide, Vice President, Nuclear Production
A. Krainik, Director, Nuclear Regulatory Affairs
D. Mauldin, Vice President, Engineering and Support
D. Marks, Section Leader, Nuclear Regulatory Affairs
G. Overbeck, Sr. Vice President, Nuclear
T. Radtke, Director, Maintenance
C. Seaman, Director, Emergency Services
M. Shea, Director, Training
D. Smith, Director Operations
M. Winsor, Director, Nuclear Engineering

NRC

L. Smith, Chief, Reactor Projects Branch D
J. Moorman, Senior Resident Inspector
N. Salgado, Resident Inspector
G. Warnick, Resident Inspector

ENCLOSURE 2

REACTOR OVERSIGHT PROCESS ANNUAL ASSESSMENT MEETING

June 28, 2001

Nuclear Regulatory Commission

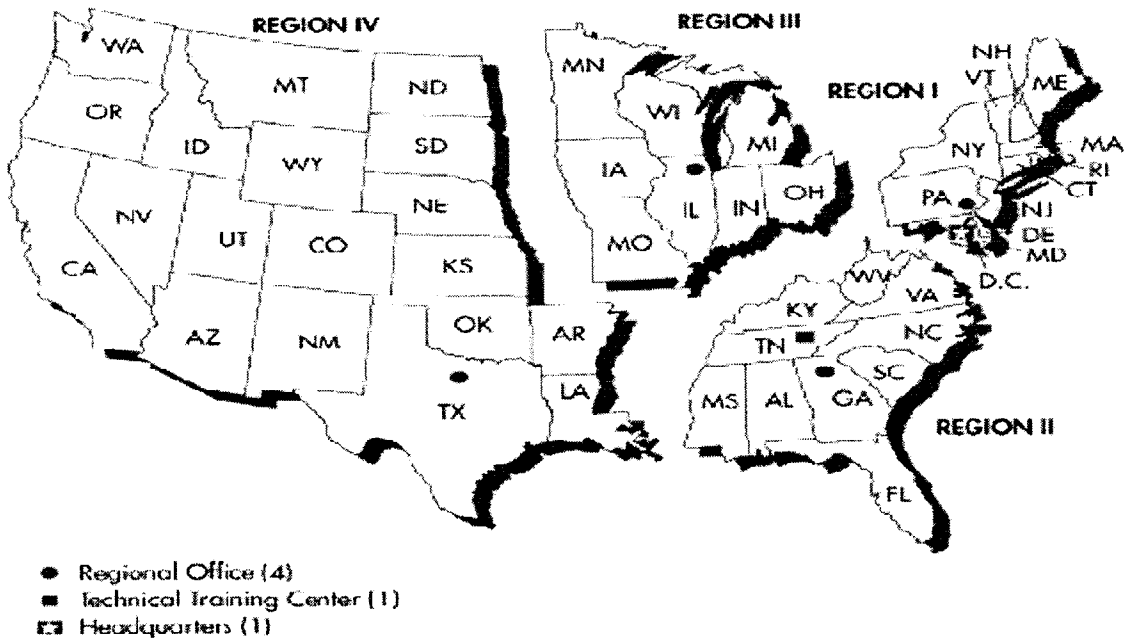
Agenda

- Overview of oversight process - NRC
- Presentation of assessment - NRC
- Discussion of assessment - NRC and PVNGS
- Industry assessment & trends - NRC
- Web tour - NRC
- Adjourn

NRC Activities

- Ensure nuclear plants are designed, constructed, and operated safely
- Issue licenses for the peaceful use of nuclear materials in the U. S.
- Ensure licensees use nuclear materials and operate plants safely, and are prepared to respond to emergencies

NRC REGIONAL OFFICES



Note: Alaska and Hawaii are included in Region IV.
Source: Nuclear Regulatory Commission

NRC Performance Goals

- ***Maintain safety and protect the environment***
- ***Enhance public confidence***
- ***Improve effectiveness, efficiency, and realism of processes and decision making***
- ***Reduce unnecessary regulatory burden***

Our Oversight Activities

- Provide assurance plants are operating safely and in accord with the regulations
- Based upon a logical and sound framework
- Uses objective indicators of performance
- Uses inspections focused on key safety areas
- Assessment program triggers regulatory actions

