



A subsidiary of Pinnacle West Capital Corporation

Palo Verde Nuclear
Generating Station

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102-06614-DCM/MAM/TLC
October 29, 2012

U.S. Nuclear Regulatory Commission
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- References:
1. NRC Order Number EA-12-049, "*Order Modifying Licenses with Regard to Requirements for Mitigation Strategies for Beyond-Design-Basis External Events*," dated March 12, 2012
 2. NRC Interim Staff Guidance JLD-ISG-2012-01, "*Compliance with Order EA-12-049, Order Modifying Licenses with Regard to Requirements for Mitigation Strategies for Beyond-Design-Basis External Events, Revision 0*," dated August 29, 2012
 3. Nuclear Energy Institute (NEI) Letter to NRC, "*Industry Initiative on Procurement of Equipment for the Diverse and Flexible Coping Strategy (FLEX)*," dated February 24, 2012
 4. NEI 12-06, "*Diverse and Flexible Coping Strategies (FLEX) Implementation Guide, Revision 0*," dated August 2012

Dear Sirs:

**Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2, and 3
Docket Nos. STN 50-528, 50-529, and 50-530
Initial Status Report in Response to March 12, 2012 Commission
Order Modifying Licenses with Regard to Requirements for
Mitigation Strategies for Beyond-Design-Basis External Events
(Order Number EA-12-049)**

On March 12, 2012, the Nuclear Regulatory Commission (NRC) issued an order (Reference 1) to Arizona Public Service (APS). Reference 1 was immediately effective and directs APS to develop, implement, and maintain guidance and strategies to maintain or restore core cooling, containment, and spent fuel pool cooling capabilities in the event of a beyond-design-basis external event. Specific requirements are outlined in Attachment 2 of Reference 1.

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Reference 1 requires submission of an initial status report 60 days following issuance of the final interim staff guidance. The final interim staff guidance (Reference 2) was issued August 30, 2012. The purpose of this letter is to provide the initial status report pursuant to Section IV, Condition C.2, of Reference 1 within 60 days following issuance of Reference 2. This report confirms APS has received Reference 2 and is in the process of evaluating the guidance for the purpose of establishing mitigation strategies to maintain or restore core cooling, containment, and spent fuel pool cooling capabilities in the event of a beyond-design-basis external event as described in Attachment 2 of Reference 1.

Major activities completed during this reporting period:

- Additional portable equipment, identified by the station, was ordered prior to the issuance of Reference 2, as described in an NEI letter to the NRC (Reference 3).
- A site-specific evaluation is in progress to establish the coping capabilities as defined in NEI 12-06 (Reference 4).
- Resources are being identified and project plans initiated, including development of milestones, to assure compliance with Reference 1.

Planned activities for the next six months:

- Development and submittal of the overall integrated plan.
- Development of procedures to implement FLEX strategy.
- Development of modifications for FLEX equipment implementation.

Technical difficulties encountered that could affect the ability to provide the licensee's February 28, 2013, submittal:

- None at this time.

Project milestones schedule through completion of installation and testing:

- A project milestones schedule will be provided with the overall integrated plan.
- Implementation of the order will be completed for PVNGS Unit 1 prior to startup from Refueling Outage U1R18 (Fall 2014).
- Implementation of the order will be completed for PVNGS Unit 3 prior to startup from Refueling Outage U3R18 (Spring 2015).
- Implementation of the order will be completed for PVNGS Unit 2 prior to startup from Refueling Outage U2R19 (Fall 2015).

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This letter contains no new regulatory commitments. Should you have any questions concerning the content of this letter, please contact Mark McGhee, Operations Support Manager, Regulatory Affairs, at (623) 393-4972.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 10/29/12
(Date)

Sincerely,
A. C. Morris

DCM/MAM/TLC/hsc

cc: E. J. Leeds, NRC Director, Office of Nuclear Reactor Regulation
E. E. Collins Jr. NRC Region IV Regional Administrator
L. K. Gibson NRC NRR Project Manager for PVNGS
M. A. Brown NRC Senior Resident Inspector for PVNGS
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