



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

July 20, 2009

Mr. Randall K. Edington
Executive Vice President Nuclear/
Chief Nuclear Officer
Mail Station 7602
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 -
EXEMPTION FROM 10 CFR 55.47 - WAIVER OF EXAMINATION AND TEST
REQUIREMENTS (TAC NOS. ME0695, ME0696, AND ME0697)

Dear Mr. Edington:

By letter dated February 6, 2009, Arizona Public Service Company (APS) requested an exemption from the "Waiver of Examination and Test Requirements" in Title 10 of the *Code of Federal Regulations* (10 CFR) Section 55.47. The requested exemption would allow Mr. Mark A. Sharp, who was licensed as a senior reactor operator (SRO) at the Palo Verde Nuclear Generating Station (PVNGS) from December 1996 to December 2006, to be considered for a waiver from certain operator licensing requirements, in order to be re-licensed at the PVNGS. In accordance with 10 CFR 55.47, the U.S. Nuclear Regulatory Commission (NRC) may waive any or all of the requirements for a written examination (required by 10 CFR 55.43), or an operating test (required by 10 CFR 55.45), subject to satisfaction of the waiver criteria.

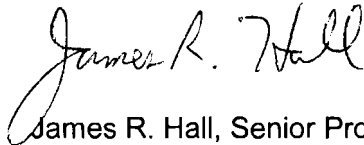
The NRC has granted the requested exemption, pursuant to 10 CFR 55.11. A copy of the exemption is enclosed and is being forwarded to the Office of the Federal Register for publication. Mr. Sharp's license application will be addressed by the NRC Region IV office as a separate action.

R. Edington

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If you have any questions, please contact me at (301) 415-4032 or via email at randy.hall@nrc.gov.

Sincerely,

A handwritten signature in black ink that reads "James R. Hall". The signature is written in a cursive style with a large initial "J" and "H".

James R. Hall, Senior Project Manager
Plant Licensing Branch IV
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. STN 50-528, STN 50-529,
and STN 50-530

Enclosure:
Exemption

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
ARIZONA PUBLIC SERVICE COMPANY, ET AL.
PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3
DOCKET NOS. STN 50-528, STN 50-529, AND STN 50-530
EXEMPTION

1.0 BACKGROUND

The Arizona Public Service Company (APS, the facility licensee) is the holder of Facility Operating License Nos. NPF-41, NPF-51, and NPF-74, which authorize operation of the Palo Verde Nuclear Generating Station (PVNGS, the facility), Units 1, 2, and 3, respectively. The licenses provide, among other things, that the PVNGS is subject to all rules, regulations, and orders of the Nuclear Regulatory Commission (NRC, or the Commission) now or hereafter in effect.

The facility consists of three pressurized-water reactors located 55 miles west of Phoenix, in Maricopa County, Arizona.

2.0 REQUEST/ACTION

Title 10 of the *Code of Federal Regulations* (10 CFR), Part 55, "Operators' Licenses," specifies the requirements and procedures governing the issuance of licenses to operators and senior operators of utilization facilities licensed under the Atomic Energy Act of 1954, as amended, or Section 202 of the Energy Reorganization Act of 1974, as amended, and 10 CFR Part 50, Part 52, or Part 54 of the Commission's regulations. Section 55.11, "Specific exemptions," of 10 CFR states that the Commission may, upon application by an interested person, or upon its own initiative, grant such exemptions from the requirements of the

regulations in this part as it determines are authorized by law and will not endanger life or property and are otherwise in the public interest.

The specific requirements for written examinations and operating tests for senior operator candidates are described in 10 CFR 55.43, "Written examination: Senior operators," and 10 CFR 55.45, "Operating tests," respectively. 10 CFR 55.47, "Waiver of examination and test requirements," provides the criteria under which the Commission may waive any or all of the test requirements, upon application by a facility licensee.

By letter dated February 6, 2009, APS requested a one-time exemption, in accordance with 10 CFR 55.11, "Specific exemptions," from the reactor operator licensing examination waiver requirements of 10 CFR 55.47(a)(1). Specifically, the facility licensee requested that Mr. Mark A. Sharp be exempted from the requirement to have extensive actual operating experience at PVNGS (or a comparable facility) within 2 years before the date of application (i.e., December 10, 2008), so that he would not have to take and pass an NRC-administered written examination and operating test as a requirement for re-licensing as a senior reactor operator at PVNGS.