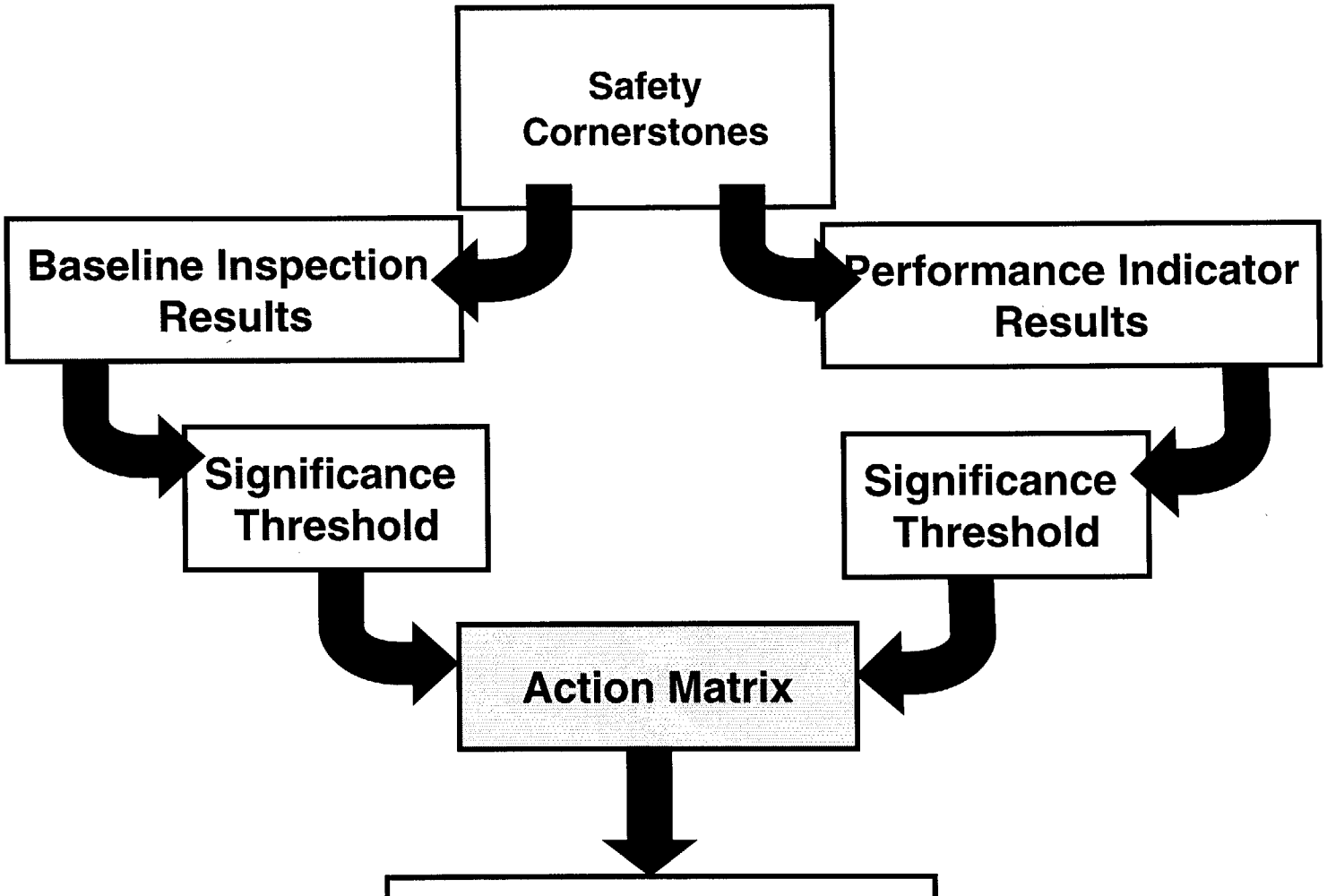
NRC's REACTOR OVERSIGHT PROCESS

Nuclear Regulatory Commission

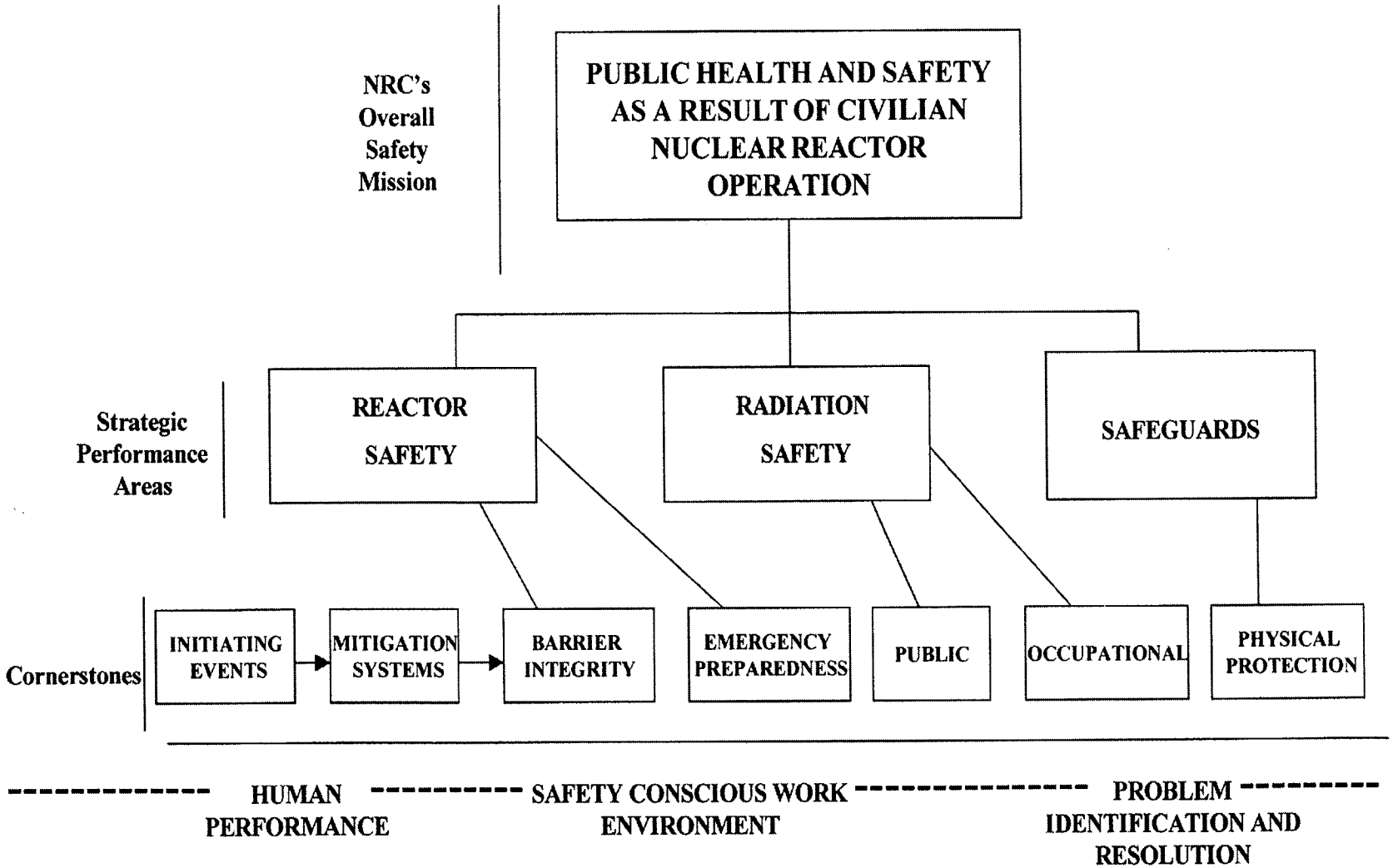
Washington, D.C.

