

September 30, 2009

Mr. Randall K. Edington
Executive Vice President, Nuclear
Mail Station 7602
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072

SUBJECT: PLAN FOR THE SCOPING AND SCREENING METHODOLOGY
REGULATORY AUDIT REGARDING THE PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 LICENSE RENEWAL
APPLICATION REVIEW (TAC NOS. ME0254 – ME0256)

Dear Mr. Edington:

By letter dated December 11, 2008, Arizona Public Service Company submitted an application for renewal of operating licenses NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Palo Verde). The staff of the U.S. Nuclear Regulatory Commission (NRC or the staff) is reviewing this application in accordance with the guidance in NUREG-1800, "Standard Review Plan for Review of License Renewal Applications for Nuclear Power Plants."

The staff plans to conduct its scoping and screening methodology regulatory audit at Palo Verde during the week of October 19, 2009, in accordance with the enclosed regulatory audit plan. If you have any questions, please contact me by telephone at 301-415-1906 or by e-mail at Lisa.Regner@nrc.gov.

Sincerely,

/RA/

Lisa Regner, Sr. Project Manager
Projects Branch 2
Division of License Renewal
Office of Nuclear Reactor Regulation

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

Enclosures:
As stated

cc w/encls: See next page

September 30, 2009

Mr. Randall K. Edington
Executive Vice President, Nuclear
Mail Station 7602
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072

SUBJECT: PLAN FOR THE SCOPING AND SCREENING METHODOLOGY
REGULATORY AUDIT REGARDING THE PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 LICENSE RENEWAL
APPLICATION REVIEW (TAC NOS. ME0254 – ME0256)

Dear Mr. Edington:

By letter dated December 11, 2008, Arizona Public Service Company submitted an application for renewal of operating licenses NPF-41, NPF-51, and NPF-74 for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Palo Verde). The staff of the U.S. Nuclear Regulatory Commission (NRC or the staff) is reviewing this application in accordance with the guidance in NUREG-1800, "Standard Review Plan for Review of License Renewal Applications for Nuclear Power Plants."

The staff plans to conduct its scoping and screening methodology regulatory audit at Palo Verde during the week of October 19, 2009, in accordance with the enclosed regulatory audit plan. If you have any questions, please contact me by telephone at 301-415-1906 or by e-mail at Lisa.Regner@nrc.gov.

Sincerely,

/RA/

Lisa Regner, Sr. Project Manager
Projects Branch 2
Division of License Renewal
Office of Nuclear Reactor Regulation

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

Enclosures:
As stated

cc w/encls: See next page

DISTRIBUTION: See next page

ADAMS Accession Number: **ML092590613**

OFFICE	LA:DLR	PM:RPB2:DLR	BC:RER2:DLR	BC:RPB2:DLR	PM:RPB2:DLR
NAME	SFigueroa	LRegner	RAuluck	DWrona	LRegner
DATE	09/21/09	09/21/09	09/23/09	09/30/09	09/30/09

OFFICIAL RECORD COPY

Letter to R. Edington from L. Regner dated September 30, 2009

DISTRIBUTION:

SUBJECT: PLAN FOR THE SCOPING AND SCREENING METHODOLOGY
REGULATORY AUDIT AND ENVIRONMENTAL SITE VISIT REGARDING THE
PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3
LICENSE RENEWAL APPLICATION REVIEW (TAC NOS. ME0261 – ME0266)

HARD COPY:

DLR RF

E-MAIL:

PUBLIC

RidsNrrDlr Resource
RidsNrrDlrRpb1 Resource
RidsNrrDlrRpb2 Resource
RidsNrrDlrRer1 Resource
RidsNrrDlrRer2 Resource
RidsNrrDlrRerb Resource
RidsNrrDlrRpob Resource
RidsNrrDciCvib Resource
RidsNrrDciCpnb Resource
RidsNrrDciCsgb Resource
RidsNrrDraAfpb Resource
RidsNrrDraApla Resource
RidsNrrDeEmcb Resource
RidsNrrDeEeeb Resource
RidsNrrDssSrxb Resource
RidsNrrDssSbpb Resource
RidsNrrDssScvb Resource
RidsOgcMailCenter Resource
RidsOpaMail Resource