Mr. Sharp (Docket No. 55-31662) was the holder of Senior Reactor Operator License No. SOP-43795 from December 6, 1996, until December 11, 2006. The license authorized Mr. Sharp to manipulate the controls of the PVNGS facility and to direct the licensed activities of licensed operators at the facility. Mr. Sharp's license was terminated at the request of facility management when he resigned his employment with APS.

By letter dated December 10, 2008, and in accordance with 10 CFR 55.31, APS submitted a new license application (NRC Form 398, "Personal Qualification Statement – Licensee") on behalf of Mr. Sharp. In that letter, APS requested, pursuant to 10 CFR 55.47(a), that the NRC waive the requirement for Mr. Sharp to take and pass an NRC-administered

licensing examination (including both the written examination and operating test) normally required by 10 CFR 55.33(a)(2) to approve an operator license application. In support of the request, APS stated that Mr. Sharp had previously been licensed at PVNGS for approximately 10 years, had extensive actual operating experience at the facility, had re-enrolled in the licensed operator requalification training program and made up the training that he had missed during his absence, and had passed the recently administered written requalification examination and operating test. As holder of the PVNGS facility operating license by which Mr. Sharp was previously employed and where his services would again be utilized, APS also provided the certifications of past performance and current qualifications required by 10 CFR 55.47(b) and (c).

By letter dated January 29, 2009, the NRC notified Mr. Sharp that his request for a waiver of the written examination and operating test had been denied because he did not satisfy the experience requirements stated in 10 CFR 55.47(a)(1). Although there was no question that Mr. Sharp had extensive operating experience at PVNGS, he had no actual operating experience at PVNGS (or any comparable facility) within the 2-year period immediately prior to the date of his application. The NRC letter informed Mr. Sharp that PVNGS could request an exemption from the requirements of 10 CFR 55.47(a)(1) in accordance with 10 CFR 55.11. The NRC letter did not specifically address the requirements of 10 CFR 55.47(a)(2) and (3); however, the NRC staff found no reason to reject APS's certification that Mr. Sharp would continue to competently and safely discharge his responsibilities and that he had learned the procedures for and was qualified to operate the PVNGS facility.

Following receipt of the NRC letter of January 29, 2009, APS submitted the February 6, 2009, exemption request, which further explained the facility licensee's need for the requested action. NRC Inspection Report 2008-002, dated May 9, 2008, had identified a violation

involving the excessive use of operator overtime that resulted from a failure of APS to maintain a sufficient number of licensed operators at PVNGS. In order to increase its staff of licensed reactor operators as part of its corrective action for that violation, APS has been seeking to re-license individuals who had been previously licensed at PVNGS, and has increased the number of students in its licensed reactor operator training classes.

3.0 DISCUSSION

Pursuant to 10 CFR 55.11, the Commission may, upon application by an interested person, or upon its own initiative, grant such exemptions from the requirements of the regulations in this part as it determines are authorized by law and will not endanger life or property and are otherwise in the public interest. The requested action would exempt Mr. Sharp from meeting the waiver requirement in 10 CFR 55.47(a)(1) for an applicant to have had extensive actual operating experience within 2 years of the date of an operator license application. Mr. Sharp's last actual operating experience at PVNGS (or a comparable facility) occurred on November 7, 2006, which was more than 2 years before the date on which APS submitted his current license application (December 10, 2008); therefore, the exemption would effectively extend the waiver criterion specified in 10 CFR 55.47(a)(1), by approximately 1 month.

As described in the December 10, 2008, license application and in APS's February 6, 2009, exemption request, Mr. Sharp was away from the PVNGS and the licensed operator requalification training program for a period of 19 months, from November 2006 to June 2008. Since returning to PVNGS, Mr. Sharp has completed the following training and experience activities:

- Through a process involving self-study and one-on-one instruction, Mr. Sharp made up all of the licensed operator requalification training that he had missed

during his absence. Since completing that training, Mr. Sharp has rejoined and remains current in the PVNGS licensed operator requalification training program.

