



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
611 RYAN PLAZA DRIVE, SUITE 400  
ARLINGTON, TEXAS 76011-4005

AUG 26 2002

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

SUBJECT: MIDCYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -  
PALO VERDE NUCLEAR GENERATING STATION

Dear Mr. Overbeck:

On July 31, 2002, the NRC staff completed its midcycle plant performance assessment of Palo Verde Nuclear Generating Station (PVGNS). In accordance with NRC Inspection Manual Chapter 0305, "Operating Reactor Assessment Program," the midcycle review involved the participation of all technical divisions in evaluating the performance of your PVNGS facility for the first half of the current assessment cycle, January 1 through December 31, 2002. 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.

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 performance indicators indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to only conduct baseline and safety issues inspections at your facility through September 30, 2003.

The enclosed inspection plan details the inspections scheduled through September 30, 2003. 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. The last 6 months of the inspection plan are tentative and may be revised at the end-of-cycle review.

In addition, the NRC is working with your staff to complete the Mitigating Systems Performance Indicator Pilot Program. Using a temporary instruction, which is still under development, we will monitor your data collection and analysis. This effort is scheduled to extend from September 2002 through July 2003.

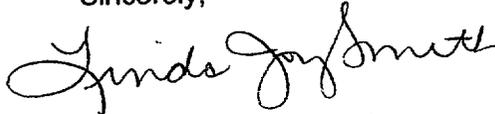
Finally, the NRC is in the process of finalizing a Temporary Instruction (TI) that will be used to review implementation of the Interim Compensatory Measures required by the Agency's Security Order to all commercial nuclear power plants dated February 25, 2002. Schedules

have not yet been finalized, but it is anticipated that these inspections will begin within the next calendar quarter. Once finalized, the details will be communicated by separate correspondence.

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/reading-rm/adams.html> (the Public Electronic Reading Room).

If circumstances arise which cause us to change the 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,



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 Nuclear Generating Station Inspection/Activity Plan

cc w/enclosure:  
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/Nuclear Assurance  
Palo Verde Nuclear Generating Station  
Mail Station 7636  
P.O. Box 52034  
Phoenix, Arizona 85072-2034

Hector R. Puente  
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

Brian Almon  
Public Utility Commission  
William B. Travis Building  
P.O. Box 13326  
1701 North Congress Avenue  
Austin, Texas 78701-3326

Michael Austin, Director  
Arizona Division of Emergency Management  
5636 East McDowell Road  
Building 101  
Phoenix, Arizona 85008-3495

Federal Emergency Management Agency  
Karen Armes, Acting Regional Director  
Building 105  
Presidio of San Francisco  
San Francisco, California 94129