LRegner
BMizuno, OGC
RTreadway, RIV
GPick, RIV

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

cc:

Mr. Steve Olea
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Mr. Douglas Kent Porter
Senior Counsel
Southern California Edison Company
Law Department, Generation Resources
P.O. Box 800
Rosemead, CA 91770

Senior Resident Inspector
U.S. Nuclear Regulatory Commission
P.O. Box 40
Buckeye, AZ 85326

Regional Administrator, Region IV
U.S. Nuclear Regulatory Commission
612 E. Lamar Blvd., Suite 400
Arlington, TX 76011-4125

Chairman
Maricopa County Board of Supervisors
301 W. Jefferson, 10th Floor
Phoenix, AZ 85003

Mr. Aubrey V. Godwin, Director
Arizona Radiation Regulatory Agency
4814 S. 40th Street
Phoenix, AZ 85040

Mr. Scott Bauer, Director
Regulatory Affairs
Palo Verde Nuclear Generating Station
Mail Station 7636
P.O. Box 52034
Phoenix, AZ 85072-2034

Mr. Dwight C. Mims, Vice President
Regulatory Affairs and Plant Improvement
Palo Verde Nuclear Generating Station
Mail Station 7605
P.O. Box 52034
Phoenix, AZ 85072-2034

Mr. John C. Taylor
Director, Nuclear Generation
El Paso Electric Company
340 E. Palm Lane, Suite 310
Phoenix, AZ 85004

Mr. James Ray
Public Service Company of New Mexico
2401 Aztec NE, MS Z110
Albuquerque, NM 87107-4224

Mr. Geoffrey M. Cook
Southern California Edison Company
5000 Pacific Coast Hwy., Bldg. D21
San Clemente, CA 92672

Mr. Robert Henry
Salt River Project
6504 E. Thomas Road
Scottsdale, AZ 85251

Mr. Jeffrey T. Weikert
Assistant General Counsel
El Paso Electric Company
Mail Location 167
123 W. Mills
El Paso, TX 79901

Mr. Eric Tharp
Los Angeles Department of Water & Power
Southern California Public Power Authority
P.O. Box 51111, Room 1255-C
Los Angeles, CA 90051-0100

Mr. Brian Almon
Public Utility Commission
William B. Travis Building
P.O. Box 13326
1701 N. Congress Avenue
Austin, TX 78701-3326

Ms. Karen O'Regan
Environmental Program Manager
City of Phoenix
Office of Environmental Programs
200 W. Washington Street
Phoenix, AZ 85003



Audit Plan

Scoping and Screening Methodology Review for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 License Renewal Application

Audit Date: October 19, 2009

**Division of License Renewal
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission**

ENCLOSURE 1

License Renewal Scoping and Screening Methodology Audit Plan Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Palo Verde)

1. Background

By letter dated, December 11, 2008, Arizona Public Service Company (APS) submitted an application for renewal of operating licenses NPF-41, NPF-51, and NPF-74, for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Palo Verde). APS requested renewal of the operating licenses for an additional 20 years beyond the 40-year current license terms, which expire on June 1, 2025 (Unit 1), April 24, 2026 (Unit 2), and November 25, 2027 (Unit 3). The staff from the Division of License Renewal will lead a regulatory audit to gain a better understanding of the scoping and screening methodology that was used to prepare Palo Verde's integrated plant assessment (IPA). The IPA is to describe and justify methods used to identify systems, structures, and components (SSCs) subject to an aging management review (AMR).

