



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

March 31, 2003

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

SUBJECT: MEETING SUMMARY FOR THE PALO VERDE NUCLEAR GENERATING
STATION 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 March 19, 2003. The meeting attendance and copies of the slides presented at the meeting are included as Enclosures 1 and 2, respectively. In addition to the formal presentation, members of the public raised various concerns to the NRC staff. These concerns have been included in the NRC allegation program to ensure that they will be properly addressed.

Sincerely,

A handwritten signature in black ink, appearing to read "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. Presentation Slides
2. Attendance List

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/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

John Taylor
Public Service Company of New Mexico
2401 Aztec NE, MS Z110
Albuquerque, New Mexico 87107-4224

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

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

Mr. Jeff Griffin, Regional Director
Federal Emergency Management Agency
1111 Broadway, Suite 1200
Oakland, California 94607-4052

The Honorable Ron Drake
Mayor of Avondale
525 North Central
Avondale, Arizona 85323

The Honorable Dustin Hull
Mayor of Buckeye
100 North Apache Road
Buckeye, Arizona 85326

The Honorable Robert Robles
Mayor of El Mirage
P.O. Box 26
El Mirage, Arizona 85335

The Honorable Elaine Scruggs
Mayor of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

The Honorable Seth Kanter
Vice Mayor of Goodyear
119 North Litchfield Road
Goodyear, Arizona 85338

The Honorable J. Woodfin Thomas
Mayor of Litchfield
244 West Wigwam Blvd.
Litchfield Park, Arizona 85340

The Honorable John Keegan
Mayor of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

The Honorable Skip Rimsza
Mayor of Phoenix
200 West Washington
Phoenix, Arizona 85007

The Honorable Joan Shafer
Mayor of Surprise
12425 West Bell Road
Surprise, Arizona 85374

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

The Honorable Daphne Green
Mayor of Youngtown
12030 Clubhouse Square
Youngtown, Arizona 85363

END-OF-CYCLE MEETING ATTENDANCE (Enclosure 2)

LICENSEE/FACILITY	APS/Palo Verde Nuclear Generating Station
DATE/TIME	March 19, 2003; 7:00 PM (MST)
LOCATION	Estrella Mountain Community College
NAME (PLEASE PRINT)	ORGANIZATION
Aubrey Godwin	Arizona Radiation Regulation Agency
John Rich	Member of public
Daniel Marks	APS
Ruth Ann Aud	APS - ES Planner
Craig K. Seaman	APS - Director NA/RA
David Mauldin	APS - VP-Engineering and Support
Randy Sorensen	APS - Chemistry Department Leader
John W. Vanpool	Member of public
Bill Wolfe	APS
Terry Schoech	Member of public
John Frunefield	Member of public
Bruce Nordstrom	Member of public
Dave Smith	APS - Director of Operations

END-OF-CYCLE MEETING ATTENDANCE (Enclosure 2)

LICENSEE/FACILITY	APS/Palo Verde Nuclear Generating Station
DATE/TIME	March 19, 2003; 7:00 PM (MST)
LOCATION	Estrella Mountain Community College
NAME (PLEASE PRINT)	ORGANIZATION
Chuck Zell	APS-PV Work Management DC
Gregg Overbeck	APS
Paul Crabtree	El Paso Electric Co.
Darryl Henning	West Valley View Newspaper
A. K. Krainik	APS
M.D. Shea	APS
J.J. Compas	Westinghouse
Sheri Foote	APS
Jim Levine	APS
John Gaffney	APS
Guillerino L. Corte's	P.E. Cortes Engineering Inc.
Judith S. Bell	S.R.P. consumer
William G. Pool	Member of public

ANNUAL ASSESSMENT MEETING



**Nuclear Regulatory Commission
Region IV**

Annual Licensee Assessment Meeting

- **Public forum to discuss licensee performance**
- **Licensee performance documented in Annual Assessment Letter**
- **Licensee responds to letter providing information related to improving their performance**



NRC Meeting Guidelines

- **Registration Table**
- **Questions and Answers**
- **Feedback Forms**
- **Handouts**



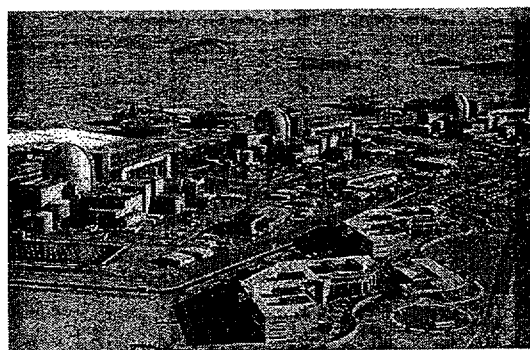
NRC PERFORMANCE GOALS

- **Maintain public safety and protect the environment**
- **Enhance public confidence**
- **Improve:**
 - Effectiveness
 - Efficiency
 - Realism of processes and decision making
- **Reduce unnecessary regulatory burden**



