



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV
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March 24, 2009

CAL 4-07-004

Randall K. Edington, Executive
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SUBJECT: FOLLOWUP ASSESSMENT AND CLOSURE OF CONFIRMATORY ACTION
LETTER AT PALO VERDE NUCLEAR GENERATING STATION

Dear Mr. Edington:

NRC has performed extensive inspections at Palo Verde Nuclear Generating Station (PVNGS) to independently evaluate your progress in improving the station's safety performance. These inspections consisted of several large team inspections, daily inspections by the resident inspectors, and multiple region-based technical inspections. Based on the results of these inspections, the NRC has determined that safety performance at Palo Verde has notably improved over the last year. As a result, the NRC has taken action to adjust our regulatory oversight of PVNGS as described below.

On March 2, 2007, PVNGS Unit 3 entered the Multiple/Repetitive Degraded Cornerstone Column (Column IV) of the Action Matrix (NRC Manual Chapter 0305). On February 1, 2008, the NRC completed an extensive inspection (Inspection Procedure 95003) that revealed performance areas that required improvement. While the facility was being safely operated, the NRC found that safety margins had been reduced and that site-wide corrective actions were needed to improve safety performance.

On February 15, 2008, the NRC issued a Confirmatory Action Letter to PVNGS (ML080460653). The purpose of the CAL was to formally confirm commitments made by PVNGS regarding completion of actions to improve performance. The actions included those: (1) to address root and contributing causes identified in your evaluations in response to the Yellow finding associated with the voided containment sump suction piping for all three units; (2) to address root and contributing causes identified in your evaluations in response to the White finding associated with the Unit 3 Train A emergency diesel generator electrical relay failures; (3) to address problem identification and resolution performance issues; (4) to address human performance issues; (5) to address problems with implementation of engineering programs; (6) to mitigate the potential for previous decisions to affect the quality of current evaluations associated with significant equipment problems; (7) to address the issues identified

during the PVNGS 2007 independent safety culture assessment; (8) to address problems associated with standards and expectations for performance and holding individuals accountable for nuclear safety; (9) to define and implement a change management process; (10) to address problems with the emergency preparedness program; (11) to address the potential for latent and longstanding issues associated with equipment deficiencies; and (12) to address problems with backlog tracking systems and prioritization.

In a letter dated February 5, 2009, you informed the NRC that PVNGS had completed or demonstrated sufficient progress for all actions associated with the CAL. You informed the NRC that performance in the areas addressed by the CAL have improved and you performed systematic reviews to ensure the performance achieved is sustainable and the basis has been established for continued improvement after the CAL is closed.

Since the issuance of the CAL, the NRC has implemented significant additional inspection activities to independently confirm that the facility continues to be safely operated and that your actions to address the longstanding performance issues at PVNGS were effective. This additional effort included 5 team inspections to verify completion of specific actions and the effectiveness of these actions in addressing the performance issues. The results of these inspections were documented in the 2008 quarterly integrated inspection reports and in the Problem Identification and Resolution inspection report issued on March 20, 2009.

Based on the results of these inspections, NRC has concluded that you have effectively addressed the causes that led to the safety performance decline and have notably improved safety performance. Also, you have established programs and procedures which, if effectively implemented, provide a reasonable assurance that the performance improvements are sustainable. The commitments described in the CAL have been completed and these actions have been effective in addressing the specific performance issues. Therefore, CAL 4-07-004, dated February 15, 2008, is closed.

Additionally, NRC is closing the substantive cross-cutting themes in both the human performance and problem identification and resolution areas that were discussed in the 2008 PVNGS Annual Assessment Letter. Throughout the assessment period the NRC observed improved performance as reflected by a significant reduction in the number of inspection findings in these areas. NRC has concluded that your corrective actions have been effective.

Accordingly, PVNGS safety performance no longer warrants the increased regulatory oversight as described in NRC Manual Chapter 0305 for plants in Column IV of the Action Matrix. Consequently, PVNGS Units 1, 2, and 3 will be transitioned to Column 1, the Licensee Response Column, of the Action Matrix.

Nonetheless, NRC will continue to closely monitor PVNGS performance to confirm that the facility is operated safely and that your performance improvements are being sustained. In accordance with NRC Manual Chapter 0305 the NRC plans to perform additional inspection activities over a two-year period to monitor your improvement initiatives in selected areas and look for indications of potential decline in PVNGS's safety performance.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response (if any) 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), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Elmo E. Collins
Regional Administrator

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