Mayor Ron Drake  
525 North Central  
Avondale, Arizona 85323

Mayor Dustin Hull  
100 North Apache Road  
Buckeye, Arizona 85326

Mayor Jose Delgado  
P.O. Box 26  
El Mirage, Arizona 85335

Mayor Elaine Scruggs  
5850 West Glendale Avenue  
Glendale, Arizona 85301

Mayor William Arnold  
119 North Litchfield Road  
Goodyear, Arizona 85338

Mayor J. Woodson Thomas  
244 West Wigwam Blvd.  
Litchfield Park, Arizona 85340

Mayor John Keegan  
8401 West Monroe Street  
Peoria, Arizona 85345

Mayor Skip Rimsza  
200 West Washginton  
Phoenix, Arizona 85007

Mayor Joan Shafer  
12425 West Bell Road  
Surprise, Arizona 85374

Mayor Adolfo Gamez  
9555 West Van Buren Street  
Tolleson, Arizona 85353

Mayor Daphne Green  
12030 Clubhouse Square  
Youngtown, Arizona 85363

Electronic distribution by RIV:  
 Regional Administrator (**EWM**)  
 DRP Director (**KEB**)  
 DRS Director (**EEC**)  
 Resident Inspector (**GXW2**)  
 Branch Chief, DRP/D (**LJS**)  
 Project Engineer, DRP/D (**ELC1**)  
 Staff Chief, DRP/TSS (**PHH**)  
 RITS Coordinator (**NBH**)  
 Scott Morris (**SAM1**)  
 PV Site Secretary (**TLB4**)  
 Dale Thatcher (**DFT**)  
 B. Henderson, PAO (**BWH**)  
 W. A Maier, RSLO (**WAM**)  
 C. J. Gordon (**CJG**)  
 DRS Branch Chiefs (**GMG, ATG, CSM**)  
 W. D. Travers, EDO (**WDT**)  
 C. A. Carpenter, Chief, NRR/DIPM/IIPB (**CAC**)  
 R. K. Frahm, PPR Program Manager, NRR/DIPM/IIPB (**RKF**)  
 R. W. Borchardt, Associate Dir. for Inspection and Programs (**RWB1**)  
 B. Sheron, Associate Dir. for Project Licensing and Technical Analysis (**BWS**)  
 J. Shea, Chief, Regional Operations Staff, OEDO (**JWS1**)  
 W. Ruland, NRR Project Director (**WHR**)  
 S. Dembek, Chief, Section 2, NRR/DLPM (**SXD**)  
 J. Donohew, NRR Project Manager (**JND**)

Hard Copy:  
 Records Center, INPO

S:\DRP\DRPDIR\Midcycle 2002\PV.wpd

RIV/CDRP/D	D/DRS	D/DRP	Signature	
LJSmith;tbh <i>LJS</i>	EECollins <i>EE</i>	KEBrockman <i>KEB</i>	LJSmith <i>LJS</i>	
8/19/02	8/15/02	8/21/02	8/23/02	

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

**Palo Verde**  
**Inspection / Activity Plan**  
**08/18/2002 - 09/30/2003**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>EMB - HEAT SINKS</b>		<b>1</b>			
1, 2, 3	IP 7111107B	Heat Sink Performance		08/26/2002	08/30/2002	Baseline Inspections
	<b>EMB - BIENNIAL MODS</b>		<b>2</b>			
1, 2, 3	IP 7111117B	Permanent Plant Modifications		08/26/2002	08/30/2002	Baseline Inspections
	<b>OB-RQ - PV REQUAL INSPECTION</b>		<b>2</b>			
1, 2, 3	IP 7111111B	Licensed Operator Requalification		09/09/2002	09/13/2002	Baseline Inspections
	<b>EMB - ISI &amp; ISI/SG - UNIT 1</b>		<b>2</b>			
1	IP 7111108	Inservice Inspection Activities		10/07/2002	10/11/2002	Baseline Inspections
1	IP 7111108	Inservice Inspection Activities		10/21/2002	10/25/2002	Baseline Inspections
	<b>2515/145 - PWR RPV HEAD CRACKING - BULLETIN 2001-01</b>		<b>1</b>			
1	IP 2515/145	Circumferential Cracking of Reactor Pressure Vessel Head Penetration Nozzles (NRC Bulletin 2		10/07/2002	10/11/2002	Safety Issues
	<b>ACCESSPI - ACRSA AND PIV</b>		<b>1</b>			
1, 2, 3	IP 7112101	Access Control to Radiologically Significant Areas		10/07/2002	10/11/2002	Baseline Inspections
1, 2, 3	IP 71151	Performance Indicator Verification		10/07/2002	10/11/2002	Baseline Inspections
	<b>OB-IN - INITIAL EXAM PREP - FUEL HANDLING SRO</b>		<b>2</b>			
1	X02238	PALO VERDE UNIT 1 - INITIAL EXAM (11/02)		10/28/2002	11/02/2002	Not Applicable
2	X02239	PALO VERDE UNIT 2 - INITIAL EXAM (11/02)		10/28/2002	11/02/2002	Not Applicable
3	X02240	PALO VERDE UNIT 3 - INITIAL EXAM (11/02)		10/28/2002	11/02/2002	Not Applicable
	<b>OB-IN - INITIAL EXAM - FUEL HANDLING SRO</b>		<b>3</b>			
1	X02238	PALO VERDE UNIT 1 - INITIAL EXAM (11/02)		11/18/2002	11/22/2002	Not Applicable
2	X02239	PALO VERDE UNIT 2 - INITIAL EXAM (11/02)		11/18/2002	11/22/2002	Not Applicable
3	X02240	PALO VERDE UNIT 3 - INITIAL EXAM (11/02)		11/18/2002	11/22/2002	Not Applicable
	<b>RP-TM - RAD SAFETY TEAM</b>		<b>6</b>			
1, 2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/24/2003	02/28/2003	Baseline Inspections
1, 2, 3	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		02/24/2003	02/28/2003	Baseline Inspections
1, 2, 3	IP 7112202	Radioactive Material Processing and Transportation		02/24/2003	02/28/2003	Baseline Inspections
1, 2, 3	IP 7112203	Radiological Environmental Monitoring Program		02/24/2003	02/28/2003	Baseline Inspections
	<b>PSB-EP1 - EP EXERCISE BASELINE INSPECTION</b>		<b>2</b>			
1, 2, 3	IP 7111401	Exercise Evaluation		03/12/2003	03/13/2003	Baseline Inspections
1, 2, 3	IP 7111404	Emergency Action Level and Emergency Plan Changes		03/12/2003	03/13/2003	Baseline Inspections
1, 2, 3	IP 71151	Performance Indicator Verification		03/12/2003	03/13/2003	Baseline Inspections
	<b>EMB - ISI INSPECTION U3</b>		<b>1</b>			
3	IP 7111108	Inservice Inspection Activities		04/14/2003	04/18/2003	Baseline Inspections
	<b>2515/145 - PWR RPV HEAD CRACKING - BULLETIN 2001-01</b>		<b>1</b>			
3	IP 2515/145	Circumferential Cracking of Reactor Pressure Vessel Head Penetration Nozzles (NRC Bulletin 2		04/14/2003	04/18/2003	Safety Issues

