ORIGINAL

RECEIVED

2012 JAN 31 P 3:10

AZ CORP COMMISSION
DOCKET CONTROL

Regulatory Affairs Supervisor
State Regulation

Mail Station 9708
PO Box 53999
Phoenix, Arizona 85072-3999
Tel 602-250-2661
Jeffrey.Johnson@aps.com

Arizona Corporation Commission
DOCKETED

JAN 31 2012

DOCKETED BY

January 31, 2012

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

RE: Palo Verde Nuclear Generating Station Nuclear Performance Reporting Standard
Docket No. E-01345A-09-0506

Pursuant to Decision No. 71310 dated October 30, 2009:

> IT IS FURTHER ORDERED that Arizona Public Service Company shall docket all reports filed with the Commission associated with the Nuclear Performance Reporting Standard in a separate docket...

Attached please find the plant performance report, based on annual capacity factor of each operating unit at Palo Verde as well as overall station capacity factor, as required by the approved Nuclear Performance Reporting Standard. This report covers the 2011 calendar year.

If you have any questions regarding this information, please contact Zachary Fryer at (602)250-4167.

Sincerely,

Jeffrey W. Johnson

JJ/cd
Attachments

cc: Brian Bozzo
Terri Ford
Jodi Jerich
Steve Olea

ARIZONA PUBLIC SERVICE COMPANY

PALO VERDE NUCLEAR GENERATING STATION
ANNUAL REPORT ON
2011 PLANT PERFORMANCE

DOCKET NO. E-01345A-09-0506

JANUARY 31, 2012

aps

TABLE OF CONTENTS

EXECUTIVE SUMMARY

In 2011, the Palo Verde Nuclear Generating Station ("Palo Verde" or "Station") performed exceptionally well, achieving an all-time record output for a second year. A total of 31,277,884 megawatt-hours ("MWh") was generated, which yielded an overall station capacity factor of 90.7%. At the station level, this performance would ordinarily bring Palo Verde within the first tier classification used in the APS Nuclear Performance Reporting Standard ("NPRS"). Individually, Palo Verde Unit 3 had its highest generation year ever, generating a total of 11,331,498 MWh achieving a capacity factor of 98.6%. Palo Verde Unit 2 had a planned refueling outage and achieved a capacity factor of 90.5%, generating 10,421,319 MWh. Even so, the rigor of the NPRS is such that, notwithstanding the Station's, Unit 2's, and Unit 3's high performances overall, APS is reporting unit performance at the more detailed second tier level because the Unit 1 capacity factor falls in the second tier of the APS Nuclear Performance Standard and was below the capacity factor forecast in the prior year's report. The Unit 1 capacity factor was 82.9%, due primarily to the 51.2 day planned refueling outage and one short notice outage. Unit 1 generated 9,525,067 MWh.

The individual capacity factors for each Palo Verde operating unit directly reflects the Station's currently effective 18-month refueling cycle. In 2011, both Unit 1 and Unit 2 successfully completed refueling outages. Additionally, Palo Verde experienced four short notice outages in 2011. These took place in Units 1, 2 and 3. There were also four down powers and one coast-down in 2011. The down-powers were due to equipment issues and the coast-down prior to the Unit 2 refueling was required due to fuel depletion.

Net replacement power costs for all short notice outages and down powers at all operating units for Palo Verde in 2011 were $3,628,057. Likewise, reduced off-system sales and lost opportunity sales margins due to short notice outages were 6,403 MWh and $53,876, respectively. Refueling outages, as with any planned outage, do not create net replacement power costs, reduced off-system sales or lost opportunity margins because any power necessary to replace power not generated during a planned outage has been acquired in advance. The cost of fuel for power acquired during the 2011 refueling outages at Palo Verde was $12,272,048.

In 2012, Station production is expected to continue to improve. Unit 1 is projected to finish 2012 with a 98% capacity factor. Units 2 and 3 will be refueled in 2012 and are both expected to have 89% capacity factors. The overall Palo Verde station capacity factor for 2012 is projected to be 92%.

I. APS NUCLEAR PERFORMANCE REPORTING STANDARD

The NPRS, developed jointly by Arizona Public Service Company ("APS" or "Company") and the Arizona Corporation Commission ("ACC" or "Commission") Staff, was presented to the ACC to comply with the Commission's decision in the Company's 2005 rate case.[1] That standard, approved in an October 2009 open meeting, requires APS to:

1. Provide specified reports relating to generating and regulatory performance at Palo Verde in accordance with the approved reporting standard;
2. File all required reports with Docket Control in a separate docket; and
3. Present key findings of these reports to the Commission as part of the Commission's annual Summer Preparedness meetings.[2]

A copy of the approved NPRS is included as Attachment A. This report is the second annual performance report required by the NPRS.

