



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
1600 EAST LAMAR BLVD
ARLINGTON, TEXAS 76011-4511

October 11, 2012

Randall K. Edington,
Executive Vice President, Nuclear/CNO
Mail Station 7602
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072-2034

**SUBJECT: FOLLOW-UP ASSESSMENT LETTER FOR PALO VERDE NUCLEAR
GENERATING STATION**

Dear Mr. Edington:

As a result of our continuous review of plant performance, which was completed on September 30, 2012, the U. S. Nuclear Regulatory Commission (NRC) updated its assessment of Palo Verde Nuclear Generating Station. The NRC's evaluation consisted of a review of performance indicators and inspection results. This letter informs you of the NRC's assessment of your facility. This letter supplements, but does not supersede, the mid-cycle assessment letter issued on September 4, 2012.

On May 14, 2012, we were notified by your staff of your readiness for the NRC to conduct a supplemental inspection to review the action taken to address a Greater than Green finding in the security cornerstone. On June 11, 2012, the NRC completed the supplemental inspection, pursuant to Inspection Procedure 95001. As documented in NRC Inspection Report 05000528/2012405, 05000529/2012405 and 05000530/2012405, this supplemental inspection was performed to assess your station's evaluation of the root causes, contributing causes, and corrective actions associated with the Greater than Green finding. No inspection findings were identified. Based on these results, and the fact that four quarters have passed since the finding was identified, the Greater than Green finding was closed effective September 30, 2012, placing the facility in the Licensee Response column of the NRC's action matrix. Therefore, at this time, we plan to conduct baseline inspections at your facility.

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 the 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).

R. Edington

- 2 -

Please contact Ryan Lantz at (817) 200-1173 with any questions you may have about this letter.

Sincerely,

/RA/

Kriss M. Kennedy, Director
Division of Reactor Projects

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

Electronic distribution by RIV:

Regional Administrator (Elmo.Collins@nrc.gov)
 Deputy Regional Administrator (Art.Howell@nrc.gov)
 DRP Director (Kriss.Kennedy@nrc.gov)
 DRP Acting Deputy Director (Allen.Howe@nrc.gov)
 DRS Acting Director (Tom.Blount@nrc.gov)
 DRS Acting Deputy Director (Jeff.Clark@nrc.gov)
 Senior Resident Inspector (Tony.Brown@nrc.gov)
 Resident Inspector (Dustin.Reinert@nrc.gov)
 Resident Inspector (Mica.Baquera@nrc.gov)
 Branch Chief, DRP/D (Ryan.Lantz@nrc.gov)
 Senior Project Engineer, DRP/D (Nick.Taylor@nrc.gov)
 Project Engineer, DRP/D (Brian.Parks@nrc.gov)
 Project Engineer, DRP/D (David.You@nrc.gov)
 PV Administrative Assistant (Revonna.Stuart@nrc.gov)
 Public Affairs Officer (Victor.Dricks@nrc.gov)
 Public Affairs Officer (Lara.Uselding@nrc.gov)
 Project Manager (Lauren.Gibson@nrc.gov)
 Branch Chief, DRS/TSB (Ray.Kellar@nrc.gov)
 RITS Coordinator (Marisa.Herrera@nrc.gov)
 Regional Counsel (Karla.Fuller@nrc.gov)
 Congressional Affairs Officer (Jenny.Weil@nrc.gov)
 OEmail Resource
 ROPreports
 RIV/ETA: OEDO (Cayetano.Santos@nrc.gov)
 DRS/TSB STA (Dale.Powers@nrc.gov)
 Chief, NSIR/DSP/RSB
 Chief, NSIR/DSO/RSOB
 RidsNsirDso@nrc.gov
 RidsNrrDirslpab@nrc.gov
 ROPassessment Resource@nrc.gov
 Ronald Albert (Ronald.Albert@nrc.gov), Chief, Reactor Security Oversight Branch
 Shyrl Coker, (Shyrl.Coker@nrc.gov) NSIR/DSO/DDSO, TWFN Mail Stop: T-3A5M

File Located: R:_REACTORS\ PV\2012 ML12285A079

ADAMS: <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes		<input checked="" type="checkbox"/> SUNSI Review Complete		Reviewer Initials: NHT	
		<input checked="" type="checkbox"/> Publicly Available		<input checked="" type="checkbox"/> Non-Sensitive	
		<input type="checkbox"/> Non-publicly Available		<input type="checkbox"/> Sensitive	
C:PBD	C:PSB1	D:DRS	D:DRP		
RELantz	MHaire	TBlount	KKennedy		
/RA/	/RA/	/RA/	/RA/		
9/25/12	9/26/12	9/27/12	10/10/12		

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax