



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

March 3, 2021

Mrs. Maria L. Lacal, Executive Vice President/
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 05000528/2020006,
05000529/2020006, AND 05000530/2020006)

Dear Mrs. Lacal:

The U.S. Nuclear Regulatory Commission (NRC) has completed its end-of-cycle performance assessment of Palo Verde Units 1, 2, and 3, reviewing performance indicators (PIs), inspection results, and enforcement actions from January 1, 2020 through December 31, 2020. 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 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 PIs 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, 2022. 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. The inspections listed during the last twelve 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 response to the COVID-19 public health emergency (PHE), the NRC is adjusting inspection plans and schedules in order to safeguard the health and safety of both NRC and licensee staff while still effectively implementing the ROP. Each planned inspection is being carefully reviewed in order to determine if any portions of the inspection can be performed remotely, how best to perform on-site portions to minimize personnel health risks, and adjust inspection schedules if needed. This is done in accordance with guidance contained in the February 1, 2021 memo, "Calendar Year 2021 Inspection Guidance During COVID-19 Telework Restrictions" (ML21027A274). For inspections requiring extensive coordination with offsite organizations, such as evaluated emergency preparedness exercises, NRC guidance and frequently asked questions for security and emergency preparedness can be found here: <https://www.nrc.gov/about-nrc/covid-19/security-ep/>. Similarly, the NRC has developed

guidance if force-on-force inspections cannot be completed as scheduled due to an emergency, such as the COVID-19 PHE. These changes help ensure the health and safety of both NRC and licensee staff while maintaining the NRC's important safety and security mission during the COVID-19 PHE. The attached inspection plan is accurate on the date of issuance but remains subject to change based on approval of potential exemption requests or other changes needed due to changing conditions in the COVID-19 PHE. NRC staff will contact your appropriate regulatory affairs staff in order to coordinate inspection planning and scheduling.

Additionally, during this period the NRC will schedule an additional inspection per a revised version Temporary Instruction (TI) 2515/194, "Inspection of the Licensee's Implementation of Industry Initiative Associated with the Open Phase Condition Design Vulnerability in Electrical Power Systems (NRC Bulletin 2012-01)" for any sites who elect to implement the guidance of the Industry Initiative on Open Phase Condition, Revision 3 (ML19163A176), which included an option for relying on annunciation and operator manual actions instead of automatic protective features to isolate a power supply affected by an open phase condition. Licensees will be individually notified when the NRC schedules these inspections.

On November 17, 2020, the NRC issued Confirmatory Order EA-20-054 (ADAMS Accession No. ML20323A035), which was associated with your facility's failure to properly evaluate changes to the onsite dry cask storage system and the failure to adequately analyze the consequences of a hypothetical spent fuel cask tip-over accident. The Regional Administrator has approved the staff's plan to conduct a follow-up inspection of planned Confirmatory Order actions in accordance with Inspection Procedure 92702, "Followup on Traditional Enforcement Actions Including Violations, Deviations, Confirmatory Action Letters, Confirmatory Orders, And Alternative Dispute Resolution Confirmatory Orders." The NRC will coordinate with your staff to schedule these inspection activities in 2022.

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,

John L. Dixon, Jr., Chief
Reactor Projects Branch D
Division of Reactor Projects

Docket Nos. 05000528, 05000529 and
05000530
License Nos. NPF-41, NPF-51, and NPF-74

Enclosure:
Inspection Plan

cc w/ encl: Distribution @ LISTSERV

ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 (REPORT 05000528/2020006, 05000529/2020006, AND 05000530/2020006) – DATED MARCH 3, 2021

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 ROP Reports
 ROP Assessment

ADAMS ACCESSION NUMBER: ML21055A009

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OFFICE	RIV/DRP	C:DRP/D			
NAME	PVossmar PJV	JDixon JLDJ			
DATE	2/23/2021	3/03/2021			

OFFICIAL RECORD COPY

IP 22 Inspection Activity Plan Report

07200044 - Palo Verde (ISFSI)

