



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

February 4, 2008

David Lochbaum
Director, Nuclear Safety Project
Union of Concerned Scientists
1707 H Street, NW
Suite 600
Washington, DC 20006-3919

Dear Mr. Lochbaum:

Thank you for your letter dated January 11, 2008, regarding Palo Verde performance improvement plans. Your letter recognized the NRC's efforts in providing oversight at the Palo Verde Nuclear Generating Station and questioned whether the Nuclear Regulatory Commission's (NRC) actions could have occurred at a more accelerated pace. Your letter primarily described concerns with the relationship between the Institute of Nuclear Power Operations (INPO) and the nuclear industry and the perception that INPO was lagging the NRC in identifying the performance decline at Palo Verde.

The NRC's Reactor Oversight Process independently identified an adverse trend in Palo Verde performance and prompted additional regulatory oversight measures to ensure actions were developed and implemented by Palo Verde before an excess reduction in safety margins occurred. In the case of Palo Verde, it took approximately three years between the time the NRC identified a declining performance trend and its acceptance by the licensee. While it is fair to ask if this turnaround could be accomplished more quickly, it is important to note that the reactor oversight process (ROP) was successful in identifying adverse performance trends at Palo Verde. The NRC is continuing to evaluate the ROP to look for ways that the process can be enhanced to provide for more timely recognition and correction of declining performance trends.

The NRC and INPO interact as prescribed in a Memorandum of Agreement (MOA), Agency Documents Access and Management System (ADAMS) accession number ML073460015, which provides general guidance regarding the coordination of activities between the two organizations. The NRC resident inspectors review the results of INPO evaluations and brief NRC management on findings identified by INPO. All significant performance concerns receive additional review by NRC inspectors. It is important to note that NRC independently assesses safety and does not rely on INPO evaluations as a means of ensuring acceptable safety margins are maintained. Regarding the exchange of information between the NRC and INPO, senior managers meet periodically to discuss items of interest between the two organizations.

David Lochbaum

- 2 -

If you should have further comments or questions regarding the oversight activities at Palo Verde, please contact Mr. Victor Dricks at 817-860-8128.

Sincerely,

/RA/

Elmo E. Collins
Regional Administrator

cc:

- A.Howell
- D.Chamberlain
- A.Vegel
- T.Pruett
- V.Dricks
- F.Brown

SUNSI Review Completed: GEW ADAMS: Yes No Initials: GEW
 Publicly Available Non-Publicly Available Sensitive Non-Sensitive
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DD:DRP	D:DRP	RA
AVegel	DChamberlain	EECollins
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