The NPRS requires specific reporting in two major categories: plant performance and regulatory performance. Regulatory performance reporting is required under certain specific instances, such as Nuclear Regulatory Commission ("NRC") inspection "Greater than Green" findings, NRC identification of cross-cutting issues, and the placement of Palo Verde at a lower level than Column I of the NRC Reactor Oversight Program Action Matrix. Reports discussing any of these issues are generally due within 60 days of the NRC inspection or report identifying violations, and are not the focus of this report.

The plant performance reporting requirements of the NPRS are separated into three reporting tiers based on the achieved annual capacity factor of each operating unit, the average station capacity factor in the reporting period, as well as how the station and each unit compared to the estimated capacity factors provided in the previous year's report.

The NRC defines capacity factor as the ratio of available capacity (the amount of electrical power actually produced by a generating unit) to theoretical capacity (the amount of electrical power that could theoretically have been produced if the generating unit had operated continuously at full power) during a given time period. Capacity factor is a percentage calculation in which the maximum attainable generation (based on summer conditions) of the unit is divided into the actual generation of the unit, and then multiplied by 100.[3] Maximum attainable generation is

[1] ACC Decision No. 69663, dated June 28, 2007, pp. 119-120, 157

[2] ACC Decision No. 71310, dated October 30, 2009

[3] The capacity factor calculation is dependent on the electrical rating of a generating unit, which is the guaranteed output of a generator under specified conditions as designated by its manufacturer. In general, electrical ratings are lower for summertime months because higher ambient temperatures increase condenser pressure and reduce thermal cycle efficiency. Therefore, in winter months, a generating unit that is running at full capacity may achieve output higher than its electrical rating, resulting in a capacity factor of over 100%.

determined by multiplying the capacity rating of the unit by the hours during the calculation period. The capacity factor calculation is:

$$\frac{\textit{Actual Unit Generation}}{\textit{Unit Capacity Rating} \times \textit{Hours In Period}} \times 100$$

Under the reporting requirements of the NPRS, the first tier applies when Palo Verde as a whole averages 88% or higher for the reporting period and every individual unit attains an annual average capacity factor of 85% or greater for the reporting period or the station and each unit meets or exceeds the prior year's NPRS's estimate of projected capacity factors. In this category, annual reports are to include actual capacity factors for the reporting year, forecasted capacity factors for the upcoming year, and any issues or events that are anticipated to reduce capacity factor levels in the upcoming year below these percentages.

The second tier, with more extensive reporting, applies when Palo Verde as a whole averages between 80% and 88% capacity factor for the reporting year or if the estimated capacity factors provided in the previous year's NPRS were not achieved. In addition, each individual operating unit must achieve an annual average capacity factor of at least 75%. If performance falls into this tier, annual reports must include detailed discussions of outages experienced during the reporting period and must identify the replacement power costs, reduced off-system sales, and lost opportunity sales margins associated with each outage.

The third tier of the NPRS would apply if, during any reporting period, Palo Verde experienced an annual net capacity factor of less than 80%. This tier would also apply if the capacity factor at any individual unit at the station dropped to below 75% for the reporting period. Once performance falls into this reporting tier, semi-annual reports including explanations of unit performance, corrective actions to address outages, and 6-month forecasts of expected unit performance are required, and the Company must meet with ACC Staff, at Staff's request, to explain the performance. These reporting requirements would remain in effect until Palo Verde attains performance levels in the first tier, and are in addition to those specified in the first two tiers.

In 2011, performance at Palo Verde fell into the second reporting tier. Although the overall capacity factor for the Station was 90.7%, and Units 2 and 3 achieved 90.5% and 98.6%, respectively, the Unit 1 capacity factor was 82.9%, which does not meet the required NPRS first tier requirement because the previous year's NPRS projected that Unit 1 would have an annual capacity factor of 88%. Since the Unit did not perform to that level, APS is required to report in the second tier. The lower Unit 1 capacity factor was primarily due to the extension of the Unit 1 refueling outage in 2011.

Therefore, this report provides information as required under the second tier of the NPRS. The following sections provide an overview of the 2011 performance at

Palo Verde, descriptions of 2011 outages at each individual unit, and a projection of station performance along with a description of events anticipated to affect capacity factors at Palo Verde in calendar year 2012. Additionally, Attachment B provides a graphic timeline of the Palo Verde 2011 outages.

