



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**

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

March 4, 2014

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

**SUBJECT: ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR  
GENERATING STATION UNITS 1, 2, AND 3 (REPORT 05000528/2013001;  
05000529/2013001; 05000530/2013001)**

Dear Mr. Edington:

On February 12, 2014, the NRC completed its end-of-cycle performance review of Palo Verde Nuclear Generating Station. The NRC reviewed the most recent quarterly performance indicators (PIs) in addition to inspection results and enforcement actions from January 1, 2013, through December 31, 2013. 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 determined that, overall, Palo Verde Nuclear Generating Station 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 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 enclosed inspection plan lists the inspections scheduled through June 30, 2015. 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.

An NRC audit of licensee efforts towards compliance with Order EA-12-049, "Order Modifying Licenses with Regard to Requirements for Mitigation Strategies for Beyond-Design-Basis External Events," is ongoing. This audit includes an onsite component in order for the NRC to evaluate mitigating strategies as described in licensee submittals, and to receive and review information relative to associated open items. This onsite activity will occur in the months prior to a declaration of compliance for the first unit at each site, and will aid staff in development of

R. Edington:

- 2 -

an ultimate Safety Evaluation for the site. The onsite component has been scheduled for the week of April 7, 2014. A site-specific audit plan for the visit will be provided in advance to allow sufficient time for preparations.

As a result of the Safety Culture Common Language Initiative, the terminology and coding of cross-cutting aspects were revised effective January 1, 2014. New cross-cutting aspects will be coded in accordance with the latest revision to NRC Inspection Manual Chapter (IMC) 0310, dated December 19, 2013. Cross-cutting aspects identified in the last six months of 2013 using the previous terminology will be converted to the revised language in accordance with the cross-reference in IMC 0310. The revised cross-cutting aspects will be evaluated for cross-cutting themes and potential substantive cross-cutting issues in accordance with IMC 0305 starting with the calendar year 2014 mid-cycle assessment.

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 817-200-1520 with any questions you may have regarding this matter.

Sincerely,

/RA/

Nick Taylor, Acting Chief  
Reactor Projects Branch D  
Division of Reactor Projects

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

Enclosure: Palo Verde Nuclear Generating Station Inspection/Activity Plan

cc w/enclosure: Distribution list for Palo Verde Nuclear Generating Station

R:\\_REACTORS\EOC 2013\PV2013 EOC LTR NHT 140304.docx ML14063A666

SUNSI Rev Compl.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	A	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Reviewer Initials	RCH
Publicly Available	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	S	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Sens. Type Initials	RCH
C:DRP/D	DD:DRP		D:DRS	D:DRP	
NTaylor	TPruett		JClark	KKennedy	
/RA/	/RA/		/RA/	/RA/	
03/03/2014	02/26/2014		02/28/2014	02/28/2014	

OFFICIAL RECORD COPY T=Telephone E=E-mail F=Fax

**Palo Verde**  
**Inspection / Activity Plan**  
**03/01/2014 - 06/30/2015**

Unit Number	Planned Start	Planned End	Inspection Activity	Title	No. of Staff on Site
			<b>TSB 52B</b>	<b>- BIENNIAL PI&amp;R</b>	<b>4</b>
1, 2,3	03/10/2014	03/14/2014	IP 711528	Problem Identification and Resolution	
1, 2,3	03/24/2014	03/28/2014	IP 711528	Problem Identification and Resolution	
			<b>EXAM</b>	<b>- INITIAL OPERATOR EXAM</b>	<b>8</b>
	04/13/2015	04/20/2015	X02558	INITIAL EXAM PV UNIT 1 (04/2015)	
	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)	
			<b>71111.08</b>	<b>- PV 2R181NSERVICE INSPECTION</b>	<b>1</b>
2	04/07/2014	04/18/2014	IP 7111108P	Inservice Inspection Activities- PWR	
			<b>EB1-17T</b>	<b>-TRIENNIAL PERM PLANT MODS &amp; 50.59</b>	<b>5</b>
1,2, 3	06/16/2014	06/27/2014	IP 7111117T	Evaluations of Changes, Tests, and Experiments and Permanent Plant Modifications	
			<b>TI-189</b>	<b>- SNUBBER PROGRAM</b>	
1,2,3	10/20/2014	10/25/2014	IP 60855.1	Operation of an Independent Spent Fuel Storage installation at Operating Plants	
			<b>71111.08</b>	<b>- PV 1R181NSERVICE INSPECTION</b>	<b>1</b>
	10/20/2014	10/31/2014	IP 7111108P	Inservice inspection Activities - PWR	
			<b>RS 13 PI</b>	<b>- RADIATION SAFETY</b>	<b>2</b>
1,2, 3	10/27/2014	10/31/2014	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1,2, 3	10/27/2014	10/31/2014	IP "11124.03	In-Plant Airborne Radioactivity Control and Mitigation	
1,2, 3	10/27/2014	10/31/2014	IP 71151-0R01	Occupational Exposure Control Effectiveness	
1, 2, 3	10/27/2014	10/31/2014	IP 71151-PR01	RETS/ODCM Radiological Effluent	
			<b>INSP</b>	<b>- BIENNIAL REQUAL INSPECTION</b>	<b>3</b>
1,2,3	11/17/2014	11/21/2014	IP 71111118	Licensed Operator Requalification Program	
			<b>EP-2</b>	<b>- HAB EXERCISE INSPECTION</b>	<b>2</b>
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	
			<b>EP-3</b>	<b>- EP PERFORMANCE INDICATORS</b>	<b>1</b>
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 Drill Participation	
1,2,3	03/02/2015	03/06/2015	IP 71151-EP03	Alert & Notification System	
			<b>71111.08</b>	<b>- UNIT 3 INSERVICE INSPECTION</b>	<b>1</b>
	04/06/2015	04/17/2015	IP 7111108P	Inservice Inspection Activities - PWR	
			<b>RS 12 PI</b>	<b>- RADIATION SAFETY</b>	<b>2</b>
1, 2, 3	04/20/2015	04/24/2015	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	

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

Palo Verde  
 Inspection / Activity Plan  
 03/01/2014 - 06/30/2015

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
	Start	End			
<b>RS 12 PI -RADIATION SAFETY</b>					
1,2,3	04/20/2015	04/24/2015	IP 71124.02	Occupational ALARA Planning and Controls	2
1,2,3	04/20/2015	04/24/2015	IP 71151-0R01	Occupational Exposure Control Effectiveness	
1,2,3	04/20/2015	04/24/2015	IP 71151-PR01	RETS/ODCM RadiologicalEffluent	

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