



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**

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

March 4, 2015

Mr. Randall K. Edington  
Executive Vice President Nuclear/CNO  
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 05000528/2014001,  
05000529/2014001, AND 05000530/2014001)**

Dear Mr. Edington,

On February 19, 2015, the Nuclear Regulatory Commission (NRC) completed its end-of-cycle performance review of Palo Verde Nuclear Generating Station, Units 1, 2, and 3. The NRC reviewed the most recent quarterly performance indicators (PIs) in addition to inspection results and enforcement actions from January 1, 2014, through December 31, 2014. This letter informs you of the NRC's assessment of Palo Verde Nuclear Generating Station during this period and its plans for future inspections at your facility.

The NRC determined that overall, Palo Verde Nuclear Generating Station, Units 1, 2, and 3 were 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, 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 (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 NRC identified a cross-cutting theme in the Consistent Process aspect (H.13). Specifically, during this assessment period, four findings were assigned the cross-cutting aspect of H.13. The NRC determined that a substantive cross-cutting issue associated with H.13 does not exist because the NRC does not have a concern with your staff's scope of effort and progress in addressing the cross-cutting theme. Your staff identified the theme, entered it into their corrective action program, evaluated it, and identified and implemented corrective actions to address it. The NRC will continue to monitor your staff's effort and progress in addressing the theme until the theme criteria are no longer met.

R. Edington

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The enclosed inspection plan lists the inspections scheduled through July 31, 2016. 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.

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 817-200-1147 with any questions you have regarding this letter.

Sincerely,

/RA/

Michael C. Hay  
Chief, Branch D  
Division of Reactor Projects

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

Enclosure:  
Palo Verde Nuclear Generating Station,  
Units 1, 2, and 3 Inspection/Activity Plan

**Palo Verde**  
**Inspection / Activity Plan**  
**03/01/2015 - 06/30/2016**

| Unit Number   | Planned Dates |            | Inspection Activity | Title   | No. of Staff on Site |
|---|---------------|------------|---------------------|---|----------------------|
|   | Start         | End        |                     |   |                      |
| <b>EXAM - INITIAL OPERATOR EXAM</b>                   |               |            |                     |   | <b>6</b>             |
| 1   | 03/16/2015    | 03/20/2015 | X02558              | INITIAL EXAM PV UNIT 1 (04/2015)  |                      |
| 1   | 03/16/2015    | 03/20/2015 | X02559              | INITIAL EXAM PV UNIT 2 (04/2015)  |                      |
| 3   | 03/16/2015    | 03/20/2015 | X02560              | INITIAL EXAM PV UNIT 3 (04/2015)  |                      |
| 1   | 04/13/2015    | 04/20/2015 | X02558              | INITIAL EXAM PV UNIT 1 (04/2015)  |                      |
| 1   | 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)  |                      |
| 1   | 04/21/2015    | 08/21/2015 | X02558              | INITIAL EXAM PV UNIT 1 (04/2015)  |                      |
| <b>EP-2 - HAB EXERCISE INSPECTION</b>                 |               |            |                     |   | <b>5</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 - 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 Readiness   |                      |
| 1, 2, 3   | 03/02/2015    | 03/06/2015 | IP 71151-EP03       | Alert & Notification System Reliability   |                      |
| <b>RS 12 PI - RADIATION SAFETY</b>                    |               |            |                     |   | <b>2</b>             |
| 1, 2, 3   | 04/13/2015    | 04/17/2015 | IP 71124.01         | Radiological Hazard Assessment and Exposure Controls  |                      |
| 1, 2, 3   | 04/13/2015    | 04/17/2015 | IP 71124.02         | Occupational ALARA Planning and Controls  |                      |
| 1, 2, 3   | 04/13/2015    | 04/17/2015 | IP 71151-OR01       | Occupational Exposure Control Effectiveness   |                      |
| 1, 2, 3   | 04/13/2015    | 04/17/2015 | IP 71151-PR01       | RETS/ODCM Radiological Effluent Occurrences   |                      |
| <b>71111.08 - INSERVICE INSPECTION 3R18</b>           |               |            |                     |   | <b>1</b>             |
| 3   | 04/13/2015    | 04/24/2015 | IP 7111108P         | Inservice Inspection Activities - PWR   |                      |
| <b>RS 5678 - RADIATION SAFETY - TEAM</b>              |               |            |                     |   | <b>4</b>             |
| 1, 2, 3   | 06/08/2015    | 06/12/2015 | IP 71124.05         | Radiation Monitoring Instrumentation  |                      |
| 1, 2, 3   | 06/08/2015    | 06/12/2015 | IP 71124.06         | Radioactive Gaseous and Liquid Effluent Treatment   |                      |
| 1, 2, 3   | 06/08/2015    | 06/12/2015 | IP 71124.07         | Radiological Environmental Monitoring Program   |                      |
| 1, 2, 3   | 06/08/2015    | 06/12/2015 | IP 71124.08         | Radioactive Solid Waste Processing and Radioactive Material Handling, Storage, and Transportation |                      |
| <b>71111.08 - INSERVICE INSPECTION 2R19</b>           |               |            |                     |   | <b>1</b>             |
| 2   | 10/19/2015    | 10/30/2015 | IP 7111108P         | Inservice Inspection Activities - PWR   |                      |
| <b>EB1-07T - PV TRIENNIAL HEAT SINK PERFORMANCE</b>   |               |            |                     |   | <b>1</b>             |
| 1, 2, 3   | 11/16/2015    | 11/20/2015 | IP 7111107T         | Heat Sink Performance   |                      |
| <b>EB2-05T - TRIENNIAL FIRE PROTECTION INSPECTION</b> |               |            |                     |   | <b>4</b>             |
| 1, 2, 3   | 01/25/2016    | 01/29/2016 | IP 7111105T         | Fire Protection [Triennial]   |                      |
| 1, 2, 3   | 02/08/2016    | 02/12/2016 | IP 7111105T         | Fire Protection [Triennial]   |                      |