II. PALO VERDE 2011 PERFORMANCE

In 2011, Palo Verde achieved an overall annual capacity factor of 90.7% while performing at the highest level in the history of the Station for the second year in a row. Palo Verde produced more than 30 million net MWh for the seventh time since the Station entered commercial operation in 1986, generating a total of 31,277,884 net MWh, the best annual production level over its lifetime.

The following table provides an overview of Station and unit overall performance in 2011:

Overview of 2011 Palo Verde NPRS Performance Metrics

					Short Notice Outage/Down Power		
	Capacity Factor [4]	Total Generation in MWh	APS Share Generation in MWh	Fuel Costs Incurred during Planned Outages	Net Replacement Power Cost	Reduced Off-System Sales in MWh	Lost Opportunity Sales Margins
Unit 1	82.9%	9,525,067	2,771,794	$7,403,350	$ 2,250,033	4,478	$ 20,407
Unit 2	90.5%	10,421,319	3,032,604	$4,868,698	$ 59,501	-	-
Unit 3	98.6%	11,331,498	3,297,466	-	$ 1,321,175	1,925	$ 33,469
Total Station	90.7%	31,277,884	9,101,864	$12,272,048	$ 3,628,057	6,403	$ 53,876

[4] In comparison, assuming that no forced outages were experienced at Palo Verde during the 2011 reporting year, the station capacity factor would have achieved 91.6%. Likewise, Unit 1's 2011 capacity factor would have been 84.4%.

A. CALCULATION OF CAPACITY FACTORS

Capacity factors for 2011 at Palo Verde were calculated using the formula described in Section I as follows:

2011 Capacity Factor Calculation for Palo Verde Unit 1

Actual Unit Generation = 9,525,067 MWh
Unit Capacity Rating (summer) = 1,311 MW
Hours in Period = 8,760

$$\frac{9,525,067}{1,311 \times 8,760} \times 100 = 82.9\%$$

2011 Capacity Factor Calculation for Palo Verde Unit 2

Actual Unit Generation = 10,421,319 MWh
Unit Capacity Rating (summer) = 1,314 MW
Hours in Period = 8,760

$$\frac{10,421,319}{1,314 \times 8,760} \times 100 = 90.5\%$$

2011 Capacity Factor Calculation for Palo Verde Unit 3

Actual Unit Generation = 11,331,498 MWh
Unit Capacity Rating (summer) = 1,312 MW
Hours in Period = 8,760

$$\frac{11,331,498}{1,312 \times 8,760} \times 100 = 98.6\%$$

2011 Capacity Factor for the Palo Verde Station

Actual Overall Generation = 31,277,884 MWh
Plant Capacity Rating (summer) = 1311 + 1314 + 1312 = 3,937 MW
Hours in Period = 8,760

$$\frac{31,277,884}{3,937 \times 8,760} \times 100 = 90.7\%$$

B. PALO VERDE UNIT 1 OUTAGES FOR 2011

Palo Verde Unit 1 experienced two down-powers, one short notice outage and one refueling outage in 2011. Unit 1 generated a total of 9,525,067 MWh (APS share 2,771,794 MWh) and achieved a capacity factor of 82.9% in 2011.

Unit 1 Down-power # 1

Unit Power Level:	60%
Down-power Dates:	March 24 – March 26, 2011
Down-power Duration:	2.0 Days

Unit 1 had an unplanned down-power to rework the B main Feed Water Pump.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$91,719
Off-System Sales Reduction:	None
Lost Opportunity Sales margins:	None

Unit 1 Outage # 1

Outage Type:	Short Notice Outage
Outage Dates:	August 6 - August 11, 2011
Outage Duration:	5.3 days

Unit 1 experienced an automatic reactor trip due to the control element assembly 37 drop during control rod operability checks.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$1,487,314
Off-System Sales Reduction:	$4,478 MWh
Lost Opportunity Sales margins:	$20,407

Unit 1 Down-power # 2

Unit Power Level:	40%
Down-power Dates:	September 28 – October 7, 2011
Down-power Duration:	8.9 Days

Unit 1 experienced an unplanned reactor power decrease to 40% for condenser tube leak repair. The repair was completed on October 2 and the unit returned to 80% power prior to the refueling outage. Power ascension was secured at 80% power due to water processing issues that would have impacted the refueling outage.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$671,000
Off-System Sales Reduction:	None
Lost Opportunity Sales margins:	None

