



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

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

March 2, 2016

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 (05000528/2015006,
05000529/2015006, AND 05000530/2015006)**

Dear Mr. Edington:

On February 17, 2016, the 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, 2015 through December 31, 2015. 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 Units 1, 2, and 3 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 (Column 1) 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 December 31, 2017. 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 response to the accident at Fukushima, the Commission issued Order EA-12-049, "Order Modifying Licenses with Regard to Requirements for Mitigation Strategies for Beyond-Design-Basis External Events." This Order requires licensees to develop, implement, and maintain

guidance and strategies to maintain or restore core cooling, containment, and spent fuel pool cooling capabilities following a beyond-design-basis external event. Additionally, the Commission issued Order EA-12-051, "Inspection of the Implementation of Mitigation Strategies and Spent Fuel Pool Instrumentation Orders and Emergency Preparedness Communication/Staffing/Multi-Unit Dose Assessment Plans." This Order requires licensees to have a reliable means of remotely monitoring wide-range Spent Fuel Pool levels to support effective prioritization of event mitigation and recovery actions in the event of a beyond-design-basis external event. The NRC is conducting audits of licensee efforts towards compliance with these Orders. The audit was completed for Palo Verde Nuclear Generating Station Units 1, 2, and 3, and the information gathered will aid staff in development of the Safety Evaluation for the site. After the NRC staff receives the Final Compliance letter for the site, the Final Safety Evaluation will be issued. Then, the NRC staff will confirm through inspections the full implementation of the orders mentioned above by performing Temporary Instruction 191: "Inspection of the Implementation of Mitigation Strategies and Spent Fuel Pool Instrumentation Orders and Emergency Preparedness Communication/Staffing/Multi-Unit Dose Assessment Plans."

In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390, "Public Inspections, Exemptions, Requests for Withholding," a copy of this letter, its enclosure, and your response (if any) will be available electronically for public inspection in the NRC's Public Document Room or from the Publicly Available Records (PARS) component of the NRC's Agencywide Documents Access and Management 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 225-635-3193 with any questions you have regarding this letter.

Sincerely,

/RA/

Jeffrey R. Sowa, Acting Chief
Project 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 Plant Inspection/Activity Plan

R. Edington

- 3 -

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See next page

ADAMS ACCESSION NUMBER: ML16061A371

<input checked="" type="checkbox"/> SUNSI Review By: RCH	ADAMS: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Sensitive <input checked="" type="checkbox"/> Non-Sensitive	<input type="checkbox"/> Non-Publicly Available <input checked="" type="checkbox"/> Publicly Available	Keyword NRC-002
OFFICE	RIV/BC/DRP	RIV/D/DRS	RIV/D/DRP	
NAME	JSowa	AVegel	TPruett	
SIGNATURE	/RA/	/RA/	/RA/RLantz, for	
DATE	2/25/16	2/26/16	2/26/16	

OFFICIAL RECORD COPY

Letter to Randall K. Edington from Jeffrey R. Sowa dated March 2, 2016

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GENERATING STATION, UNITS 1, 2, AND 3 (05000528/2015006,
05000529/2015006, AND 05000530/2015006)

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Palo Verde
Inspection / Activity Plan
04/01/2016 - 12/31/2017

