



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
1600 EAST LAMAR BOULEVARD  
ARLINGTON, TEXAS 76011-4511

March 1, 2018

Mr. Robert S. Bement  
Executive Vice President Nuclear/  
Chief Nuclear Officer  
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 05000528/2017006,  
05000529/2017006, AND 05000530/2017006)

Dear Mr. Bement:

The U.S. Nuclear Regulatory Commission (NRC) has 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, 2017 through December 31, 2017. 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, 2019. This updated inspection plan now includes planned security inspections which were formerly transmitted under separate correspondence. 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.

By letter dated July 19, 2017 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML17200D162), your staff submitted a License Amendment Request to adopt Title 10 of the Code of Federal Regulations Section 50.69, Risk-informed Categorization and Treatment of Structures, Systems and Components for Nuclear Power Reactors. Following issuance of the NRC Safety Evaluation Report (SER), the NRC will conduct Inspection Procedure 37060, "10 CFR 50.69 Risk-Informed Categorization and Treatment of Structures, Systems and Components Inspection," at Palo Verde Nuclear

Generating Station. The purpose of this inspection is to determine whether your staff: (1) properly incorporated the license amendment under 10 CFR 50.69 as approved by the NRC staff and described in the plant safety evaluation and Updated Final Safety Analysis Report (UFSAR) and documented in the staff's SER; (2) properly implemented the 10 CFR 50.69 categorization process consistent with the regulatory requirements for the structures, systems, and components subjected to the process; and (3) properly implemented alternate treatment requirements for those structures, systems, and components evaluated using the 10 CFR 50.69 categorization process. The inspection at your site has not been scheduled yet, but is expected to occur sometime in 2019. The NRC will coordinate with your staff to schedule a date for this inspection.

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 the 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

Dockets: 50-528; 50-529; 50-530  
Licenses: NPF-41; NPF-51; NPF-74

Enclosure:  
Palo Verde Nuclear Generating Station  
Inspection Plan

# IP 22 Inspection Activity Plan Report

## Palo Verde

01/01/2018 - 12/31/2019

Unit	Start	End	Activity	CAC	Title	Staff Count
<b>TRIENNIAL FIRE PROTECTION INSPECTION</b>						<b>6</b>
1, 2, 3	01/29/2018	02/02/2018	IP 71111.05T	000696	Fire Protection (Triennial)	
1, 2, 3	02/12/2018	02/16/2018	IP 71111.05T	000696	Fire Protection (Triennial)	
<b>RAD SAFETY 2,4</b>						<b>2</b>
1, 2, 3	02/12/2018	02/16/2018	IP 71124.02	000726	Occupational ALARA Planning and Controls	
1, 2, 3	02/12/2018	02/16/2018	IP 71124.04	000728	Occupational Dose Assessment	
<b>EP PROGRAM INSPECTION</b>						<b>1</b>
1, 2, 3	02/26/2018	03/02/2018	IP 71114.02	000717	Alert and Notification System Testing	
1, 2, 3	02/26/2018	03/02/2018	IP 71114.03	000718	Emergency Response Organization Staffing and Augmentation System	
1, 2, 3	02/26/2018	03/02/2018	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	02/26/2018	03/02/2018	IP 71114.05	000720	Correction of Emergency Preparedness Weaknesses and Deficiencies	
1, 2, 3	02/26/2018	03/02/2018	IP 71151	001397	Performance Indicator Verification	
<b>INITIAL EXAM</b>						<b>8</b>
1, 2, 3	03/11/2018	03/17/2018	OV	000956	VALIDATION OF INITIAL LICENSE EXAMINATION (OV)	
1, 2, 3	04/15/2018	04/28/2018	EXAD	000500	LICENSE EXAM ADMINISTRATION (EXAD)	
<b>SECURITY TEAM INSPECTION</b>						<b>2</b>
1, 2, 3	03/12/2018	03/16/2018	IP 71130.04	000736	Equipment Performance, Testing, and Maintenance	
1, 2, 3	03/12/2018	03/16/2018	IP 71130.07	000739	Security Training	
<b>TI 2515/194</b>						<b>3</b>
1, 2, 3	03/19/2018	03/23/2018	TI 2515/194	000512	Inspection of the Licensee's Implementation of Industry Initiative Associated With the Open Phase Condition Design Vulnerabilities In Electric Power Systems (NRC Bulletin 2012-01)	
<b>INSERVICE INSPECTION 3R20</b>						<b>1</b>
3	04/16/2018	04/27/2018	IP 71111.08P	000702	Inservice Inspection Activities - PWR	
<b>RAD SAFETY RFO 1,3</b>						<b>2</b>
1, 2, 3	04/23/2018	04/27/2018	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/23/2018	04/27/2018	IP 71124.03	000727	In-Plant Airborne Radioactivity Control and Mitigation	
1, 2, 3	04/23/2018	04/27/2018	IP 71151	000746	Performance Indicator Verification	