Reactor Oversight Process

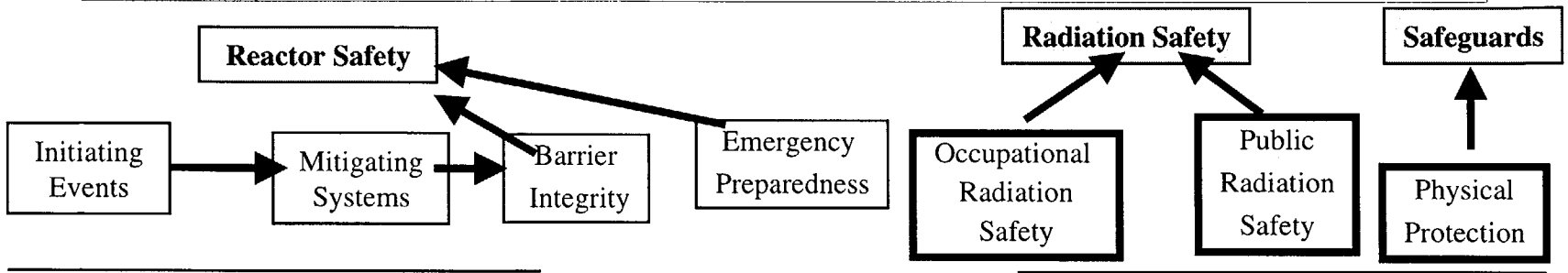
Strategic Performance Areas



REGULATORY FRAMEWORK



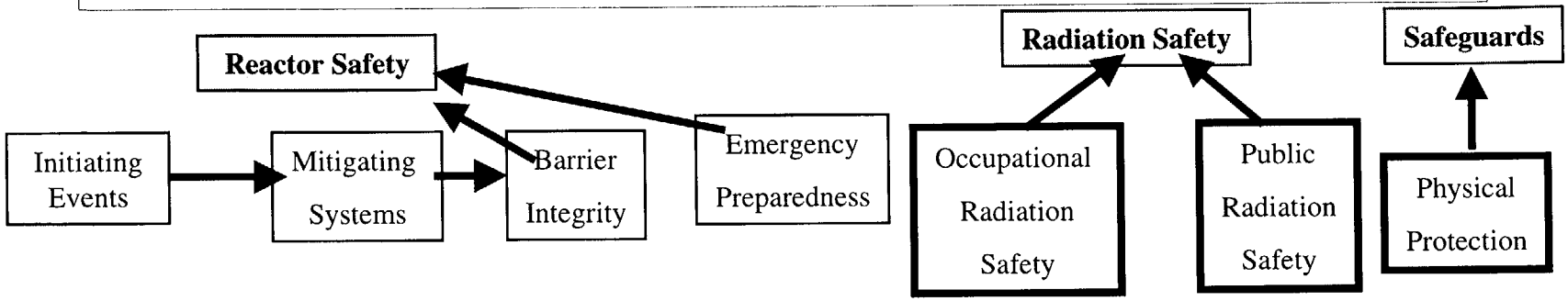
The three Strategic Performance Areas are subdivided into seven Cornerstones which are subdivided into 39 Inspection Procedures