01/01/2021 - 12/31/2022

Unit	Start	End	Activity	CAC	Title	Staff Count
ISFSI Security Inspection - IP 81311						1
1	08/23/2021	08/26/2021	IP 81311	001006	Physical Security Requirements for Independent Spent Fuel Storage Installations	
Palo Verde ISFSI Confirmatory Order Follow-up Inspection						4
1	11/01/2022	11/30/2022	IP 92702	001555	Follow-Up on Traditional Enforcement Actions Including Violations, Deviations, Confirmatory Action Letters, and Orders	

IP 22 Inspection Activity Plan Report

Palo Verde

01/01/2021 - 12/31/2022

Unit	Start	End	Activity	CAC	Title	Staff Count
In-Office EP Exercise Scenario Review - PV						4
1, 2, 3	12/21/2020	03/07/2021	IP 71114.08	000723	Exercise Evaluation □ Scenario Review	
RP 5,8						2
1, 2, 3	01/11/2021	01/15/2021	IP 71124.05	000729	Radiation Monitoring Instrumentation	
1, 2, 3	01/11/2021	01/15/2021	IP 71124.08	000732	Radioactive Solid Waste Processing & Radioactive Material Handling, Storage, & Transportation	
Palo Verde Biennial PI&R Inspection						4
1, 2, 3	02/21/2021	03/31/2021	IP 71152B	000747	Problem Identification and Resolution	
EP Biennial Exercise and PI Inspection - PV						4
1, 2, 3	03/08/2021	03/12/2021	IP 71114.01	000716	Exercise Evaluation	
1, 2, 3	03/08/2021	03/12/2021	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	03/08/2021	03/12/2021	IP 71151	001397	Performance Indicator Verification	
PV 2021 INITIAL EXAM						7
1, 2, 3	03/21/2021	03/27/2021	OV	000956	VALIDATION OF INITIAL LICENSE EXAMINATION (OV)	
1, 2, 3	04/25/2021	05/01/2021	EXAD	000500	LICENSE EXAM ADMINISTRATION (EXAD)	
Fire Protection Inspection - PV						3
1, 2, 3	03/29/2021	04/02/2021	IP 71111.21N.05	001646	Fire Protection Team Inspection (FPTI)	
1, 2, 3	04/12/2021	04/16/2021	IP 71111.21N.05	001646	Fire Protection Team Inspection (FPTI)	
Inservice Inspection 3RF22 - PV						1
3	04/12/2021	04/23/2021	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	

IP 22 Inspection Activity Plan Report

Palo Verde

01/01/2021 - 12/31/2022

Unit	Start	End	Activity	CAC	Title	Staff Count
Power Operated Valve Inspection 21N - Palo Verde						3
1, 2, 3	05/10/2021	05/28/2021	IP 71111.21N.02	001645	Design-Basis Capability of Power-Operated Valves Under 10 CFR 50.55a Requirements	
Security Access Authorization .01 and Access Control .02 w/PIV						2
1, 2, 3	08/23/2021	08/27/2021	IP 71130.01	000733	Access Authorization	
1, 2, 3	08/23/2021	08/27/2021	IP 71130.02	000734	Access Control	
1, 2, 3	08/23/2021	08/27/2021	IP 71130.09	001656	Security Plan Changes	
1, 2, 3	08/23/2021	08/27/2021	IP 71151	001338	Performance Indicator Verification	
Security FFD .08						1
1, 2, 3	08/23/2021	08/27/2021	IP 71130.08	000740	Fitness For Duty Program	
TI 2515/194 - PV						1
1, 2, 3	09/12/2021	09/18/2021	TI 2515/194	000512	Inspection of the Licensee's Implementation of Industry Initiative Associated With the Open Phase Condition Design Vulnerabilities In Electric Power Systems (NRC Bulletin 2012-01)	
Inservice Inspection 2RF23 - PV						1
2	10/11/2021	10/22/2021	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
RP 1,2,3,PI						2
1, 2, 3	10/18/2021	10/22/2021	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	10/18/2021	10/22/2021	IP 71124.02	000726	Occupational ALARA Planning and Controls	
1, 2, 3	10/18/2021	10/22/2021	IP 71124.03	000727	In-Plant Airborne Radioactivity Control and Mitigation	
FORCE-ON-FORCE PLANNING AND EXERCISE WEEKS - PV						6
1, 2, 3	01/10/2022	01/14/2022	IP 71130.03	000735	Contingency Response - Force-On-Force Testing	
1, 2, 3	01/31/2022	02/04/2022	IP 71130.03	000735	Contingency Response - Force-On-Force Testing	

