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August 4, 2008

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

RE: PVNGS OUTAGE REPORT  
DECISION NO. 69663  
DOCKET NO. E-01345A-05-0816, E-01345A-05-0826, E-01345A-05-0827

Dear Sir or Madam:

Pursuant to Decision No. 69663, Page 157, Line 18:

"IT IS FURTHER ORDERED that until a Plan of Administration for the Nuclear Performance Standard is in place, for all planned and unplanned outages at Palo Verde, Arizona Public Service Company shall identify all replacement power costs, as well as the amount of reduced off-system sales and lost opportunity sales margins associated with each outage, and file with Docket Control as a compliance item in this Docket, documentation with the Commission explaining the reasons for the outage and the associated costs, within 60 days of the conclusion of the outage."

Enclosed please find an Outage Report for planned or unplanned outages at the Palo Verde Nuclear Generating Station.

If you should have any questions regarding the information contained herein, please call Mr. Jeff Johnson at 602-250-2661.

Sincerely,

Susan Casady

SC/dst

Attachments

Cc: Brian Bozzo  
Ernest Johnson  
Terri Ford

Arizona Corporation Commission  
**DOCKETED**

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ARIZONA CORPORATION  
COMMISSION  
DOCKET CONTROL

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**OUTAGE REPORT  
PALO VERDE NUCLEAR GENERATING STATION (PVNGS)  
PURSUANT TO DECISION NO. 69663**

A planned refueling outage of PVNGS Unit 2 began on March 29, 2008. In addition to routine refueling as well as overhauls and replacements of several key pumps and motors, the scope of the work performed during the outage included several major projects such as the implementation of the containment sump modification, the relocation of the shutdown cooling isolation valve SI-651, the installation of the diesel generator governor modification, and completion of a full structural weld overlay on the pressurizer and reactor coolant nozzles. Unit 2 was returned to service on June 5, 2008.

Replacement net fuel and purchased power costs incurred as a result of this outage were \$16.0 million. Because this outage was planned, it did not result in any reduced off-system sales or lost opportunity sales margins.

In addition, PVNGS Unit 1 experienced an outage starting on June 6, 2008. A main steam line spring support was repaired and weld repairs were made on the safety injection tank. Both repairs were completed and Unit 1 was returned to service on June 8, 2008.

Replacement net fuel and purchased power costs incurred as a result of this outage were \$2.5 million. There were no reduced off-system sales or lost opportunity sales margins.