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

**Palo Verde**  
**Inspection / Activity Plan**  
**08/18/2002 - 09/30/2003**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>EMB - ISI/SG INSPECTION U3</b>		<b>1</b>			
3	IP 7111108	Inservice Inspection Activities		04/21/2003	04/25/2003	Baseline Inspections
	<b>EMB - BIENNIAL MR INSPECTION</b>		<b>1</b>			
1, 2, 3	IP 7111112B	Maintenance Effectiveness		04/28/2003	05/02/2003	Baseline Inspections
	<b>PSB-S1 - ACCESS AUTH/CONTROL, SECURITY PLAN, PIV</b>		<b>1</b>			
1, 2, 3	IP 7113001	Access Authorization Program (Behavior Observation Only)		06/16/2003	06/20/2003	Baseline Inspections
1, 2, 3	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorization)		06/16/2003	06/20/2003	Baseline Inspections
1, 2, 3	IP 7113004	Security Plan Changes		06/16/2003	06/20/2003	Baseline Inspections
1, 2, 3	IP 71151	Performance Indicator Verification		06/16/2003	06/20/2003	Baseline Inspections
	<b>EMB - TRIENNIAL FIRE PROTECTION</b>		<b>5</b>			
1, 2, 3	IP 7111105T	Fire Protection		07/07/2003	07/11/2003	Baseline Inspections
1, 2, 3	IP 7111105T	Fire Protection		07/21/2003	07/25/2003	Baseline Inspections
	<b>OB-IN - INITIAL EXAM PREP</b>		<b>3</b>			
1	X02249	PALO VERDE - UNIT 1 EXAM (07/03)		07/07/2003	07/11/2003	Not Applicable
2	X02250	PALO VERDE - UNIT 2 EXAM (07/03)		07/07/2003	07/11/2003	Not Applicable
3	X02251	PALO VERDE - UNIT 3 EXAM (07/03)		07/07/2003	07/11/2003	Not Applicable
	<b>OB-IN - INITIAL EXAMS</b>		<b>4</b>			
1	X02249	PALO VERDE - UNIT 1 EXAM (07/03)		07/21/2003	07/25/2003	Not Applicable
2	X02250	PALO VERDE - UNIT 2 EXAM (07/03)		07/21/2003	07/25/2003	Not Applicable
3	X02251	PALO VERDE - UNIT 3 EXAM (07/03)		07/21/2003	07/25/2003	Not Applicable

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