- Mr. Sharp spent a total of 104 hours on shift as an operator under instruction, including 20 hours as a non-licensed operator performing plant walk-downs and tours, 36 hours as a Reactor Operator, and 48 hours as a Control Room Supervisor.
- In September and October 2008, Mr. Sharp took and passed the regularly scheduled licensed operator written requalification examination, simulator operating test, and walk-through (job performance measure) operating test.
- Since returning to the site in June 2008, Mr. Sharp has been working as a Senior Reactor Operator certified classroom and simulator instructor at the PVNGS. This position requires detailed knowledge of the facility and its operating procedures at a level comparable to that required of a licensed senior reactor operator, and involves routine interaction with the facility's operating staff.

The NRC staff accepts the facility licensee's certification that Mr. Sharp discharged his responsibilities competently and safely in the past and is capable of continuing to do so. Similarly, the NRC staff accepts the facility licensee's certification that Mr. Sharp has learned the operating procedures for and is qualified to competently and safely operate the PVNGS facility. Therefore, based on these certifications and the additional information provided by APS in support of Mr. Sharp's experience and qualifications, the NRC staff has concluded, pursuant to 10 CFR 55.11, that granting this exemption from the waiver criterion of 10 CFR 55.47(a)(1), will have a negligible effect on plant safety and will not endanger life or property.

The NRC staff has also concluded, pursuant to 10 CFR 55.11, that granting this exemption to the waiver criterion of 10 CFR 55.47(a)(1), is authorized by law and is otherwise in

the public interest. Section 55.11 of 10 CFR allows the NRC to grant exemptions to the regulations in 10 CFR Part 55, and the NRC has determined that the granting of the proposed exemption will not result in a violation of the Atomic Energy Act of 1954, as amended, or the Commission's regulations. Therefore, the exemption is authorized by law. As noted in the exemption request, Mr. Sharp only exceeded the waiver criterion of 10 CFR 55.47(a)(1), for extensive actual operating experience within the previous 2 years, by 33 days; thus, the granting of the exemption in this instance would effectively extend that criterion by only a brief time. APS has had a shortage of licensed operators for PVNGS that resulted in an excessive use of operator overtime, which in turn led to the issuance of an NRC notice of violation and the establishment of an on-going activity in the corrective action program. Worker fatigue, at PVNGS and in the nuclear industry, in general, is of serious concern to the NRC and prompted the Commission to amend 10 CFR Part 26 in March 2008 to include new requirements for facility licensees to establish written policies for the management of fatigue for all individuals who are subject to the licensee's fitness-for-duty program, including licensed reactor operators. The new regulations, which are scheduled to go into effect in the fall of 2009, are expected to increase the number of licensed operators that facility licensees will need in order to maintain minimum shift staffing requirements without exceeding work-hour limits.

The next NRC licensing examination at PVNGS is currently scheduled for November 2009. Delaying Mr. Sharp's opportunity to be re-licensed until that time would not serve the best interests of APS or the surrounding public, and the cost of preparing, approving, and administering a special licensing examination for Mr. Sharp would be substantial for both APS and the NRC, without a commensurate benefit to either party or the public. Therefore, the NRC has determined that the granting of this exemption is in the public interest.

4.0 CONCLUSION

Accordingly, the Commission has determined that, pursuant to 10 CFR 55.11, granting an exemption from the requirements of 10 CFR 55.47(a)(1) to allow Mr. Sharp to be eligible for a waiver from the NRC licensing examination requirements, is authorized by law and will not endanger life or property and is otherwise in the public interest.

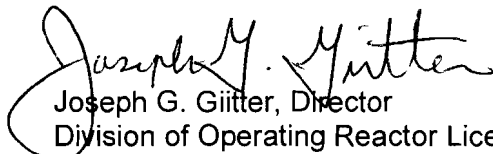
Therefore, the Commission hereby grants APS an exemption from the requirements of 10 CFR 55.47(a)(1) for Mr. Mark A. Sharp, an applicant for a senior reactor operator license at the PVNGS.

Pursuant to 10 CFR 51.32, the Commission has determined that the granting of this exemption will not have a significant effect on the quality of the human environment (74 FR 34803; dated July 17, 2009).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 20th day of July 2009.

FOR THE NUCLEAR REGULATORY COMMISSION


Joseph G. Giitter, Director
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

R. Edington

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If you have any questions, please contact me at (301) 415-4032 or via email at randy.hall@nrc.gov.

Sincerely,

/RA/

James R. Hall, Senior Project Manager
Plant Licensing Branch IV
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. STN 50-528, STN 50-529,
and STN 50-530

Enclosure:
Exemption

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