

February 15, 2005

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, UNIT 2 - RESPONSE TO
GENERIC LETTER 2004-01, "REQUIREMENTS FOR STEAM GENERATOR
TUBE INSPECTIONS" (TAC NO. MC4838)

Dear Mr. Overbeck:

On August 30, 2004, the NRC issued Generic Letter (GL) 2004-01, "Requirements For Steam Generator Tube Inspections." The purpose of GL 2004-01 was to obtain information that would enable the Nuclear Regulatory Commission (NRC) staff to determine whether licensee's steam generator (SG) tube inspection programs comply with the existing tube inspection requirements (the plant technical specifications in conjunction with Appendix B to Title 10 of the *Code of Federal Regulations* Part 50 (10 CFR Part 50, Appendix B)).

By letter dated October 28, 2004, Arizona Public Service Company responded to GL 2004-01 for Palo Verde Nuclear Generating Station (Palo Verde), Unit 2. The staff's review of your response to the GL did not identify any concerns with the inspection practices employed for the Palo Verde Unit 2 SGs, which contain Alloy 690 thermally treated tubing. The staff, therefore, concludes that your SG tube inspection practices related to the generic letter are in compliance with the existing tube inspection requirements. The reviews for Palo Verde Units 1 and 3, which contain Alloy 600 mill annealed tubing, are ongoing with a target date of August 2005.

If you have any questions regarding this matter, please contact me at (301) 415-3062.

Sincerely,

/RA/

Mel B. Fields, Senior Project Manager, Section 2
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No.: STN 50-529

cc See next page

Palo Verde Generating Station, Units 1, 2, and 3

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