Inspection Procedures

Adverse Weather
Evaluation of Changes
Equipment Alignment
Fire Protection
Flood Protection
Heat Sink Performance
In-service Inspection
Operator Requalificaiton
Maintenance Rulse Implementation
Maintenance Risk Assessment
Non-routine Plant Events
Operability Evaluation
Operator Workarounds
Permanent Plant Modifications
Post Maintenance Testing
Refueling & Outage
Safety System Design
Surveillance Testing
Temporary Modifications
Reactor Safety-Emergency Preparedness
Event Follow-up
Performance Indicator Verification
Problem Identification &
Exercise Evaluation
Alert and Notification System
Emergency Response Organization Augment
Emergency Action and Plans
Emergency Preparedness
Drill Evaluation
Occupational Radiation Safety
Access Control
Radiation Monitoring Instrumentation
Public Radiation Safety
Radiation Effluents Treatment
Radiation Transportation
Environmental Monitoring
Security Access Authorization
Security Search
Security Response
Security Plan Change

The three Strategic Performance Areas are subdivided into seven Cornerstones which are subdivided into 18 Performance Indicators

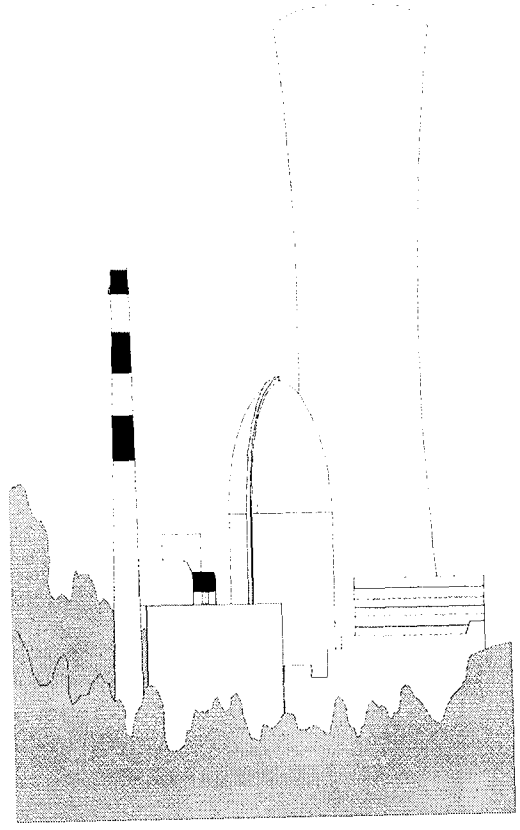


Performance Indicators
Based on data first quarter 2001

- Unplanned Scrams
- Scrams with Loss of Normal Heat Removal
- Unplanned Power Change
- Emergency AC Power System Unavailability
- High Pressure Injection System Unavailability
- Heat Removal System Unavailability
- Residual Heat Removal System Unavailability
- Reactor Coolant System Specific Activity
- Reactor Coolant System Leakage
- Drill/Exercise Performance
- ERO Drill Participation
- Alert and Notification System
- Occupational Exposure Control Effectiveness
- RETS/ODCM Radiological Effluents
- Protected Area Equipment
- Personnel Screening Program
- FFD/Personnel Reliability Program

NRC Conducts Safety Inspections

NRC resident and regional inspectors utilize a Baseline Inspection Program to monitor plant safety performance in each of the Cornerstones of Safety



Key Aspects of Baseline Inspection Program

- Objective evidence of plant safety
- Conducted at all plants
- Emphases safety significant systems, components, activities, and events
- Monitors licensee effectiveness in finding and fixing safety issues
- Inspection reports describe significant findings and non-compliance
- Inspection reports are publicly accessible

Examples of Baseline Inspections

- Plant safety tours
- Plant control room tours
- Maintenance and alignment of equipment
- Worker radiation protection
- Controls for radiation releases
- Plant security

Event Follow-up and Supplemental Inspection

- Determine causes of performance declines
- Follow-up significant inspection findings
- Review events for significance
- Provides for graduated response

Palo Verde Nuclear Generating Station (PVNGS) Inspection Program

- Baseline inspection program
  - Included Event Followup
  - One Supplemental Inspection

Colorization Scheme for *Performance Indicators* and *Inspection Findings*

PERFORMANCE INDICATORS

Green: Performance requiring no NRC oversight beyond Baseline Inspection

White: Performance \may result in increased NRC oversight

Yellow: Performance that minimally reduces safety margin and requires more NRC oversight

Red: Performance that represents significant reduction in safety, requires more NRC oversight, but provides adequate protection to public health and safety

