



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION IV
1600 E LAMAR BLVD
ARLINGTON, TX 76011-4511

March 4, 2015

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

**SUBJECT: ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 (REPORT 05000528/2014001,
05000529/2014001, AND 05000530/2014001)**

Dear Mr. Edington,

On February 19, 2015, the Nuclear Regulatory Commission (NRC) completed its end-of-cycle performance review of Palo Verde Nuclear Generating Station, Units 1, 2, and 3. The NRC reviewed the most recent quarterly performance indicators (PIs) in addition to inspection results and enforcement actions from January 1, 2014, through December 31, 2014. This letter informs you of the NRC's assessment of Palo Verde Nuclear Generating Station during this period and its plans for future inspections at your facility.

The NRC determined that overall, Palo Verde Nuclear Generating Station, Units 1, 2, and 3 were operated in a manner that preserved public health and safety and met all cornerstone objectives. The NRC determined the performance at Palo Verde Nuclear Generating Station, 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.

The NRC identified a cross-cutting theme in the Consistent Process aspect (H.13). Specifically, during this assessment period, four findings were assigned the cross-cutting aspect of H.13. The NRC determined that a substantive cross-cutting issue associated with H.13 does not exist because the NRC does not have a concern with your staff's scope of effort and progress in addressing the cross-cutting theme. Your staff identified the theme, entered it into their corrective action program, evaluated it, and identified and implemented corrective actions to address it. The NRC will continue to monitor your staff's effort and progress in addressing the theme until the theme criteria are no longer met.

R. Edington

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The enclosed inspection plan lists the inspections scheduled through July 31, 2016. 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 mid-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. This inspection plan does not include security-related inspections, which will be sent via separate, non-publicly available correspondence.

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 817-200-1147 with any questions you have regarding this letter.

Sincerely,

/RA/

Michael C. Hay
Chief, Branch D
Division of Reactor Projects

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

Enclosure:
Palo Verde Nuclear Generating Station,
Units 1, 2, and 3 Inspection/Activity Plan

Palo Verde
Inspection / Activity Plan
03/01/2015 - 06/30/2016

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
	Start	End			
EXAM - INITIAL OPERATOR EXAM					6
1	03/16/2015	03/20/2015	X02558	INITIAL EXAM PV UNIT 1 (04/2015)	
1	03/16/2015	03/20/2015	X02559	INITIAL EXAM PV UNIT 2 (04/2015)	
3	03/16/2015	03/20/2015	X02560	INITIAL EXAM PV UNIT 3 (04/2015)	
1	04/13/2015	04/20/2015	X02558	INITIAL EXAM PV UNIT 1 (04/2015)	
1	04/13/2015	04/20/2015	X02559	INITIAL EXAM PV UNIT 2 (04/2015)	
3	04/13/2015	04/20/2015	X02560	INITIAL EXAM PV UNIT 3 (04/2015)	
1	04/21/2015	08/21/2015	X02558	INITIAL EXAM PV UNIT 1 (04/2015)	
EP-2 - HAB EXERCISE INSPECTION					5
1, 2, 3	03/02/2015	03/06/2015	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	03/02/2015	03/06/2015	IP 7111407	Exercise Evaluation - Hostile Action (HA) Event	
EP-3 - EP PERFORMANCE INDICATORS					1
1, 2, 3	03/02/2015	03/06/2015	IP 71151-EP01	Drill/Exercise Performance	
1, 2, 3	03/02/2015	03/06/2015	IP 71151-EP02	ERO Readiness	
1, 2, 3	03/02/2015	03/06/2015	IP 71151-EP03	Alert & Notification System Reliability	
RS 12 PI - RADIATION SAFETY					2
1, 2, 3	04/13/2015	04/17/2015	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/13/2015	04/17/2015	IP 71124.02	Occupational ALARA Planning and Controls	
1, 2, 3	04/13/2015	04/17/2015	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1, 2, 3	04/13/2015	04/17/2015	IP 71151-PR01	RETS/ODCM Radiological Effluent Occurrences	
71111.08 - INSERVICE INSPECTION 3R18					1
3	04/13/2015	04/24/2015	IP 7111108P	Inservice Inspection Activities - PWR	
RS 5678 - RADIATION SAFETY - TEAM					4
1, 2, 3	06/08/2015	06/12/2015	IP 71124.05	Radiation Monitoring Instrumentation	
1, 2, 3	06/08/2015	06/12/2015	IP 71124.06	Radioactive Gaseous and Liquid Effluent Treatment	
1, 2, 3	06/08/2015	06/12/2015	IP 71124.07	Radiological Environmental Monitoring Program	
1, 2, 3	06/08/2015	06/12/2015	IP 71124.08	Radioactive Solid Waste Processing and Radioactive Material Handling, Storage, and Transportation	
71111.08 - INSERVICE INSPECTION 2R19					1
2	10/19/2015	10/30/2015	IP 7111108P	Inservice Inspection Activities - PWR	
EB1-07T - PV TRIENNIAL HEAT SINK PERFORMANCE					1
1, 2, 3	11/16/2015	11/20/2015	IP 7111107T	Heat Sink Performance	
EB2-05T - TRIENNIAL FIRE PROTECTION INSPECTION					4
1, 2, 3	01/25/2016	01/29/2016	IP 7111105T	Fire Protection [Triennial]	
1, 2, 3	02/08/2016	02/12/2016	IP 7111105T	Fire Protection [Triennial]	

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

Palo Verde
Inspection / Activity Plan
03/01/2015 - 06/30/2016

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
	Start	End			
RS 24 - RADIATION SAFETY					2
1, 2, 3	01/18/2016	01/22/2016	IP 71124.02	Occupational ALARA Planning and Controls	
1, 2, 3	01/18/2016	01/22/2016	IP 71124.04	Occupational Dose Assessment	
TSB 52B - BIENNIAL PI&R INSPECTION					4
1, 2, 3	03/07/2016	03/11/2016	IP 71152B	Problem Identification and Resolution	
1, 2, 3	03/21/2016	03/25/2016	IP 71152B	Problem Identification and Resolution	
EP-1 - EP PERFORMANCE INDICATORS					1
1	04/11/2016	04/16/2016	IP 71151-EP01	Drill/Exercise Performance	
1	04/11/2016	04/16/2016	IP 71151-EP02	ERO Readiness	
1	04/11/2016	04/16/2016	IP 71151-EP03	Alert & Notification System Reliability	
EP-2 - BIENNIAL EP PROGRAM INSPECTION					1
1, 2, 3	04/11/2016	04/16/2016	IP 7111402	Alert and Notification System Testing	
1, 2, 3	04/11/2016	04/16/2016	IP 7111403	Emergency Preparedness Organization Staffing and Augmentation System	
1, 2, 3	04/11/2016	04/16/2016	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	04/11/2016	04/16/2016	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies	
RS 13 PI - RADIATION SAFETY					2
1, 2, 3	04/18/2016	04/22/2016	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/18/2016	04/22/2016	IP 71124.03	In-Plant Airborne Radioactivity Control and Mitigation	
1, 2, 3	04/18/2016	04/22/2016	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1, 2, 3	04/18/2016	04/22/2016	IP 71151-PR01	RETS/ODCM Radiological Effluent Occurrences	
71111.08 - INSERVICE INSPECTION					1
1	04/18/2016	04/29/2016	IP 7111108P	Inservice Inspection Activities - PWR	

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DISTRIBUTION

See next page

PV 2014 EOC Ltr

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SUBJECT: ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 (REPORT 05000528/2014001,
05000529/2014001, AND 05000530/2014001)

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