



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION IV
1600 EAST LAMAR BOULEVARD
ARLINGTON, TEXAS 76011-4511

March 4, 2019

Mr. Robert S. Bement
Executive Vice President Nuclear/
Chief Nuclear Officer
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 05000528/2018006,
05000529/2018006, AND 05000530/2018006)

Dear Mr. Bement:

The U.S. Nuclear Regulatory Commission (NRC) has completed its end-of-cycle performance assessment of Palo Verde Nuclear Generating Station, Units 1, 2, and 3, reviewing performance indicators (PIs), inspection results, and enforcement actions from January 1, 2018, through December 31, 2018. This letter informs you of the NRC's assessment of your facility during this period and its plans for future inspections at your facility. The NRC concluded that overall performance at your facility preserved public health and safety.

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, the highest performance category of the NRC's Reactor Oversight Process (ROP) Action Matrix, because all inspection findings had very low safety significance (i.e., Green), and all performance indicators were within the expected range (i.e., Green). Therefore, the NRC plans to conduct ROP baseline inspections at your facility.

The enclosed inspection plan lists the inspections scheduled through December 31, 2020. This updated inspection plan now includes planned security inspections which were formerly transmitted under separate correspondence. The NRC provides the inspection plan to allow for the resolution of any scheduling conflicts and personnel availability issues. Routine inspections performed by resident inspectors are not included in the inspection plan. You should be aware that the agency is pursuing potential changes to the ROP, including changes to engineering inspections (SECY-18-0113, "Recommendations for Modifying the Reactor Oversight Process Engineering Inspections"). Should these changes to the ROP be implemented, the engineering and other region-based inspections are subject to change in scope, as well as schedule, beginning in January 2020. The inspections listed during the last 12 months of the inspection plan are tentative and may be revised. The NRC will contact you as soon as possible to discuss changes to the inspection plan should circumstances warrant any changes.

In accordance with Title 10 of the Code of Federal Regulations (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 817-200-1574 with any questions you have regarding this letter.

Sincerely,

/RA/

Neil F. O'Keefe, Chief
Project Branch D
Division of Reactor Projects

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

Enclosure:
Inspection Plan

IP 22 Inspection Activity Plan Report

07200044 - Palo Verde (ISFSI)

01/01/2019 - 12/31/2020

Unit	Start	End	Activity	CAC	Title	Staff Count
PV Dry Runs/Programs Review and First Loading - Multiple weeks						2
1	03/13/2019	09/30/2019	IP 60854	001000	Preoperational Testing Of An ISFSI	
1	03/13/2019	09/30/2019	IP 60855	001001	Operation Of An ISFSI	
1	03/13/2019	09/30/2019	IP 60856	001003	Review of 10 CFR 72.212(b) Evaluations	
1	03/13/2019	09/30/2019	IP 60857	001004	Review of 10 CFR 72.48 Evaluations	

IP 22 Inspection Activity Plan Report

Palo Verde

01/01/2019 - 12/31/2020

Unit	Start	End	Activity	CAC	Title	Staff Count
FORCE-ON-FORCE PLANNING AND EXERCISE						8
1, 2, 3	01/07/2019	01/11/2019	IP 71130.03	000735	Contingency Response - Force-On-Force Testing	
1, 2, 3	01/28/2019	02/01/2019	IP 71130.03	000735	Contingency Response - Force-On-Force Testing	
RS5678 Radiation Safety PS Team						4
1, 2, 3	02/04/2019	02/08/2019	IP 71124.05	000729	Radiation Monitoring Instrumentation	
1, 2, 3	02/04/2019	02/08/2019	IP 71124.06	000730	Radioactive Gaseous and Liquid Effluent Treatment	
1, 2, 3	02/04/2019	02/08/2019	IP 71124.07	000731	Radiological Environmental Monitoring Program	
1, 2, 3	02/04/2019	02/08/2019	IP 71124.08	000732	Radioactive Solid Waste Processing and Radioactive Material Handling, Storage, and Transportation	
MC&A - Material Control & Accounting						1
1, 2, 3	02/04/2019	02/08/2019	IP 71130.11	000742	Material Control and Accounting (MC&A)	
PALO VERDE DBA TEAM INSPECTION						6
1, 2, 3	02/11/2019	03/01/2019	IP 71111.21M	000713	Design Bases Assurance Inspection (Teams)	
EP EXERCISE INSPECTION						4
1, 2, 3	03/04/2019	03/08/2019	IP 71114.01	000716	Exercise Evaluation	
1, 2, 3	03/04/2019	03/08/2019	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	03/04/2019	03/08/2019	IP 71151	001397	Performance Indicator Verification	
INSERVICE INSPECTION 1R21						1
1, 2, 3	04/07/2019	04/27/2019	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
RP INSPECTION (1,2) - RFO						2
1, 2, 3	04/15/2019	04/19/2019	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/15/2019	04/19/2019	IP 71124.02	000726	Occupational ALARA Planning and Controls	
TARGET SET INSPECTION						3
1, 2, 3	07/01/2019	08/02/2019	IP 71130.14	000743	Review of Power Reactor Target Sets	
PV 2019 INITIAL EXAM						10
1, 2, 3	09/08/2019	09/14/2019	OV	000956	VALIDATION OF INITIAL LICENSE EXAMINATION (OV)	
1, 2, 3	10/06/2019	10/19/2019	EXAD	000500	LICENSE EXAM ADMINISTRATION (EXAD)	

