



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4125

March 4, 2011

Randall K. Edington
Executive Vice President, Nuclear
and Chief Nuclear Officer
Arizona Public Service Company
P.O. Box 52034 Mail Stop 7602
Phoenix, AZ 85072-2034

**SUBJECT: ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR
GENERATING STATION, UNITS 1, 2, AND 3 (NRC INSPECTION
REPORTS 05000528/2011001, 05000529/2011001, 05000530/2011001)**

Dear Mr. Edington,

On February 3, 2011, the NRC completed its end-of-cycle performance review of Palo Verde Nuclear Generating Station (PVNGS). The NRC reviewed the most recent quarterly performance indicators (PIs) in addition to inspection results and enforcement actions from January 1, 2010, through December 31, 2010. This letter informs you of the NRC's assessment of your facility during this period and its plans for future inspections at your facility. This performance review and enclosed inspection plan do not include security information. A separate letter will include the NRC's assessment of your performance in the Security Cornerstone and its security-related inspection plan.

Overall, PVNGS Units 1, 2, and 3 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. The NRC determined the performance at PVNGS, 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 (Green) safety significance, and all PIs indicated that your performance was within the nominal, expected range (Green). Therefore, the NRC plans to conduct ROP baseline inspections at your facility.

The enclosed inspection plan lists the inspections scheduled through June 30, 2012. 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.

Temporary Instruction 2515/177 Inspection, "Managing Gas Accumulation in Emergency Core Cooling, Decay Heat Removal, and Containment Spray Systems," which remains to be

scheduled, will be completed during the 2011 or 2012 calendar year. The NRC will contact you to establish an appropriate time for this activity.

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 817-860-8173 with any questions you may have regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Lantz", with a long horizontal flourish extending to the right.

Ryan E. Lantz, Chief
Reactor Projects Branch D
Division of Reactor Projects

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

Enclosure:
Palo Verde Nuclear Generating Station Inspection Plan

cc: Distribution via ListServ

Palo Verde
 Inspection / Activity Plan
 03/01/2011 - 06/30/2012

Unit Number	Planned Dates Start	Planned Dates End	Inspection Activity	Title	No. of Staff on Site
			EP1 - BIENNIAL EP EXERCISE INSPECTION		4
1, 2, 3	02/28/2011	03/04/2011	IP 7111401	Exercise Evaluation	
1, 2, 3	02/28/2011	03/04/2011	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	02/28/2011	03/04/2011	IP 71151	Performance Indicator Verification	
			PSB2-08P - INSERVICE INSPECTION - U2		2
2	04/11/2011	04/22/2011	IP 7111108P	Inservice Inspection Activities - PWR	
			EXAM - INITIAL OPERATOR EXAM		7
1	02/13/2012	02/17/2012	X02480	INITIAL EXAM - UNIT 1 - PV (03/2012)	
2	02/13/2012	02/17/2012	X02481	INITIAL EXAM - UNIT 2 - PV (03/2012)	
3	02/13/2012	02/17/2012	X02482	INITIAL EXAM - UNIT 3 - PV (03/2012)	
1	03/19/2012	03/28/2012	X02480	INITIAL EXAM - UNIT 1 - PV (03/2012)	
2	03/19/2012	03/28/2012	X02481	INITIAL EXAM - UNIT 2 - PV (03/2012)	
3	03/19/2012	03/28/2012	X02482	INITIAL EXAM - UNIT 3 - PV (03/2012)	
			RS12 - RADIATION SAFETY		2
1, 2, 3	10/03/2011	10/07/2011	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	10/03/2011	10/07/2011	IP 71124.02	Occupational ALARA Planning and Controls	
1, 2	10/03/2011	10/07/2011	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1, 2	10/03/2011	10/07/2011	IP 71151-PR01	RETS/ODCM Radiological Effluent	
			PSB2-08P - INSERVICE INSPECTION - U1		2
1	10/03/2011	10/14/2011	IP 7111108P	Inservice Inspection Activities - PWR	
			EP1 - BIENNIAL EP PROGRAM INSPECTION		1
1	01/23/2012	01/27/2012	IP 7111402	Alert and Notification System Testing	
1, 2, 3	01/23/2012	01/27/2012	IP 7111403	Emergency Preparedness Organization Staffing and Augmentation System	
1, 2, 3	01/23/2012	01/27/2012	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	01/23/2012	01/27/2012	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies	
1, 2, 3	01/23/2012	01/27/2012	IP 71151-EP01	Drill/Exercise Performance	
1, 2, 3	01/23/2012	01/27/2012	IP 71151-EP02	ERO Drill Participation	
1, 2, 3	01/23/2012	01/27/2012	IP 71151-EP03	Alert & Notification System	
			EB1-07T - HEAT SINK PERFORMANCE		1
1, 2, 3	03/19/2012	03/23/2012	IP 7111107T	Heat Sink Performance	
			RS12 - RADIATION SAFETY		2
1, 2, 3	04/09/2012	04/13/2012	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/09/2012	04/13/2012	IP 71124.02	Occupational ALARA Planning and Controls	
1	04/09/2012	04/13/2012	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1	04/09/2012	04/13/2012	IP 71151-PR01	RETS/ODCM Radiological Effluent	

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

Unit Number	Planned Dates Start End	Inspection Activity	Title	No. of Staff on Site
3	04/09/2012 04/20/2012	PSB2-08P - INSERVICE INSPECTION - U3 IP 7111108P	Inservice Inspection Activities - PWR	2

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 This report shows only on-site and announced inspection procedures.