



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

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

March 1, 2017

Mr. Robert Bement
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 05000528/2016006,
05000529/2016006, and 05000530/2016006)**

Dear Mr. Bement:

On February 16, 2017, the U.S. Nuclear Regulatory Commission (NRC) completed its end-of-cycle performance assessment of Palo Verde Nuclear Generating Station, Units 1, 2, and 3, reviewing performance indicators (PIs), inspection results, and enforcement actions from January 1, 2016, through December 31, 2016. 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 concluded that overall performance at your facility preserved public health and safety.

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, the highest performance category of the NRC's Reactor Oversight Process (ROP) Action Matrix, because all inspection findings had very low safety significance (i.e., Green), and all PIs were within the 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, 2018. The NRC provides the inspection plan to allow for the resolution of any scheduling conflicts and personnel availability issues. Routine inspections performed by resident inspectors are not included in the inspection plan. The inspections listed during the last twelve months of the inspection plan are tentative and may be revised. 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 the plan for security-related inspections, which will be sent via separate, non-publicly available correspondence.

In accordance with Title 10 of the *Code of Federal Regulations* (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 817-200-1173 with any questions you have regarding this letter.

Sincerely,

/RA/

Geoffrey B. Miller, Branch Chief
Projects Branch D
Division of Reactor Projects

Docket No. 50-528, 529, 530
License No. NPF-41, NPF 51, NPF 74

Enclosure:
Palo Verde Nuclear Generating Station
Inspection/Activity Plan

ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, and 3 (REPORT 05000528/2016006, 05000529/2016006, and 05000530/2016006) - DATED MARCH 1, 2017

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ADAMS ACCESSION NUMBER: ML17059D488

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| DATE | 2/23/17 | 2/23/17 | 2/23/17 | | | | | |

OFFICIAL RECORD COPY

Palo Verde
 Inspection / Activity Plan
 01/01/2017 - 12/31/2018

| Unit Number | Planned Dates Start | Planned Dates End | Inspection Activity | Title | No. of Staff on Site |
|-------------|---------------------|-------------------|---|---|----------------------|
| | | | SIT EDG - UNIT 3 EDG B FAILURE | | 4 |
| 3 | 02/06/2017 | 02/10/2017 | IP 71153 | Followup of Events and Notices of Enforcement Discretion | |
| 3 | 02/06/2017 | 02/10/2017 | IP 93812 | Special Inspection | |
| | | | RS 5678 - RS TEAM | | 4 |
| 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 | |
| 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 50.59 CHANGES TESTS EXPERIMENTS | | 4 |
| 1, 2, 3 | 02/27/2017 | 03/03/2017 | IP 711117T | Evaluations of Changes, Tests, and Experiments and Permanent Plant Modifications | |
| | | | ISFSI - LOADING INSPECTION | | 1 |
| 1, 2, 3 | 02/27/2017 | 03/03/2017 | IP 60855.1 | Operation of an Independent Spent Fuel Storage Installation at Operating Plants | |
| | | | EP-3 - EP PERFORMANCE INDICATOR VERIFICATION | | 2 |
| 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 | | 5 |
| 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 | |
| | | | 71111.08 - INSERVICE INSPECTION UNIT 2 | | 1 |
| 2 | 04/10/2017 | 04/21/2017 | 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 | |
| | | | EXAM - INITIAL EXAM | | 8 |
| 1 | 03/12/2018 | 03/16/2018 | X02617 | INITIAL EXAM PV U1(4/18) | |
| 2 | 03/12/2018 | 03/16/2018 | X02618 | INITIAL EXAM PV-U2 (04/18) | |
| 3 | 03/12/2018 | 03/16/2018 | X02619 | INITIAL EXAM PV-U3(04/18) | |
| 1 | 04/16/2018 | 04/26/2018 | X02617 | INITIAL EXAM PV U1(4/18) | |

