



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
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September 1, 2011

Randall K. Edington
Executive Vice President, Nuclear
and Chief Nuclear Officer
Arizona Public Service Company
P.O. Box 52034, Mail Stop 7602
Phoenix, AZ 85072-2034

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN –
PALO VERDE NUCLEAR GENERATING STATION - UNITS 1, 2, AND 3

Dear Mr. Edington,

On August 17, 2011, the NRC completed its mid-cycle performance review of Palo Verde Nuclear Generating Station (PVNGS) Units 1, 2, and 3. The NRC reviewed the most recent quarterly performance indicators (PIs) in addition to inspection results and enforcement actions from July 1, 2010 through June 30, 2011. This letter informs you of the NRC's assessment of your facility during this period and its plans for future inspections at your facility. This performance review and enclosed inspection plan do not include security information. A separate letter will include the NRC's assessment of your performance in the Security Cornerstone and its security-related inspection plan.

Overall, Palo Verde Nuclear Generating Station, Units 1, 2, and 3 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance at PVNGS Units 1, 2, and 3 during the most recent quarter was within the Licensee Response Column of the NRC's Reactor Oversight Process (ROP) Action Matrix because all inspection findings had very low (i.e., green) safety significance, and all PIs indicated that your performance was within the nominal, expected range (i.e., green). Therefore, the NRC plans to conduct ROP baseline inspections at your facility.

In the days following the Fukushima Dai-ichi nuclear accident in Japan, the Commission directed the staff to establish a senior-level agency task force to conduct a methodical and systematic review of the NRC's processes and regulations to determine whether the agency should make additional improvements to its regulatory system. The NRC has since completed Temporary Instruction (TI) 183, "Follow-up to Fukushima Dai-ichi Nuclear Station Fuel Damage Event," and TI-184, "Availability and Readiness Inspection of Severe Accident Management Guidelines (SAMGs)" at your facility. Results of these inspections can be found here: <http://www.nrc.gov/japan/japan-activities.html>. Additionally, on May 11, 2011, the agency issued NRC Bulletin 2011-01, "Mitigating Strategies," to confirm compliance with Order EA-02-026, subsequently imposed license conditions, and 10 CFR 50.54(hh)(2), and to determine the status of licensee mitigating strategies programs. On July 12, 2011, the NRC's Task Force made its recommendations to the Commission in its report, "Recommendations for Enhancing Reactor Safety in the 21st Century: The Near-Term Task Force Review of Insights

from the Fukushima Dai-ichi Accident." The Commission is currently reviewing the Task Force's recommendations to determine whether additional actions may be warranted.

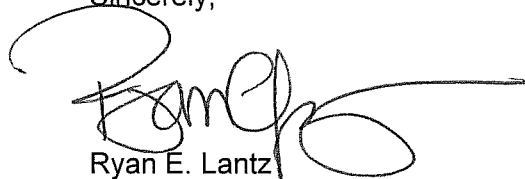
The enclosed inspection plan lists the inspections scheduled through December 31, 2012. Routine inspections performed by resident inspectors are not included in the inspection plan. The inspections listed during the last nine months of the inspection plan are tentative and may be revised at the end-of-cycle performance review. The NRC provides the inspection plan to allow for the resolution of any scheduling conflicts and personnel availability issues. The NRC will contact you as soon as possible to discuss changes to the inspection plan should circumstances warrant any changes.

From July 1, 2010, to June 30, 2011, the NRC issued three Severity Level IV traditional enforcement violations in the same area (violations that may impact the ability of the NRC to perform its regulatory oversight function). Therefore, the NRC plans to conduct Inspection Procedure 92723, "Follow Up Inspection For Three or More Severity Level IV Traditional Enforcement Violations in the Same Area in a 12-Month Period" to follow-up on these violations. This inspection procedure is conducted to provide assurance that the root and contributing causes of multiple traditional enforcement violations are understood, the extent of condition and extent of cause are identified, and the corrective actions are sufficient to address the identified causes.

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

Please contact me at 817-860-8173 with any questions you have regarding this letter.