2. Regulatory Audit Bases

License renewal requirements are specified in Title 10 of the *Code of Federal Regulations* (CFR), Part 54 (10 CFR Part 54), "Requirements for Renewal of Operating Licenses for Nuclear Power Plants," and the guidance is provided in NUREG-1800, Rev. 1, "Standard Review Plan for Review of License Renewal Applications for Nuclear Power Plants" (SRP-LR), dated September 2005, and NUREG-1801, Rev. 1, "Generic Aging Lessons Learned (GALL) Report," dated September 2005.

3. Regulatory Audit Scope

The scope of this regulatory audit for Palo Verde is the methodology used by the applicant to implement the scoping requirements of 10 CFR 54.4, "Scope." The methodology used by the applicant to implement the "screening" requirements of 10 CFR 54.21(a)(1) is also reviewed.

4. Site Documentation List

- Engineering reports and procedures which contain requirements or guidelines for the implementation of scoping and screening methodology.
- 10 CFR 54.4(a)(1) plant evaluations and implementing procedures.
- 10 CFR 54.4(a)(2) plant evaluations and implementing procedures.
- 10 CFR 54.4(a)(3) plant evaluations, implementing procedures and any specific analyses performed.
- License renewal drawings.
- System design basis documents and system and component level scoping and screening reports for selected systems and structures: **safety injection and shutdown cooling system, diesel generator fuel oil storage and transfer system, auxiliary feedwater system, and the turbine building.**

- Description of the design basis events included in the Updated Final Safety Analysis Report, and all other additional events (e.g., high energy line break, fire, high wind, earthquakes, flooding, tornadoes), which were evaluated during the scoping process.
- Plant equipment database and administrative control procedure.
- Plant and industry operating experience used to determine the scope of 10 CFR 54.4(a)(2) systems, structures and components.
- Documentation of quality assurance activities associated with license renewal application development.
- Documentation of training activities associated with license renewal application development.

5. Team Assignments

Area of Review	Assigned Auditor
Team Lead	Billy Rogers
Project Manager	Lisa Regner
Electrical	TBD
Mechanical and Materials	TBD
Structural	TBD

6. Logistics

The audit will be conducted at Palo Verde from October 19, 2009 until October 23, 2009. Entrance and exit briefings will be held at the beginning and end of this audit, respectively.

7. Special Requests

The staff requests the applicant to make available their condition report database for independent searches by the regulatory audit team.

8. Deliverables

An audit report should be issued to the applicant within 90 days from the end of the audit.

**Palo Verde Nuclear Generating Station License Renewal
Scoping and Screening Methodology Audit Schedule
10/19/09 - 10/23/09**

Monday 10/19

A.M.

- **8:30 a.m. entrance meeting** - introductions, audit activities and goals, and audit logistics.
- **Applicant presentation to NRC team** - consisting of a general overview of the following topics:
 - Technical references used for scoping and screening (UFSAR, equipment database, Maintenance Rule information).
 - Program tools used for LRA development (database).
 - Implementing procedures, guidance, and reports.
 - Overview of scoping and screening methodology developed and applied to meet the requirements of 10 CFR 54.4(a)(1), (a)(2), (a)(3), and 10 CFR 54.21(a)(2) .
- **NRC team breakout** – staff review of implementing procedures, basis documents and reports related to 10 CFR 54.4(a)(1) and (a)(3) scoping.

P.M.

- **Discussion with the applicant on scoping and screening methodology (a)(1) and (a)(3) for mechanical systems and components** - detailed review of scoping and screening methodology, applicable to the **mechanical** discipline, using the auxiliary feedwater system as an example. Includes the following topics: implementing procedures; source information; electronic databases; definition of safety-related; design bases events consideration; identification of SSCs within scope; identification of intended functions; scoping boundaries and license renewal drawings; identification of SCs subject to AMR; and documentation of the results in scoping and screening reports.
- **NRC team breakout** - staff follow-up review of implementing procedures, basis documents and reports related to 10 CFR 54.4(a)(1) and (a)(3) scoping (mechanical).
- **Daily review** of audit activities.