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

**Palo Verde**  
**Inspection / Activity Plan**  
**03/01/2015 - 06/30/2016**

| Unit Number                                   | Planned Dates |            | Inspection Activity | Title  | No. of Staff on Site |
|---|---------------|------------|---------------------|--|----------------------|
|   | Start         | End        |                     |  |                      |
| <b>RS 24 - RADIATION SAFETY</b>               |               |            |                     |  | <b>2</b>             |
| 1, 2, 3                                       | 01/18/2016    | 01/22/2016 | IP 71124.02         | Occupational ALARA Planning and Controls                             |                      |
| 1, 2, 3                                       | 01/18/2016    | 01/22/2016 | IP 71124.04         | Occupational Dose Assessment   |                      |
| <b>TSB 52B - BIENNIAL PI&amp;R INSPECTION</b> |               |            |                     |  | <b>4</b>             |
| 1, 2, 3                                       | 03/07/2016    | 03/11/2016 | IP 71152B           | Problem Identification and Resolution                                |                      |
| 1, 2, 3                                       | 03/21/2016    | 03/25/2016 | IP 71152B           | Problem Identification and Resolution                                |                      |
| <b>EP-1 - EP PERFORMANCE INDICATORS</b>       |               |            |                     |  | <b>1</b>             |
| 1   | 04/11/2016    | 04/16/2016 | IP 71151-EP01       | Drill/Exercise Performance   |                      |
| 1   | 04/11/2016    | 04/16/2016 | IP 71151-EP02       | ERO Readiness  |                      |
| 1   | 04/11/2016    | 04/16/2016 | IP 71151-EP03       | Alert & Notification System Reliability                              |                      |
| <b>EP-2 - BIENNIAL EP PROGRAM INSPECTION</b>  |               |            |                     |  | <b>1</b>             |
| 1, 2, 3                                       | 04/11/2016    | 04/16/2016 | IP 7111402          | Alert and Notification System Testing                                |                      |
| 1, 2, 3                                       | 04/11/2016    | 04/16/2016 | IP 7111403          | Emergency Preparedness Organization Staffing and Augmentation System |                      |
| 1, 2, 3                                       | 04/11/2016    | 04/16/2016 | IP 7111404          | Emergency Action Level and Emergency Plan Changes                    |                      |
| 1, 2, 3                                       | 04/11/2016    | 04/16/2016 | IP 7111405          | Correction of Emergency Preparedness Weaknesses and Deficiencies     |                      |
| <b>RS 13 PI - RADIATION SAFETY</b>            |               |            |                     |  | <b>2</b>             |
| 1, 2, 3                                       | 04/18/2016    | 04/22/2016 | IP 71124.01         | Radiological Hazard Assessment and Exposure Controls                 |                      |
| 1, 2, 3                                       | 04/18/2016    | 04/22/2016 | IP 71124.03         | In-Plant Airborne Radioactivity Control and Mitigation               |                      |
| 1, 2, 3                                       | 04/18/2016    | 04/22/2016 | IP 71151-OR01       | Occupational Exposure Control Effectiveness                          |                      |
| 1, 2, 3                                       | 04/18/2016    | 04/22/2016 | IP 71151-PR01       | RETS/ODCM Radiological Effluent Occurrences                          |                      |
| <b>71111.08 - INSERVICE INSPECTION</b>        |               |            |                     |  | <b>1</b>             |
| 1   | 04/18/2016    | 04/29/2016 | IP 7111108P         | Inservice Inspection Activities - PWR                                |                      |

This report does not include INPO and OUTAGE activities.  
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Letter to Randall K. Edington from Michael C. Hay, dated March 4, 2015

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GENERATING STATION, UNITS 1, 2, AND 3 (REPORT 05000528/2014001,  
05000529/2014001, AND 05000530/2014001)

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