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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

December 22, 1999

Mr. Gregg R. Overbeck
Senior Vice President, Nuclear
Arizona Public Service Company
P. O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: CLOSEOUT OF GENERIC LETTER 98-04 FOR THE PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 (TAC NOS. MA4079, MA4080
AND MA4081)

Dear Mr. Overbeck:

On July 14, 1998, the U.S. Nuclear Regulatory Commission (NRC) issued Generic Letter (GL) 98-04, "Potential for Degradation of the Emergency Core Cooling System and the Containment Spray System After a Loss-of-Coolant Accident Because of Construction and Protective Coating Deficiencies and Foreign Material in Containment," to all holders of operating licenses or construction permits. The NRC issued GL 98-04 to determine the status of containment coating programs.

In GL 98-04, the NRC staff specifically requested that the licensees provide information outlined below for each of their facilities.

- (1) A summary description of the plant-specific program or programs implemented to ensure that Service Level 1 protective coatings used inside the containment are procured, applied, and maintained in compliance with applicable regulatory requirements, and the plant-specific licensing basis for the facility. Include a discussion of how the plant-specific program meets the applicable criteria of 10 CFR Part 50, Appendix B, as well as information regarding any applicable standards, plant-specific procedures or other guidance used for (a) controlling the procurement of coatings and paints used at the facility; (b) the qualification testing of protective coatings; and (c) surface preparation, application, surveillance, and maintenance activities for protective coatings. Maintenance activities refer to rework of degraded coatings, removing degraded coatings to sound coatings, correctly preparing the surfaces, applying new coating, and verifying the quality of coatings.
- (2) Information demonstrating compliance with item (i) or item (ii).
 - (i) For plants with licensing-basis requirements for tracking the amount of unqualified coatings inside the containment and for assessing the impact of potential coating debris on the operation of safety-related systems, structures, and components during a postulated design-basis loss-of-coolant accident, the following information shall be provided to demonstrate compliance:
 - (a) The date and findings of the last assessment of coatings and the planned date of the next assessment of coatings.

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- (b) The limit for the amount of unqualified protective coatings allowed in the containment and how this limit is determined. Discuss any conservatism in the method used to determine this limit.
 - (c) If a commercial-grade dedication program is being used at your facility for dedicating commercial-grade coatings for Service Level 1 applications inside the containment, discuss how the program adequately qualifies a coating for Service Level 1. Identify what standards or other guidance are currently being used to dedicate containment coatings at your facility.
- (ii) For plants without the above licensing-basis requirements, information shall be provided to demonstrate compliance with the requirements of 10 CFR 50.46(b)(5), "Long-term cooling," and the functional capability of the safety-related containment spray system (CSS) as set forth in your licensing basis. If a licensee can demonstrate this compliance without quantifying the amount of unqualified coatings, this is acceptable. The following information shall be provided:

If a commercial-grade dedication program is not being used at your facility for qualifying and dedicating commercial-grade coatings for Service Level 1 applications, provide the regulatory and safety basis for not controlling these coatings in accordance with such a program. Additionally, explain why the facility's licensing basis does not require such a program.

In response to GL 98-04, you provided a letter dated November 10, 1998, for the Palo Verde Nuclear Generating Station, Units 1, 2, and 3. This submittal provided the information requested by GL 98-04. Clarifying information was provided to the staff during a phone call held on November 2, 1999. The staff has reviewed your November 10 response and has concluded that all requested information has been provided; therefore, we consider GL 98-04 to be closed for Palo Verde. We thank you for your prompt and complete response.

Sincerely,

/s/

Mel B. Fields, Project Manager, Section 2
 Project Directorate IV & Decommissioning
 Division of Licensing Project Management
 Office of Nuclear Reactor Regulation

Docket Nos. 50-528, 50-529, and 50-530

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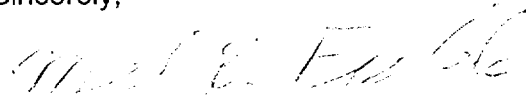
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- (b) The limit for the amount of unqualified protective coatings allowed in the containment and how this limit is determined. Discuss any conservatism in the method used to determine this limit.
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Mel B. Fields, Project Manager, Section 2
Project Directorate IV & Decommissioning
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-528, 50-529, and 50-530

cc: See next page

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August 18, 1999