INSPECTION FINDINGS

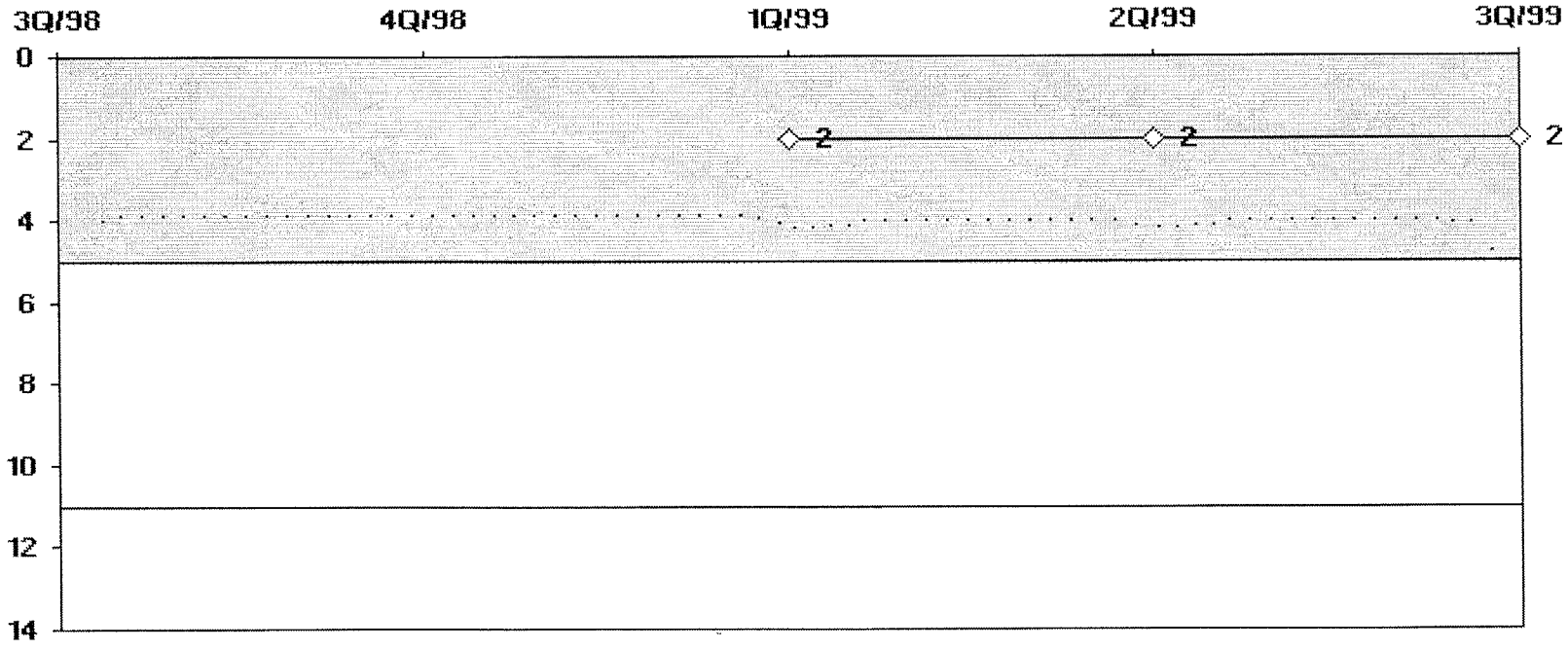
Green: Very low safety issue

White: Low to moderate safety issue

Yellow: Substantial safety issue

A Performance Indicator uses objective data to monitor performance in each Cornerstone area

