



A subsidiary of Pinnacle West Capital Corporation

Palo Verde Nuclear
Generating Station

James M. Levine
Executive Vice President
Generation

Tel (623) 393-5300
Fax (623) 393-6077

Mail Station 7602
PO Box 52034
Phoenix, Arizona 85072-2034

102-05462-JML/SAB/RJR
April 15, 2006

Dr. B. S. Mallett
Regional Administrator, Region IV
U. S. Nuclear Regulatory Commission
611 Ryan Plaza Dr., Suite 400
Arlington, TX 76011-4005

Dear Sir:

**Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units: 1, 2, and 3
Dockets: 50-528, 50-529 and 50-530
NRC Supplemental Inspection Report 05000528/2005012;
05000529/2005012; and 05000530/2005012- Request for
Follow-up Inspection**

On January 27, 2006, Arizona Public Service Company (APS) received NRC Supplemental Inspection Report 2005012 documenting the results of a supplemental inspection at PVNGS using Inspection Procedure 95002, "Inspection For One Degraded Cornerstone or Any Three White Inputs in a Strategic Performance Area." The NRC concluded that an adequate root cause evaluation of the design control violation had been performed but that certain corrective actions were incomplete at the time of the inspection. Specifically, the NRC identified that for each of the root and contributing causes not all corrective actions had been sufficiently developed to provide the necessary assurance that the identified performance deficiencies would be adequately addressed. Some of the corrective actions that had been taken were identified as being narrowly focused or, in themselves, had not been fully effective. In addition, the NRC concluded that measures of effectiveness that had been established were not sufficient to ensure that corrective actions would be verified to have been effective in improving performance in the affected areas. Consequently, the NRC did not have the necessary assurance to close the design control violation and requested that APS inform them in writing once steps were completed to address these issues.

A member of the **STARS** (Strategic Teaming and Resource Sharing) Alliance

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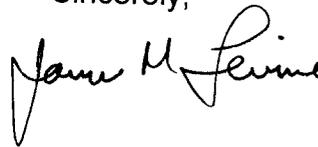
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On March 30, 2006, APS senior management met with the NRC to present the comprehensive integrated improvement plan that is being implemented at PVNGS. In that meeting APS presented the elements of the integrated plan and discussed the progress that has been made to date. As part of that plan, APS has been making significant progress on the corrective actions that were incomplete at the time of the inspection. As discussed in the management meeting, a performance improvement model is being used which not only implements identified corrective actions but also monitors those corrective actions for effectiveness and makes necessary improvements if the intended results are not being achieved. These same program attributes are being applied to the actions resulting from the design control violation. APS believes sufficient progress has been and is being made such that a re-inspection of the design control performance deficiencies is requested in early June 2006.

Should you have any questions, please contact Craig Seaman at (623) 393-5421. There are no commitments being made in this letter.

Sincerely,



JML/SAB/RJR

cc: B. S. Mallett NRC Region IV Regional Administrator
M. B. Fields NRC NRR Project Manager
G. G. Warnick NRC Senior Resident Inspector for PVNGS
Nuclear Regulatory Commission, Document Control Desk,
Washington, DC 20555-0001

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bcc:

Name	Station
J. M. Levine	*
Cliff Eubanks	*
C. D. Mauldin	*
D. M. Smith	*
C. K. Seaman	*
W. D. Chapin	*
M. J. Sontag	*
D. R. Leech	*
S. A. Bauer	*
P. Borchert	*
C. D. Churchman	*
M. D. Carnes	*
M. K. Banks	7615
L. A. Nunez (OSRC)	*
G. A Michael	*
C. J. Justiss	*
NOC	*
STARS Distribution	*
B. A. Pregulman	8695

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EXTERNAL CORRESPONDENCE
 PVNGS Document Authorization Routing Slip

REGULATORY AFFAIRS

102-05462

DATE: 02/11/06

Special Instructions	File Name: H:/ NRA/SCOTTB/95002Reinspectionrequest4142 006.doc
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BRIEF DESCRIPTION:
Request for follow-up inspection
DUE TO NRC ON: April 18, 2006 HARD DUE DATE: No
TO FINAL APPROVER
Target Date: March 31, 2005 <small>(To Final Reviewer 3 Days Prior to Due Date)</small>
Actual Date: ___/___/___ <small>(Date Final Reviewer Received)</small>
Signature Date: ___/___/___ <small>(Date Approved/Letter Date)</small>

ROUTE TO INDIVIDUAL	STA.	SIGNATURE REQUIRED	REVIEW REQUIRED	INITIALS AND DATE REVIEWED/APPROVED	COMMENTS
S. A. Bauer	7636		X	SB 4/14/06	
C. K. Seaman	7636		X	CKS 4/14/06	
J. M. Levine	9046	XX		JML 4/15/06	
RETURN TO: Gail Todd MAIL STATION: 7636		FOR QUESTIONS, CONTACT: Rich Rogalski EXT.: x 5806			