IP 22 Inspection Activity Plan Report

Palo Verde

01/01/2021 - 12/31/2022

Unit	Start	End	Activity	CAC	Title	Staff Count
EP Program and PI Inspection - PV						1
1, 2, 3	02/28/2022	03/04/2022	IP 71114.02	000717	Alert and Notification System Testing	
1, 2, 3	02/28/2022	03/04/2022	IP 71114.03	000718	Emergency Response Organization Staffing and Augmentation System	
1, 2, 3	02/28/2022	03/04/2022	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	02/28/2022	03/04/2022	IP 71114.05	000720	Maintenance of Emergency Preparedness	
1, 2, 3	02/28/2022	03/04/2022	IP 71151	001397	Performance Indicator Verification	
Access Control .02						1
1, 2, 3	02/28/2022	03/04/2022	IP 71130.02	000734	Access Control	
1, 2, 3	02/28/2022	03/04/2022	IP 71151	001338	Performance Indicator Verification	
PV 2022 INITIAL EXAM						5
1, 2, 3	03/27/2022	04/02/2022	OV	000956	VALIDATION OF INITIAL LICENSE EXAMINATION (OV)	
1, 2, 3	05/01/2022	05/07/2022	EXAD	000500	LICENSE EXAM ADMINISTRATION (EXAD)	
Inservice Inspection 1RF23 - PV						1
1	04/11/2022	04/22/2022	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
RP 1,2,PI						2
1, 2, 3	04/18/2022	04/22/2022	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/18/2022	04/22/2022	IP 71124.02	000726	Occupational ALARA Planning and Controls	
RP 6,7						2
1, 2, 3	05/16/2022	05/20/2022	IP 71124.06	000730	Radioactive Gaseous and Liquid Effluent Treatment	
1, 2, 3	05/16/2022	05/20/2022	IP 71124.07	000731	Radiological Environmental Monitoring Program	
RP 2,4						2
1, 2, 3	06/06/2022	06/10/2022	IP 71124.02	000726	Occupational ALARA Planning and Controls	
1, 2, 3	06/06/2022	06/10/2022	IP 71124.04	000728	Occupational Dose Assessment	

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

01/01/2021 - 12/31/2022

Unit	Start	End	Activity	CAC	Title	Staff Count
MC&A						1
1, 2, 3	06/06/2022	06/10/2022	IP 71130.11	000742	Material Control and Accounting (MC&A)	
Security Training/Equip Maint .07 and .04						2
1, 2, 3	09/12/2022	09/16/2022	IP 71130.04	000736	Equipment Performance, Testing, and Maintenance	
1, 2, 3	09/12/2022	09/16/2022	IP 71130.07	000739	Security Training	
PV 2022 BRQ						3
1, 2, 3	09/25/2022	10/01/2022	IP 71111.11B	000704	Licensed Operator Requalification Program and Licensed Operator Performance	
Inservice Inspection 3RF23 - PV						1
3	10/10/2022	10/21/2022	IP 71111.08P	000702	Inservice Inspection Activities (PWR)	
RP 1,2,PI						2
1, 2, 3	10/10/2022	10/14/2022	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	10/10/2022	10/14/2022	IP 71124.02	000726	Occupational ALARA Planning and Controls	