Occupational Exposure Control Effectiveness

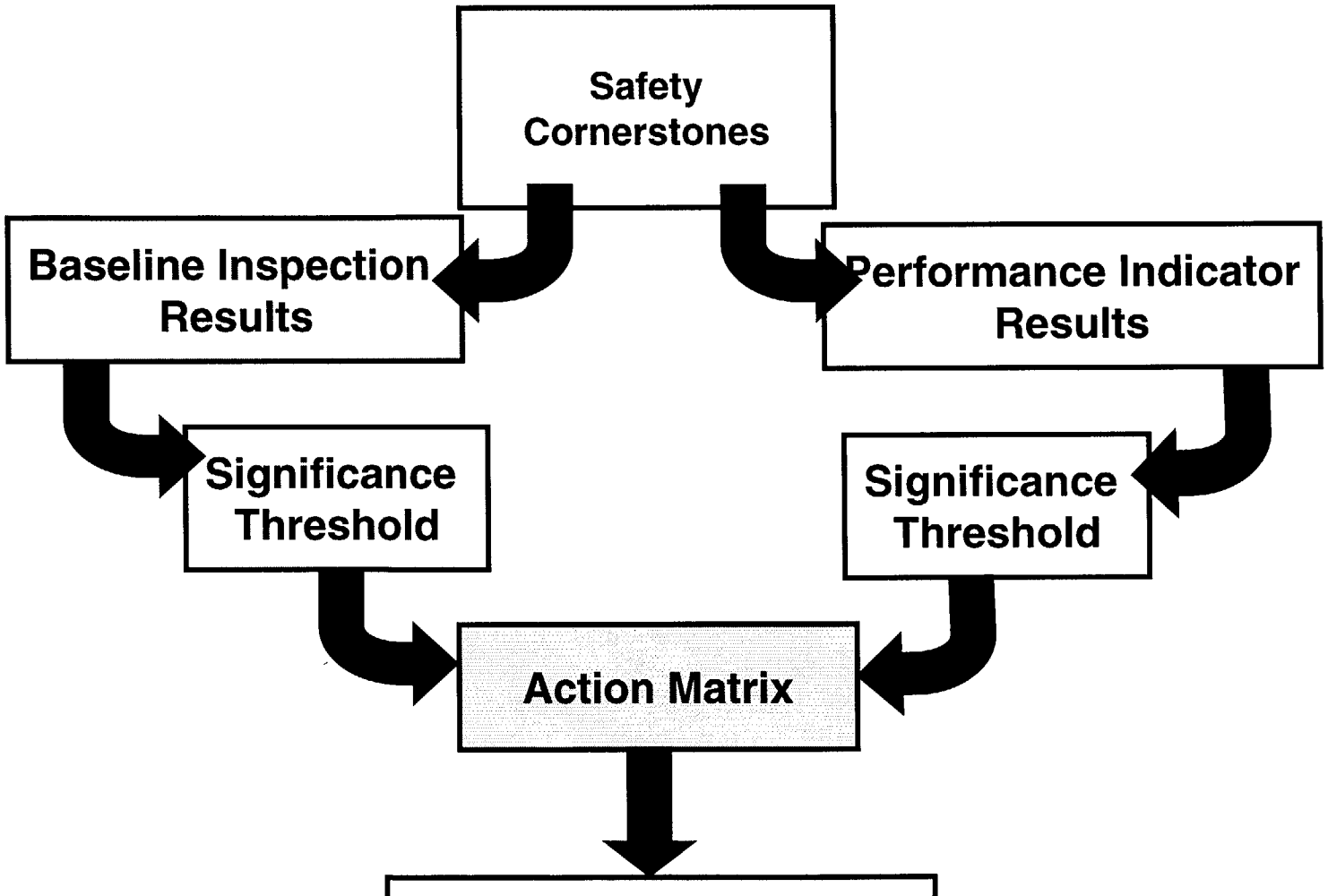


Key Aspects of Assessment Program

- Objective assessment of performance
- "Action Matrix" to determine agency response to performance:
  - *Inspection level increases*
  - *Management involvement increases*
  - *Regulatory actions increase*
- Plant specific assessment letters
- Information on NRC public web site

Reactor Oversight Process

Strategic Performance Areas



PVNGS
Mid-cycle Assessment

- Completed November 2000
- Units 1&2 - Licensee Response Column
  - All inspection findings had very low safety significance (Green)
  - No performance indicators required additional NRC oversight
- Unit 3 – Regulatory Response Column
  - HPSI – PI change to white resulting in supplemental inspection with satisfactory results

PVNGS
End of Cycle
Performance Assessment

PVNGS Operating Summary
Unit 1

- Reactor power reduced following turbine trip due to main generator excitation system failure

- Refueling outage

PVNGS Operating Summary Unit 2

- Reactor power reduced in response to SG 2 MSIV closure
- Reactor trip caused by loss of Train A logic power
- Refueling outage
- Variable overpower rate trip

PVNGS Operating Summary
Unit 3

- Refueling outage
- Shutdown to repair SG downcomer sample line
- Shutdown to repair RCP
- Down power for LP turbine bearing balance followed by reactor trip

PVNGS
Recent Quarter PIs

- All in the licensee response band

- No performance indicators required additional NRC oversight

NRC Noncited Violations

- Inadequate procedure results in partial RCS drain at shutdown
- Failure to identify and correct HPSI system venting problems
- Inadequate procedure results in SFP overfill
- Failure to wear dosimetry
- Failure to conduct adequate radiation surveys

PVNGS
Inspection Findings

- Findings very low risk significance
- All in the licensee response band
- All findings in corrective action system
- No inspection findings required additional NRC oversight

PVNGS
Overall Performance

- Preserved public health and safety
- Met all cornerstone objectives
- NRC baseline inspections planned for next cycle