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

IP 22 Inspection Activity Plan Report

Palo Verde

01/01/2019 - 12/31/2020

Unit	Start	End	Activity	CAC	Title	Staff Count
Security Access Control .02						1
1, 2, 3	09/09/2019	09/13/2019	IP 71130.02	000734	Access Control	
1, 2, 3	09/09/2019	09/13/2019	IP 71151	001338	Performance Indicator Verification	
INSERVICE INSPECTION 3RF21						1
3	10/14/2019	10/25/2019	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
Palo Verde 1, 2, 3 - Evaluations of Changes, Tests, and Experiments						3
1, 2, 3	02/03/2020	02/07/2020	IP 71111.17T	000709	Evaluations of Changes, Tests, and Experiments	
EP Program Inspection						1
1, 2, 3	03/02/2020	03/06/2020	IP 71114.02	000717	Alert and Notification System Testing	
1, 2, 3	03/02/2020	03/06/2020	IP 71114.03	000718	Emergency Response Organization Staffing and Augmentation System	
1, 2, 3	03/02/2020	03/06/2020	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	03/02/2020	03/06/2020	IP 71114.05	000720	Maintenance of Emergency Preparedness	
1, 2, 3	03/02/2020	03/06/2020	IP 71151	001397	Performance Indicator Verification	
Inservice Inspection 2R21						1
2	04/13/2020	04/24/2020	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
RS13PI Radiation Safety						2
1, 2, 3	04/13/2020	04/17/2020	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/13/2020	04/17/2020	IP 71124.03	000727	In-Plant Airborne Radioactivity Control and Mitigation	
Palo Verde 1, 2, 3 - Heat Sink Performance (Triennial)						2
1, 2, 3	06/15/2020	06/19/2020	IP 71111.07T	000700	Heat Sink Performance -Triennial	
RS24 Radiation Safety						2
1, 2, 3	08/03/2020	08/07/2020	IP 71124.02	000726	Occupational ALARA Planning and Controls	
1, 2, 3	08/03/2020	08/07/2020	IP 71124.04	000728	Occupational Dose Assessment	
Inservice Inspection 1R22						1
1	10/19/2020	10/30/2020	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
PV 2020 INITIAL EXAM						6
1, 2, 3	11/01/2020	11/07/2020	OV	000956	VALIDATION OF INITIAL LICENSE EXAMINATION (OV)	
1, 2, 3	11/29/2020	12/05/2020	EXAD	000500	LICENSE EXAM ADMINISTRATION (EXAD)	

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IP 22 Inspection Activity Plan Report

Palo Verde

01/01/2019 - 12/31/2020

Unit	Start	End	Activity	CAC	Title	Staff Count
PV 2020 BRQ						3
1, 2, 3	12/13/2020	12/19/2020	IP 71111.11B	000704	Licensed Operator Requalification Program and Licensed Operator Performance (Biennial)	

ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR GENERATING STATION,
 UNITS 1, 2, AND 3 (REPORT 05000528/2018006, 05000529/2018006, AND
 05000530/2018006) – March 4, 2019

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ADAMS ACCESSION NUMBER: ML19053A535

SUNSI Review ADAMS: Non-Publicly Available Non-Sensitive Keyword:
 By: JLDJ Yes No Publicly Available Sensitive NRC-002

OFFICE	RIV/DRP	C:DRP/D				
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