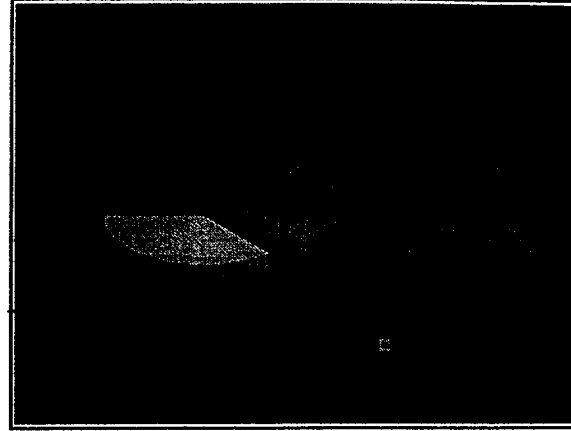
**Nuclear Regulatory Commission
Region IV**

Palo Verde Nuclear Generating Station



Meeting Agenda

- Regulatory Oversight
- Findings and Assessments
- Additional Focus Areas
- Questions and Answers



Nuclear Reactor Regulation

- reviewed multiple license change requests
- reviewed documentation on the Palo Verde Independent Spent Fuel Storage Facilities (ISFSFs)

2969 hours expended in the above effort



Resident Inspectors

- Stationed at the plant
- Prompt response capability
- 2344 hours of oversight

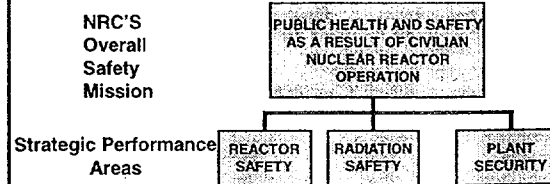


Regional Inspectors

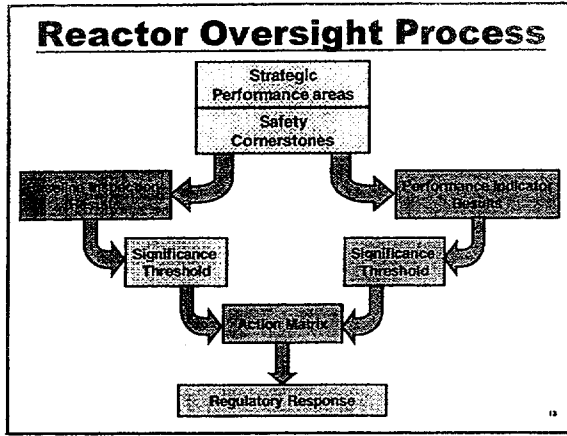
- Specialized
- Inspection teams
- 2859 hours of oversight



Comprehensive Oversight Program



12



- ### Key Aspects of the Assessment Program
- Objective review of licensee performance
 - "Action Matrix" identifies agency response commensurate with safety significance
 - Increasing safety significance results in:
 - Increased levels of inspection
 - Involvement of higher levels of NRC and Licensee Management
 - Increased regulatory action

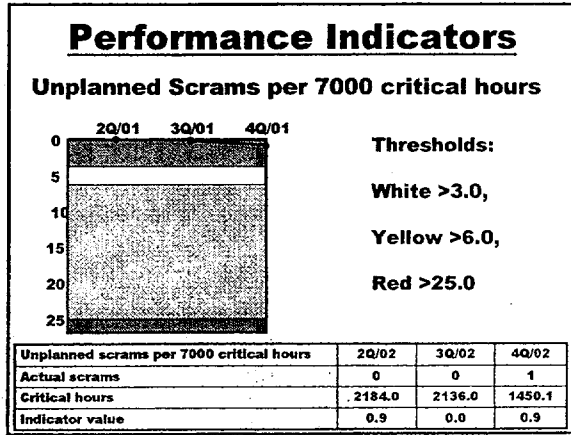
Reactor Oversight Process

SAFETY SIGNIFICANCE

GREEN	- very low
WHITE	- low to moderate
YELLOW	- substantial
RED	- high

- ### Baseline Inspection Program
- Inspection reports describe significant findings and non-compliance
 - Inspection reports are publicly accessible
- www.NRC.gov/reading-rm/adams.html