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
	Start	End			
EXAM - INITIAL EXAM					8
1	10/03/2016	10/07/2016	X02576	INITIAL EXAM PALO VERDE UNIT 1 (10/2016)	
2	10/03/2016	10/07/2016	X02577	INITIAL EXAM PALO VERDE UNIT 2 (10/2016)	
3	10/03/2016	10/07/2016	X02578	INITIAL EXAM PALO VERDE UNIT 3 (10/2016)	
1	10/31/2016	11/10/2016	X02576	INITIAL EXAM PALO VERDE UNIT 1 (10/2016)	
2	10/31/2016	11/10/2016	X02577	INITIAL EXAM PALO VERDE UNIT 2 (10/2016)	
3	10/31/2016	11/10/2016	X02578	INITIAL EXAM PALO VERDE UNIT 3 (10/2016)	
RS 13 PI - RADIATION SAFETY					2
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	
71111.08 - INSERVICE INSPECTION					1
1	04/18/2016	04/29/2016	IP 7111108P	Inservice Inspection Activities - PWR	
EP-1 - EP PERFORMANCE INDICATORS					1
1	05/02/2016	05/06/2016	IP 71151-EP01	Drill/Exercise Performance	
1	05/02/2016	05/06/2016	IP 71151-EP02	ERO Readiness	
1	05/02/2016	05/06/2016	IP 71151-EP03	Alert & Notification System Reliability	
EP-2 - BIENNIAL EP PROGRAM INSPECTION					1
1, 2, 3	05/02/2016	05/06/2016	IP 7111402	Alert and Notification System Testing	
1, 2, 3	05/02/2016	05/06/2016	IP 7111403	Emergency Preparedness Organization Staffing and Augmentation System	
1, 2, 3	05/02/2016	05/06/2016	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	05/02/2016	05/06/2016	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies	
EB1-21T - PV COMPONENT DESIGN BASIS INSPECTION					6
1, 2, 3	08/01/2016	09/02/2016	IP 7111121	Component Design Bases Inspection	
71111.08 - INSERVICE INSPECTION					1
3	10/17/2016	10/28/2016	IP 7111108P	Inservice Inspection Activities - PWR	
INSP - BIENNIAL REQUAL INSPECTION					3
1, 2, 3	12/12/2016	12/16/2016	IP 7111111B	Licensed Operator Requalification Program	
RS 5678 - RS TEAM					5
1, 2, 3	01/23/2017	01/27/2017	IP 71124.05	Radiation Monitoring Instrumentation	
1, 2, 3	01/23/2017	01/27/2017	IP 71124.06	Radioactive Gaseous and Liquid Effluent Treatment	
1, 2, 3	01/23/2017	01/27/2017	IP 71124.07	Radiological Environmental Monitoring Program	

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

Palo Verde
Inspection / Activity Plan
04/01/2016 - 12/31/2017

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
	Start	End			
			RS 5678 - RS TEAM		5
1, 2, 3	01/23/2017	01/27/2017	IP 71124.08	Radioactive Solid Waste Processing and Radioactive Material Handling, Storage, and Transportation	
			EB1-17T - PV PERMANENT PLANT MODS & 50.59		3
1, 2, 3	02/27/2017	03/17/2017	IP 7111117T	Evaluations of Changes, Tests, and Experiments and Permanent Plant Modifications	
			EP-3 - EP PERFORMANCE INDICATOR VERIFICATION		1
1, 2, 3	03/06/2017	03/10/2017	IP 71151-EP01	Drill/Exercise Performance	
1, 2, 3	03/06/2017	03/10/2017	IP 71151-EP02	ERO Readiness	
1, 2, 3	03/06/2017	03/10/2017	IP 71151-EP03	Alert & Notification System Reliability	
			EP2 - BIENNIAL EP EXERCISE INSPECTION		4
1, 2, 3	03/06/2017	03/10/2017	IP 7111401	Exercise Evaluation	
1, 2, 3	03/06/2017	03/10/2017	IP 7111404	Emergency Action Level and Emergency Plan Changes	
			ISFSI - LOADING INSPECTION (ONE WEEK IN MONTH)		1
1, 2, 3	04/01/2017	04/30/2017	IP 60855.1	Operation of an Independent Spent Fuel Storage Installation at Operating Plants	
			71111.08 - INSERVICE INSPECTION UNIT 2		1
2	04/17/2017	04/28/2017	IP 7111108P	Inservice Inspection Activities - PWR	
			RS 12 PI - RADIATION SAFETY		2
1, 2, 3	10/16/2017	10/20/2017	IP 71124.01	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	10/16/2017	10/20/2017	IP 71124.02	Occupational ALARA Planning and Controls	
1, 2, 3	10/16/2017	10/20/2017	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1, 2, 3	10/16/2017	10/20/2017	IP 71151-PR01	RETS/ODCM Radiological Effluent Occurrences	
			71111.08 - INSERVICE INSPECTION UNIT 1		1
1	10/16/2017	10/27/2017	IP 7111108P	Inservice Inspection Activities - PWR	

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