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

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01/01/2018 - 12/31/2019

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<b>PV DESIGN BASES ASSURANCE PROGRAMS</b>						5
1, 2, 3	05/07/2018	05/11/2018	IP 71111.21N	000714	Design Bases Assurance Inspection (Programs)	
1, 2, 3	05/21/2018	05/25/2018	IP 71111.21N	000714	Design Bases Assurance Inspection (Programs)	
<b>BIENNIAL PI&amp;R INSPECTION</b>						4
1, 2, 3	08/20/2018	08/24/2018	IP 71152B	000747	Problem Identification and Resolution	
1, 2, 3	09/10/2018	09/14/2018	IP 71152B	000747	Problem Identification and Resolution	
<b>SECURITY SOLO INSPECTION</b>						1
1, 2, 3	09/17/2018	09/21/2018	IP 71130.02	000734	Access Control	
1, 2, 3	09/17/2018	09/21/2018	IP 71151	001338	Performance Indicator Verification	
<b>INSERVICE INSPECTION 2R20</b>						1
2	10/15/2018	10/26/2018	IP 71111.08P	000702	Inservice Inspection Activities - PWR	
<b>PV HEAT SINK PERFORMANCE</b>						2
1, 2, 3	11/05/2018	11/09/2018	IP 71111.07T	000700	Heat Sink Performance -Triennial	
<b>BRQ</b>						2
1, 2, 3	12/09/2018	12/15/2018	IP 71111.11B	000704	Licensed Operator Requalification Program and Licensed Operator Performance - Biennial	
<b>FORCE-ON-FORCE PLANNING AND EXERCISE</b>						8
1, 2, 3	01/07/2019	01/11/2019	IP 71130.03	000735	Contingency Response - Force-On-Force Testing	
1, 2, 3	01/28/2019	02/01/2019	IP 71130.03	000735	Contingency Response - Force-On-Force Testing	
<b>PALO VERDE DBA TEAM INSPECTION</b>						6
1, 2, 3	02/11/2019	03/01/2019	IP 71111.21M	000713	Design Bases Assurance Inspection (Teams)	
<b>EP EXERCISE INPSECTION</b>						4
1, 2, 3	03/04/2019	03/08/2019	IP 71114.01	000716	Exercise Evaluation	
1, 2, 3	03/04/2019	03/08/2019	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	
1, 2, 3	03/04/2019	03/08/2019	IP 71151	001397	Performance Indicator Verification	
<b>EP EXERCISE INSPECTION</b>						2
1, 2, 3	03/04/2019	03/08/2019	IP 71114.01	000716	Exercise Evaluation	
1, 2, 3	03/04/2019	03/08/2019	IP 71114.04	000719	Emergency Action Level and Emergency Plan Changes	

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<b>EP EXERCISE INSPECTION</b>						<b>2</b>
1, 2, 3	03/04/2019	03/08/2019	IP 71151	001397	Performance Indicator Verification	
<b>RP TEAM INSPECTION</b>						<b>5</b>
1, 2, 3	03/18/2019	03/22/2019	IP 71124.05	000729	Radiation Monitoring Instrumentation	
1, 2, 3	03/18/2019	03/22/2019	IP 71124.06	000730	Radioactive Gaseous and Liquid Effluent Treatment	
1, 2, 3	03/18/2019	03/22/2019	IP 71124.07	000731	Radiological Environmental Monitoring Program	
1, 2, 3	03/18/2019	03/22/2019	IP 71124.08	000732	Radioactive Solid Waste Processing and Radioactive Material Handling, Storage, and Transportation	
<b>MAT'L CONTROL &amp; ACCOUNTING</b>						<b>1</b>
1, 2, 3	03/18/2019	03/22/2019	IP 71130.11	000742	Material Control and Accounting (MC&A)	
<b>INSERVICE INSPECTION 1R21</b>						<b>1</b>
1	04/15/2019	04/26/2019	IP 71111.08P	000702	Inservice Inspection Activities - PWR	
<b>RP INSPECTION</b>						<b>3</b>
1, 2, 3	04/15/2019	04/19/2019	IP 71124.01	000725	Radiological Hazard Assessment and Exposure Controls	
1, 2, 3	04/15/2019	04/19/2019	IP 71124.02	000726	Occupational ALARA Planning and Controls	
1, 2, 3	04/15/2019	04/19/2019	IP 71151	000746	Performance Indicator Verification	
<b>SECURITY SOLO INSPECTION</b>						<b>1</b>
1, 2, 3	09/02/2019	09/06/2019	IP 71130.02	000734	Access Control	
1, 2, 3	09/02/2019	09/02/2019	IP 71151	001338	Performance Indicator Verification	
<b>INITIAL EXAM</b>						<b>8</b>
1, 2, 3	09/08/2019	09/14/2019	OV	000956	VALIDATION OF INITIAL LICENSE EXAMINATION (OV)	
1, 2, 3	10/06/2019	10/19/2019	EXAD	000500	LICENSE EXAM ADMINISTRATION (EXAD)	
<b>INSERVICE INSPECTION 3RF21</b>						<b>1</b>
3	10/14/2019	10/25/2019	IP 71111.08P	000702	Inservice Inspection Activities - PWR	

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ANNUAL ASSESSMENT LETTER FOR PALO VERDE NUCLEAR GENERATING STATION  
 UNITS 1, 2 AND 3 (REPORT 05000528/2017006, 05000529/2017006, AND  
 05000530/2017006) DATED MARCH 1, 2018

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