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

Palo Verde
Inspection / Activity Plan
01/01/2017 - 12/31/2018

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|-------------|-------------------------|---|--|----------------------|
| | | EXAM - INITIAL EXAM | | 8 |
| 2 | 04/16/2018 04/26/2018 | X02618 | INITIAL EXAM PV-U2 (04/18) | |
| 3 | 04/16/2018 04/26/2018 | X02619 | INITIAL EXAM PV-U3(04/18) | |
| | | EB2-05T - TRIENNIAL FIRE PROTECTION INSPECTION | | 4 |
| 1, 2, 3 | 01/29/2018 02/02/2018 | IP 7111105T | Fire Protection [Triennial] | |
| 1, 2, 3 | 02/12/2018 02/16/2018 | IP 7111105T | Fire Protection [Triennial] | |
| | | EP-2 - EP PERFORMANCE INDICATOR INSPECTION | | 1 |
| 1, 2, 3 | 02/26/2018 03/02/2018 | IP 71151-EP01 | Drill/Exercise Performance | |
| 1, 2, 3 | 02/26/2018 03/02/2018 | IP 71151-EP02 | ERO Readiness | |
| 1, 2, 3 | 02/26/2018 03/02/2018 | IP 71151-EP03 | Alert & Notification System Reliability | |
| | | EP1 - EP PROGRAM INSPECTION | | 1 |
| 1, 2, 3 | 02/26/2018 03/02/2018 | IP 7111402 | Alert and Notification System Testing | |
| 1, 2, 3 | 02/26/2018 03/02/2018 | IP 7111403 | Emergency Preparedness Organization Staffing and Augmentation System | |
| 1, 2, 3 | 02/26/2018 03/02/2018 | IP 7111404 | Emergency Action Level and Emergency Plan Changes | |
| 1, 2, 3 | 02/26/2018 03/02/2018 | IP 7111405 | Correction of Emergency Preparedness Weaknesses and Deficiencies | |
| | | RS 24 - RAD SAFETY | | 2 |
| 1, 2, 3 | 03/05/2018 03/09/2018 | IP 71124.02 | Occupational ALARA Planning and Controls | |
| 1, 2, 3 | 03/05/2018 03/09/2018 | IP 71124.04 | Occupational Dose Assessment | |
| | | RS 13PI - RAD SAFETY | | 2 |
| 1, 2, 3 | 04/16/2018 04/20/2018 | IP 71124.01 | Radiological Hazard Assessment and Exposure Controls | |
| 1, 2, 3 | 04/16/2018 04/20/2018 | IP 71124.03 | In-Plant Airborne Radioactivity Control and Mitigation | |
| 1, 2, 3 | 04/16/2018 04/20/2018 | IP 71151-OR01 | Occupational Exposure Control Effectiveness | |
| 1, 2, 3 | 04/16/2018 04/20/2018 | IP 71151-PR01 | RETS/ODCM Radiological Effluent Occurrences | |
| | | 71111.08 - INSERVICE INSPECTION 3R20 | | 1 |
| 3 | 04/16/2018 04/27/2018 | IP 7111108P | Inservice Inspection Activities - PWR | |
| | | EB1-21N - PALO VERDE DBI PROGRAMS | | 2 |
| 1, 2, 3 | 05/07/2018 05/25/2018 | IP 7111121N | Component Design Bases Inspection (Programs) | |
| | | 71111.08 - INSERVICE INSPECTION 2R20 | | 1 |
| 2 | 10/08/2018 10/19/2018 | IP 7111108P | Inservice Inspection Activities - PWR | |
| | | EB1-07T - PV HEAT SINK PERFORMANCE | | 2 |
| 1, 2, 3 | 11/05/2018 11/09/2018 | IP 7111107T | Heat Sink Performance | |

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Palo Verde
Inspection / Activity Plan
01/01/2017 - 12/31/2018

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|-------------|----------------------------|-------------------------------------|---|-------------------------|
| 1, 2, 3 | 12/10/2018 12/14/2018 | BRQ - BRQ INSPECTION IP 7111111B | Licensed Operator Requalification Program | 3 |

Comments:

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