Sincerely,



Ryan E. Lantz
Reactor Projects Branch D
Division of Reactor Projects

Docket Nos.: 50-528, 50-529, 50-530
License Nos.: NPF-41, NPF-51, NPF-74

Enclosure: Palo Verde Nuclear Generating Station Inspection Plan
Distribution via ListServ

Unit Number	Planned Dates Start	Planned Dates End	Inspection Activity	Title	No. of Staff on Site
1	02/13/2012	02/17/2012	EXAM - INITIAL OPERATOR EXAM		7
			X02480	INITIAL EXAM - UNIT 1 - PV (03/2012)	
2	02/13/2012	02/17/2012	X02481	INITIAL EXAM - UNIT 2 - PV (03/2012)	
3	02/13/2012	02/17/2012	X02482	INITIAL EXAM - UNIT 3 - PV (03/2012)	
1	03/19/2012	03/28/2012	X02480	INITIAL EXAM - UNIT 1 - PV (03/2012)	
2	03/19/2012	03/28/2012	X02481	INITIAL EXAM - UNIT 2 - PV (03/2012)	
3	03/19/2012	03/28/2012	X02482	INITIAL EXAM - UNIT 3 - PV (03/2012)	
			RS12 - RADIATION SAFETY		2
1,2,3	10/03/2011	10/07/2011	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1,2,3	10/03/2011	10/07/2011	IP 71124.02	Occupational ALARA Planning and Controls	
1,2	10/03/2011	10/07/2011	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1,2	10/03/2011	10/07/2011	IP 71151-PR01	RETS/ODCM Radiological Effluent	
			PSB2-08P - INSERVICE INSPECTION - U1		2
1	10/10/2011	10/21/2011	IP 7111108P	Inservice Inspection Activities - PWR	
			TI-177 - MANAGING GAS ACCUMULATION		1
1,2,3	12/05/2011	12/09/2011	IP 2515/177	Managing Gas Accumulation In Emergency Core Cooling, Decay Heat Removal & Containment Spray System	
			EP1 - BIENNIAL EP PROGRAM INSPECTION		1
1	01/23/2012	01/27/2012	IP 7111402	Alert and Notification System Testing	
1,2,3	01/23/2012	01/27/2012	IP 7111403	Emergency Preparedness Organization Staffing and Augmentation System	
1,2,3	01/23/2012	01/27/2012	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1,2,3	01/23/2012	01/27/2012	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies	
1,2,3	01/23/2012	01/27/2012	IP 71151-EP01	Drill/Exercise Performance	
1,2,3	01/23/2012	01/27/2012	IP 71151-EP02	ERO Drill Participation	
1,2,3	01/23/2012	01/27/2012	IP 71151-EP03	Alert & Notification System	
			EB1-07T - HEAT SINK PERFORMANCE		1
1,2,3	03/19/2012	03/23/2012	IP 7111107T	Heat Sink Performance	
			RS12 - RADIATION SAFETY		2
1,2,3	04/09/2012	04/13/2012	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1,2,3	04/09/2012	04/13/2012	IP 71124.02	Occupational ALARA Planning and Controls	
1	04/09/2012	04/13/2012	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1	04/09/2012	04/13/2012	IP 71151-PR01	RETS/ODCM Radiological Effluent	
			PSB2-08P - INSERVICE INSPECTION - U3		2
3	04/09/2012	04/21/2012	IP 7111108P	Inservice Inspection Activities - PWR	

This report does not include INPO and OUTAGE activities.
 This report shows only on-site and announced inspection procedures.

Palo Verde
 Inspection / Activity Plan
 09/01/2011 - 12/31/2012

Unit Number	Planned Dates Start End	Inspection Activity	Title	No. of Staff on Site
1, 2, 3	08/27/2012 08/31/2012	BRQ - BRQ INSPECTION IP 7111111B	Licensed Operator Requalification Program	2
2	10/01/2012 10/14/2012	PSB2-08P - INSERVICE INSPECTOIN - U2 IP 7111108P	Inservice Inspection Activities - PWR	4
1, 2, 3	10/21/2012 10/25/2012	TSB-52B - BIENNIAL PI&R INSPECTION IP 71152B	Problem Identification and Resolution	4
1, 2, 3	11/06/2012 11/10/2012	IP 71152B	Problem Identification and Resolution	
1, 2, 3	11/12/2012 12/14/2012	EB1-21 - COMPONENT DESIGN BASIS INSPECTION IP 7111121	Component Design Bases Inspection	7
1, 2, 3	11/26/2012 11/30/2012	RS34 - RADIATION SAFETY IP 71124.03	In-Plant Airborne Radioactivity Control and Mitigation	2
1, 2, 3	11/26/2012 11/30/2012	IP 71124.04	Occupational Dose Assessment	

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