- ### Performance Indicator Program
- Licensee monitors key safety parameters
 - Data supplied to NRC quarterly



Assessment Results and Performance Indicators

- Performance indicator results and other assessment information available on the NRC's public web site:

www.NRC.gov/NRR/OVERSIGHT/ASSESS/PALO1/palo1_chart.html

www.NRC.gov/NRR/OVERSIGHT/ASSESS/PALO2/palo2_chart.html

www.NRC.gov/NRR/OVERSIGHT/ASSESS/PALO3/palo3_chart.html



Event Follow-up and Supplemental Inspections

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



Reactor Oversight Process

Licensee safety performance is monitored by:

- performance indicators
- evaluating inspection findings

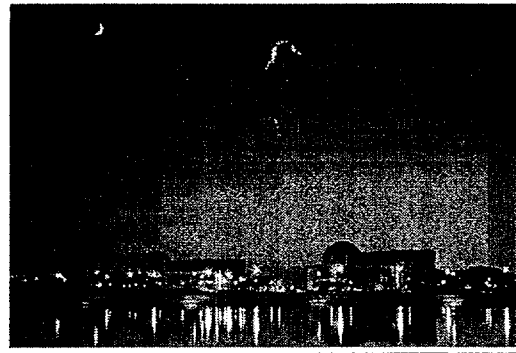
Safety performance letter written every six months

Public meetings on annual basis

www.NRC.gov/reading-rm/adams.html



Plant Safety Performance Summary



Inspection Results

- NRC and Licensee identified inspection findings were of very low safety significance
- Inspection results within the Licensee Response Band
- No special or supplemental inspections necessary



Performance Indicator Results

All performance indicators within the Licensee Response Band



Assessment Conclusion

Licensee effectively managed:

- Reactor safety
- Radiation safety
- Plant security

Palo Verde Nuclear Generating Station operated in a manner that protected the health and safety of the public

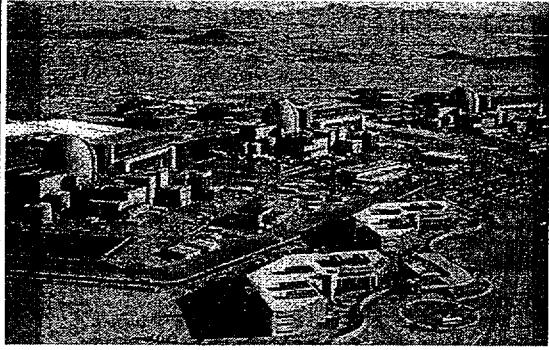


ROP Action Matrix Summary for 2002

	Licensee Response	Regulatory	Degraded Conserstone	Multiple Repetitive Degraded Conserstone	Unacceptable Performance
Nationwide	75	24	2	1	0
Region IV	15	4	0	1	0



Palo Verde Nuclear Generating Station



Additional Focus Areas

- NRC Responds As-Needed
- Mandate Licensee Actions
- Implement Emergency Response



Nuclear Industry Issues

- Potential Reactor Vessel Head Degradation
- Security at Nuclear Power Plants



Reactor Vessel Head Degradation

- Wastage found on Davis-Besse reactor vessel head
- Inspections required by Bulletins
- Lessons Learned
- Order Issued



Reactor Vessel Head Degradation

- NRC monitored Palo Verde reactor vessel head inspection during Unit 1 and Unit 2 Outages
- Reactor vessel head did not have wastage
- Unit 3 reactor vessel head considered low risk and will be inspected in April



Security at Nuclear Power Plants

- NRC created Office of Nuclear Security and Incident Response
 - Provides more effective counterpart to Office of Homeland Security
- Top-to-bottom review of Security Program initiated



Security at Nuclear Power Plants

- Issuance of Orders/Interim Compensatory Measures (ICM)
- Verification of licensee actions regarding ICMs



Security at Nuclear Power Plants

- Pending Orders on fatigue/guard training
- Initiation of pilot Force-on-Force Exercise Program
- NRC working with FAA has prohibited planes from circling or loitering above nuclear power plants
- Has expanded involvement with other federal agencies



Threat Advisory and Protective Measures System

- communicates threats affecting NRC licensees
- corresponds to color-coded Homeland Security Presidential Directive
- Identifies specific actions to be taken by NRC licensees for each threat level



Contacting the NRC

- Report an **Emergency**:
(301) 816-5100 (collect)
 - Report a **Safety Concern**:
(800) 695-7403 or Allegation@nrc.gov
 - General Information or questions:
www.nrc.gov
- Select "What we do" for Public Affairs