



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

August 27, 2003

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 August 7, 2003, the NRC staff completed its midcycle plant performance assessment of Palo Verde Nuclear Generating Station. The midcycle 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 first half of the current assessment cycle, January 1 through June 30, 2003. 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 that 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 PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct only baseline inspections at your facility through September 30, 2004, based on your safety performance.

The enclosed inspection plan details the inspections scheduled through September 30, 2004. In addition to the baseline inspection, Temporary Instruction 2515/150, Revision 1, "Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)," and inspections discussed in Inspection Procedure 50001, "Steam Generator Replacement Inspection," will be performed on Unit 2 during your 2003 fall outage. 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 inspections in the last 6 months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.

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,

/RA/

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

Enclosure:
Palo Verde Nuclear Generating Station Inspection/Activity Plan

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Palo Verde
Inspection / Activity Plan
08/01/2003 - 09/30/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	SGR-P - U-2 SG REPLACEMENT PREP ACTIVITIES		3			
2	IP 50001	Steam Generator Replacement Inspection		06/01/2003	09/20/2003	Other Routine
	P-MOD - EMB SG REPLACEMENT DESIGN ASPECT INSP		2			
2	IP 711117A	Permanent Plant Modifications		08/18/2003	09/05/2003	Baseline Inspections
2	IP 7111123	Temporary Plant Modifications		08/18/2003	09/05/2003	Baseline Inspections
	SGR2-MOD - U-2 SG REPLACEMENT - REVIEW 50.59		2			
2	IP 7111102	Evaluation of Changes, Tests, or Experiments		08/25/2003	08/29/2003	Baseline Inspections
	SGR2 - U-2 SG REPLACEMENT INSPECTIONS		3			
2	IP 50001	Steam Generator Replacement Inspection		09/26/2003	12/27/2003	Other Routine
	ACCESSPI - ACRSA/PI		1			
1, 2, 3	IP 7112101	Access Control to Radiologically Significant Areas		10/06/2003	10/10/2003	Baseline Inspections
1, 2, 3	IP 71151	Performance Indicator Verification		10/06/2003	10/10/2003	Baseline Inspections
	TI -150 - PWR RPV HEAD CRACKING- BULLETIN 2002-02		1			
2	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-0		10/13/2003	10/17/2003	Safety Issues
	EMB - ISI & SG INSPECTIONS U2		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		10/20/2003	10/24/2003	Baseline Inspections
2	IP 7111108P	Inservice Inspection Activities - PWR		11/03/2003	11/07/2003	Baseline Inspections
	SGR2-NDE - U-2 SG REPLACEMENT NDE ACTIVITIES		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		10/20/2003	11/03/2003	Baseline Inspections
	ALARA2 - ALARA		1			
1, 2, 3	IP 7112102	ALARA Planning and Controls		11/17/2003	11/21/2003	Baseline Inspections
	PSB-EP1 - EP PROGRAM INSPECTION		1			
1, 2, 3	IP 7111402	Alert and Notification System Testing		02/02/2004	02/06/2004	Baseline Inspections
1, 2, 3	IP 7111403	Emergency Response Organization Augmentation Testing		02/02/2004	02/06/2004	Baseline Inspections
1, 2, 3	IP 7111404	Emergency Action Level and Emergency Plan Changes		02/02/2004	02/06/2004	Baseline Inspections
1, 2, 3	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		02/02/2004	02/06/2004	Baseline Inspections
1, 2, 3	IP 71151	Performance Indicator Verification		02/02/2004	02/06/2004	Baseline Inspections
	EMB - SAFETY SYS. DESIGN AND PERF. CAPABILITY		4			
1, 2, 3	IP 7111121	Safety System Design and Performance Capability		03/01/2004	03/05/2004	Baseline Inspections
1, 2, 3	IP 7111121	Safety System Design and Performance Capability		03/15/2004	03/19/2004	Baseline Inspections
	EMB - CHANGES, TESTS & EXPERIMENTS		1			
1, 2, 3	IP 7111102	Evaluation of Changes, Tests, or Experiments		03/01/2004	03/05/2004	Baseline Inspections
	2004019 - INSERVICE INSPECTION ACTIVITIES		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		04/12/2004	04/16/2004	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
08/01/2003 - 09/30/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	2004019 - INSERVICE INSPECTION ACTIVITIES		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		04/26/2004	04/30/2004	Baseline Inspections
	ACCESSPI - ACRSA/PIV		1			
1, 2, 3	IP 7112101	Access Control to Radiologically Significant Areas		04/19/2004	04/23/2004	Baseline Inspections
	PIR - BIENNIAL PIR		4			
1, 2, 3	IP 71152B	Identification and Resolution of Problems		05/24/2004	06/11/2004	Baseline Inspections
	OB-INIT - OB - INITIAL EXAMINATION		4			
1	X02273	PALO VERDE UNIT 1 (06/04) INITIAL		05/17/2004	05/21/2004	Not Applicable
1	X02273	PALO VERDE UNIT 1 (06/04) INITIAL		06/07/2004	06/11/2004	Not Applicable
	REQUAL - OB-REQUALIFICATION		2			
1, 2, 3	IP 7111111B	Licensed Operator Requalification		08/09/2004	08/13/2004	Baseline Inspections
	2004039 - PERMANENT PLANT MODIFICATIONS		2			
1, 2, 3	IP 7111117B	Permanent Plant Modifications		09/13/2004	09/17/2004	Baseline Inspections

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