August 25, 2004

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

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 - REQUEST TO USE SUBSEQUENT EDITIONS AND ADDENDA OF THE ASME CODE FOR INSERVICE TESTING OF MANUAL VALVES (TAC NOS. MC1934, MC1935 AND MC1936)

Dear Mr. Overbeck:

By letter dated February 5, 2004, Arizona Public Service Company (APS or the licensee) requested NRC approval to use portions of a more recent edition and addenda of the American Society of Mechanical Engineers (ASME) *Code for Operation and Maintenance of Nuclear Power Plants* (OM Code) for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3, pursuant to 10 CFR 50.55a(f)(4)(iv). Specifically, APS requested approval to apply the requirements of ISTC-3540, *Manual Valves*, and ISTC-5210, *Manually Operated Valves,* from the 2000 Addenda of the OM Code, for the remainder of the Palo Verde second 120-month inservice testing (IST) program interval, which is scheduled to end January 15, 2008.

The applicable Code of record for Palo Verde is the 1989 Edition of the ASME *Boiler and Pressure Vessel Code,* Section XI, Subsection IWV. Subsection IWV references the 1987 Edition including the 1988 Addenda of the Operations and Maintenance Standard (OM-10), "Inservice Testing of Valves in Light-Water Reactor Power Plants." OM-10 requires that manual valves be exercised at a three month interval. The proposed change would extend the exercise interval for manual valves within the scope of the Palo Verde IST program from three months to two years.

The regulations in 10 CFR 50.55a(f)(4)(iv) state that inservice testing of pumps and valves may meet the requirements set forth in subsequent editions and addenda that are incorporated by reference in 10 CFR 50.55a(b), subject to the limitations and modifications listed in Paragraph (b) of 10 CFR 50.55a, and subject to NRC approval. Portions of editions or addenda may be used provided that all related requirements of the respective editions or addenda are met. The 1997 Addenda, 1998 Edition, 1999 Addenda and 2000 Addenda of the ASME OM Code were incorporated by reference into 10 CFR 50.55a(b) on September 26, 2002 (67 FR 60520), and became effective on October 28, 2002, with some limitations and modifications.

This final rule imposed a limitation that requires an exercise interval of 2 years for manual valves within the scope of the ASME OM Code rather than the 5-year interval specified in the 1999 and 2000 Addenda.

In accordance with the limitation imposed by 10 CFR 50.55a(b)(3)(vi), the licensee is requesting approval to exercise manual valves on a 2-year interval instead of the 5-year interval specified

by ISTC-3540 of the 2000 Addenda, provided that adverse conditions (as defined in Subsection ISTC) do not require more frequent testing. In addition, APS stated that related requirements of the 2000 Addenda of the ASME OM Code that are related to the exercising of manual valves are essentially the same as those specified by the 1998 Edition. The licensee also stated that the Palo Verde IST Program will continue to apply the related requirements of the 1998 Edition.

Consistent with the requirements set forth in 10 CFR 50.55a(f)(4)(iv), the staff has reviewed the licensee's request and determined all regulatory provisions were adequately addressed and that the proposed alternatives to the requirements specified by the current ASME Code of record for the Palo Verde units will provide an acceptable level of quality and safety. Therefore, pursuant to 10 CFR 50.55a(a)(3)(i), the NRC staff authorizes the use of the proposed alternative (the 2000 Addenda of the 1998 Edition of the ASME OM Code) to comply with the inservice testing requirements of manually operated valves for the remainder of the second 120-month IST program interval at the Palo Verde Nuclear Generating Station, Units 1, 2, and 3. All other requirements of the ASME Code, Section III and XI for which relief has not been specifically requested and approved remain applicable, including third party review by the Authorized Nuclear Inservice Inspector.

Sincerely,

/RA/
Stephen Dembek, Chief, Section 2
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. STN 50-528, STN 50-529,
and STN 50-530

cc w/encl: See next page

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Consistent with the requirements set forth in 10 CFR 50.55a(f)(4)(iv), the staff has reviewed the licensee's request and determined all regulatory provisions were adequately addressed and that the proposed alternatives to the requirements specified by the current ASME Code of record for the Palo Verde units will provide an acceptable level of quality and safety. Therefore, pursuant to 10 CFR 50.55a(a)(3)(i), the NRC staff authorizes the use of the proposed alternative (the 2000 Addenda of the 1998 Edition of the ASME OM Code) to comply with the inservice testing requirements of manually operated valves for the remainder of the second 120-month IST program interval at the Palo Verde Nuclear Generating Station, Units 1, 2, and 3. All other requirements of the ASME Code, Section III and XI for which relief has not been specifically requested and approved remain applicable, including third party review by the Authorized Nuclear Inservice Inspector.

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*EMEB Memorandum dated 7/20/04
**See previous concurrence
ACCESSION NO: ML042380320 NRR-106

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