ENCLOSURE 2

**Palo Verde Nuclear Generating Station License Renewal
Scoping and Screening Methodology Audit Schedule
10/19/09 - 10/23/09 (cont.)**

Tuesday 10/20

A.M.

- **NRC team breakout** - staff follow-up review of implementing procedures, basis documents and reports related to 10 CFR 54.4(a)(1) and (a)(3) scoping (mechanical) [continued].
- **NRC team breakout** – staff review of implementing procedures, basis documents and reports related to 10 CFR 54.4(a)(2) scoping.

P.M.

- **Discussion with the applicant on scoping and screening methodology (a)(2) for mechanical systems and components** - detailed review of scoping and screening methodology, applicable to the **mechanical** discipline using the auxiliary feedwater system as an example. Includes the following topics: implementing procedures; source information; electronic databases; identification of SSCs within scope; scoping boundaries and license renewal drawings; identification of SCs subject to AMR; exceptions taken to NEI 95-10, Appendix F; and documentation of the results in scoping and screening reports.
- **NRC team breakout** – staff follow-up review of implementing procedures, basis documents and reports related to 10 CFR 54.4(a)(2).
- **NRC team breakout** – staff review of implementing procedures, basis documents and reports related to 10 CFR 54.4(a)(1), (a)(2) and (a)(3) scoping (structural).
- **NRC team breakout** – staff review of implementing procedures, basis documents and reports related to 10 CFR 54.4(a)(1), (a)(2) and (a)(3) scoping (electrical).
- **Daily review** of audit activities.

**Palo Verde Nuclear Generating Station License Renewal
Scoping and Screening Methodology Audit Schedule
10/19/09 - 10/23/09 (cont.)**

Wednesday 10/21

A.M.

- **Discussion with the applicant on scoping and screening methodology (a)(1), (a)(2) and (a)(3) for structural systems and components** - focusing on the differences from the previous discussion on mechanical systems and components, as applicable to the **structural** discipline, using the turbine building as an example.
- **Discussion with the applicant on scoping and screening methodology (a)(1), (a)(2), and (a)(3) for electrical and I&C systems and components.**
- **Discussion with the applicant on the evaluation of various plant-wide topics:** (1) commodities, (2) consumables, (3) plant insulation, (4) overhead handling systems, (5) abandoned equipment, and (6) staged equipment/replacement parts, as applicable.
- **Plant equipment database sample review** - a staff sampling of the plant equipment database to verify that the selected components were correctly scoped (to be accomplished by the NRC staff, with assistance from the applicant as required).
- **Sample system reviews** – a staff sample review of safety injection and shutdown cooling system, diesel generator fuel oil storage and transfer system, auxiliary feedwater system, and the turbine building (to be accomplished by the NRC staff, with assistance from the applicant as required).

P.M.

- **Plant equipment database sample review** [continued].
- **Sample system reviews** – [continued].
- **Plant walkdowns** – safety injection and shutdown cooling system, diesel generator fuel oil storage and transfer system, auxiliary feedwater system, and the turbine building (as reasonably accessible and in accordance with ALARA).
- **Daily review** of audit activities.

**Palo Verde Nuclear Generating Station License Renewal
Scoping and Screening Methodology Audit Schedule
10/19/09 - 10/23/09 (cont.)**

Thursday 10/22

A.M.

- **Plant equipment database sample review** [continued].
- **Sample system reviews** [continued].
- **Discussion with the applicant on training activities** – as applicable to LRA development.
- **Discussion with the applicant on quality assurance activities** – as applicable to LRA development.

P.M.

- **Plant equipment database sample review** [continued].
- **Sample system reviews** [continued].
- **Discussion with the applicant on aging management program quality assurance elements** – corrective actions, confirmation process, and administrative controls.
 - UFSAR supplement.
 - Review of individual aging management programs quality assurance elements – corrective actions, confirmation process, and administrative controls
- **Daily review** of audit activities.

Friday 10/23

A.M.

- Continuation of previous day's activities as required.
- **10:00 a.m. final briefing** of audit activities and status (tentative).