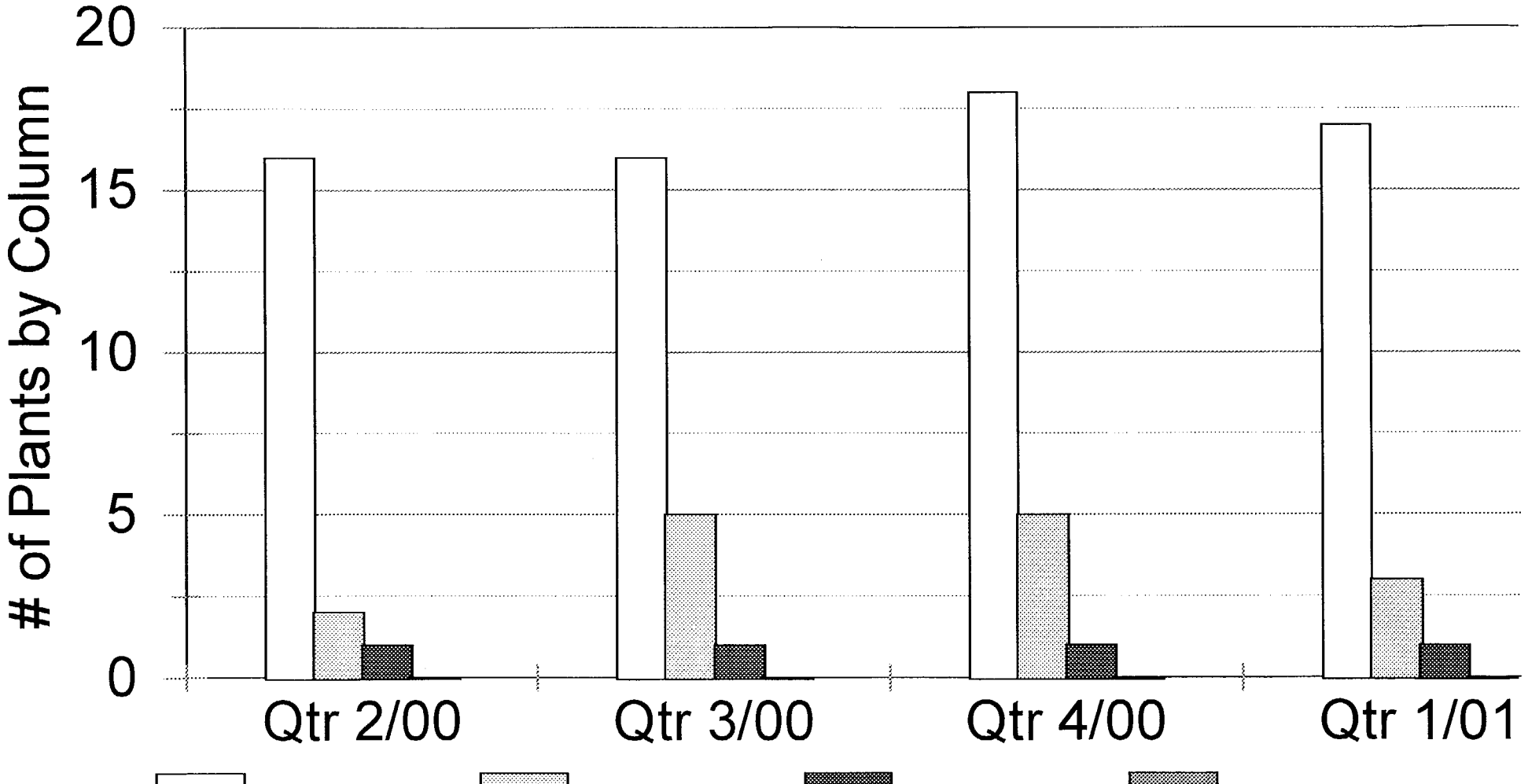
Discussion of Results

- PVNGS Management
- NRC

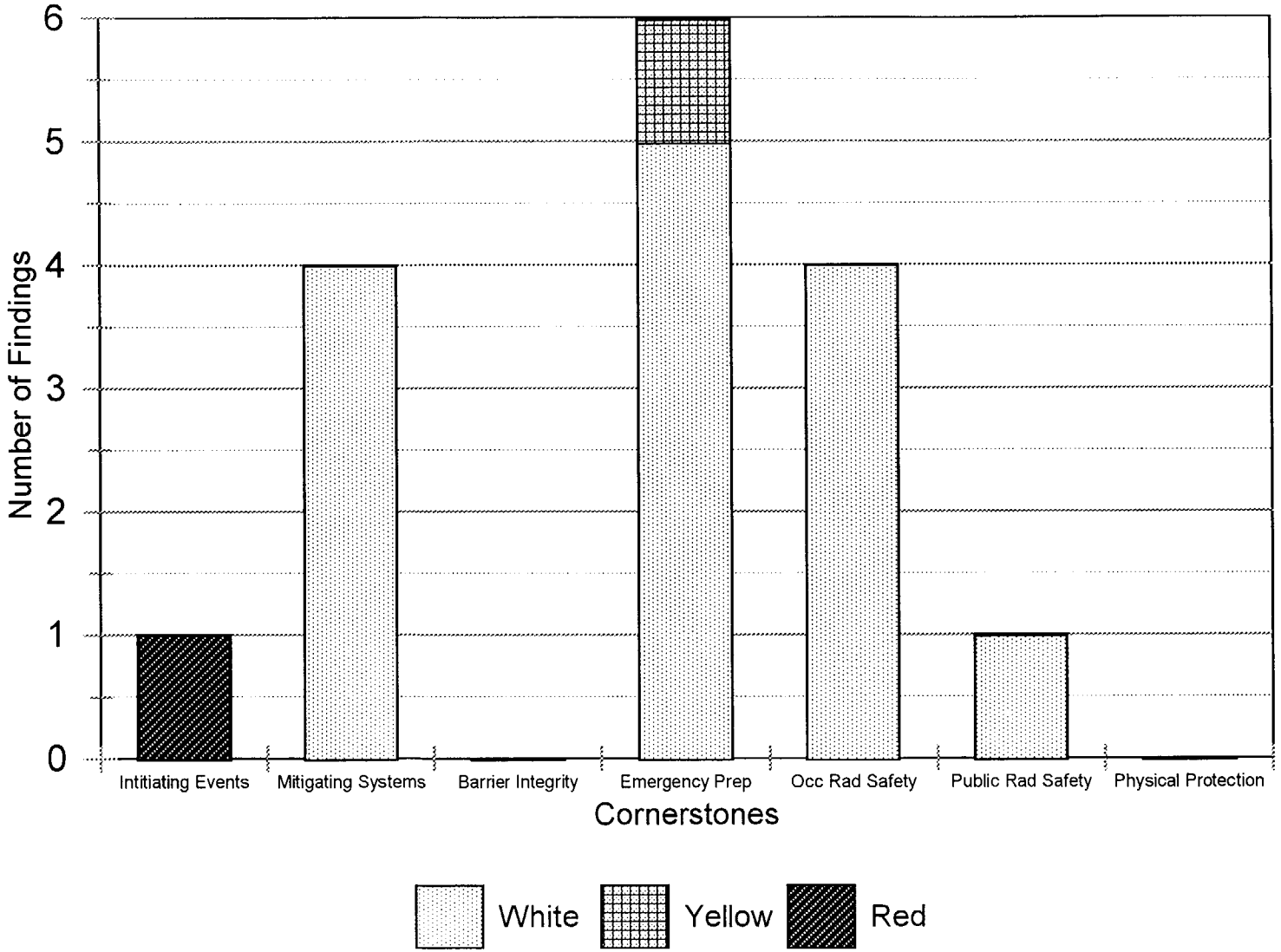
Industry Trends

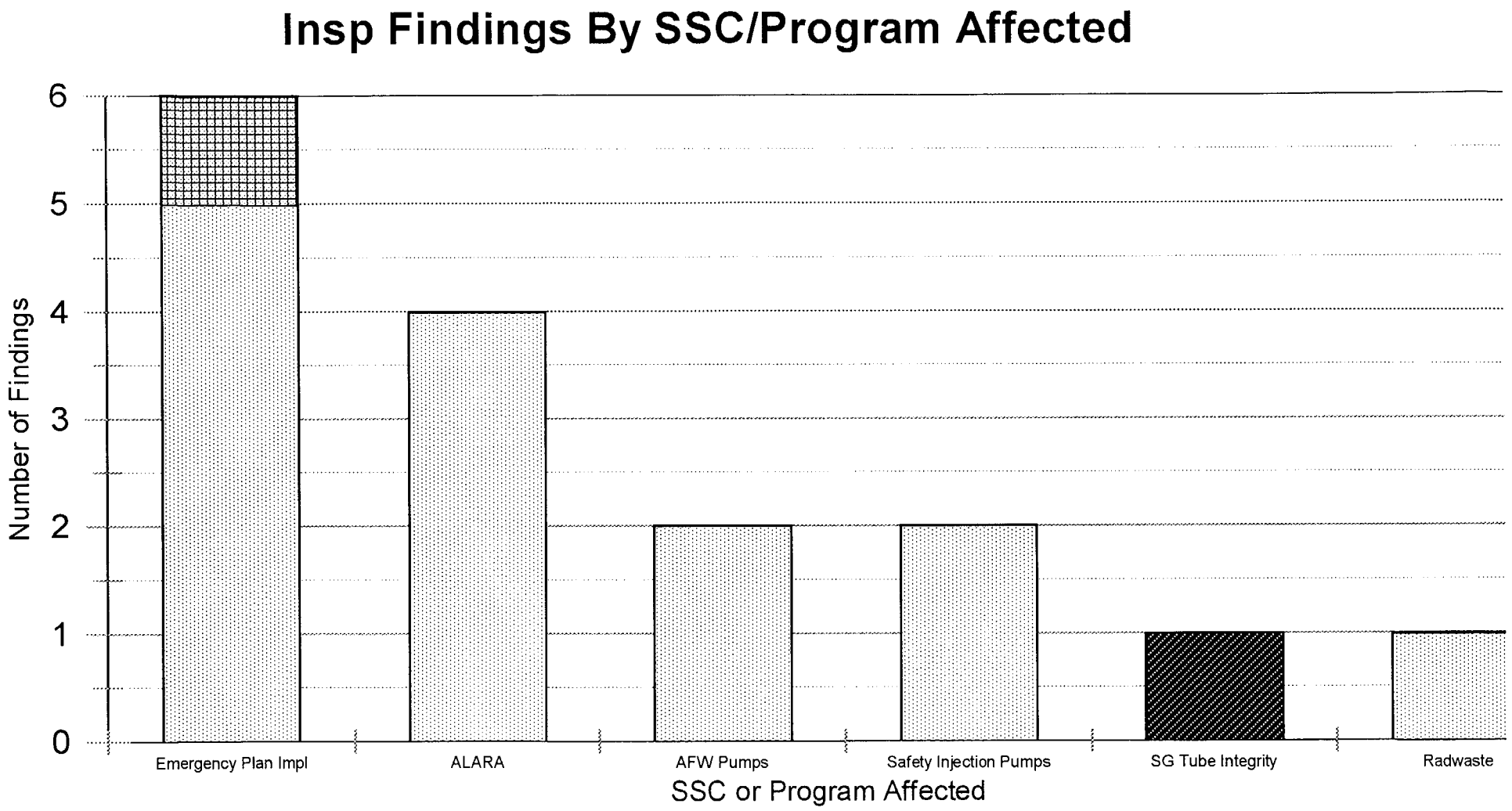
Action Matrix Trends

April 2000 - Mar 2001



Inspection Findings by Cornerstone




Insp Findings By SSC/Program Affected
Number of Findings
0
1
2
3
4
5
6
Emergency Plan Impl
ALARA
AFW Pumps
Safety Injection Pumps
SG Tube Integrity
Radwaste
SSC or Program Affected
White
Yellow
Red

Web Tour

http://www.nrc.gov/NRR/Oversight/index.html

Adjourn