Unit 1 Outage # 2

Outage Type:	Refueling Outage U1R16
Outage Dates	October 8 - November 28, 2011
Outage Duration	51.2 days

In addition to routine refueling, the scope of the work performed during the outage included several major projects:

- Cooling Tower Life Extension
- Water Reclamation Facility Trickling Filter Sump and Clarifier Sump Rebuild
- Extraction Steam Expansion Joint Replacements
- Low Pressure Turbine Inspection
- Main Transformer Replacement
- Replace Hydrazine Chemical Addition Skid
- Water Reclamation Supply System Pipeline Maintenance

The Unit 1 refueling Outage achieved the lowest total worker dose ever in the industry, lowest ever Palo Verde personnel contamination events, improved industrial safety, and performance of electrical, condenser, valve and circulating water work. The longer duration was required to address vibration issues with the high pressure safety injection pumps and start up issues with the control element assemblies. Both issues were resolved and the plant was successfully returned to service.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$7,403,350
Off-System Sales Reduction:	None
Lost Opportunity Sales margins:	None

C. PALO VERDE UNIT 2 OUTAGES FOR 2011

Palo Verde Unit 2 generated a total of 10,421,319 MWh (APS share 3,032,604 MWh) and achieved a capacity factor of 90.5%. There was one coast down, a refueling and one short notice outage in 2011.

Unit 2 Coast-down # 1

Unit Power Level:	90%
Down-power Dates:	March 16 – April 1, 2011
Down-power Duration:	17 days

Unit 2 had a power coast-down prior to its refueling outage due to the excellent on line performance. The successful operation of Unit 2 depleted the fuel so the plant could no longer run at 100% power. This resulted in a gradual reduction from 100% power commencing on March 16, 2011 to approximately 90% on April 1, 2011.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$(2,652)[5]
Off-System Sales Reduction:	None
Lost Opportunity Sales margins:	None

Unit 2 Outage # 1

Outage Type:	Refueling Outage 2R16
Outage Dates	April 2 – May 6, 2011
Outage Duration	34.5 days

In addition to routine refueling the scope of the work performed during the outage included several major projects:

- Replacement of the "A" Essential Cooling Water Heat Exchanger
- Low Pressure Turbine Inspection
- Replacement of Pressurizer Heaters
- Extraction Steam Expansion Joint Replacements
- Cooling Tower Life Extension
- Installation of Circulating Water Valves
- Refueling Water Tank Level Modification

[5] Negative net replacement costs can occur when plant performance during an outage exceeds expectations (for example, when necessary work is completed ahead of schedule and a unit can return to full power earlier than planned or when overall plant performance exceeds what is considered "normal" plant performance) and fuel or purchased power costs incurred are less than was originally anticipated.

The U2R16 refueling outage is considered a success by several measures. Quality scope identification and schedule development has achieved an outage schedule within our constraints and improved scope stability. A significant condenser work scope and station best ever steam generator lay-up effort were part of an overall successful secondary work window that finished on time.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$4,868,698
Off-System Sales Reduction:	None
Lost Opportunity Sales margins:	None

Unit 2 Outage #2

Outage Type:	Short Notice Outage
Outage Dates	May 6 – May 7, 2011
Outage Duration	0.4 days

Unit 2 operators did a manual turbine trip at beginning of power ascension due to no cooling in the main generator collector ring enclosure.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$59,501
Off-System Sales Reduction:	None
Lost Opportunity Sales margins:	None

D. PALO VERDE UNIT 3 OUTAGES FOR 2011

Palo Verde Unit 3 achieved its best generation year ever and the 3rd highest output of a Palo Verde unit even though the unit experienced two short notice outages and two down-powers in 2011. Unit 3 generated a total of 11,331,498 MWh (APS share 3,297,466 MWh) and achieved a capacity factor of 98.6% in 2011.

Unit 3 Down-power # 1:

Unit Power Level	40%
Down-power Dates	January 15 – January 17, 2011
Down-power Duration	2.1 days

Unit 3 had an unplanned power change due to a condenser tube leak.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$162,916
Off-System Sales Reduction:	None
Lost Opportunity Sales margins:	None

Unit 3 Outage # 1

Outage Type:	Short Notice outage
Outage Dates	January 19 – January 22, 2011
Outage Duration	2.4 days

Unit 3 had an automatic reactor trip after the feed water pump miniflow valve failed open.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$501,757
Off-System Sales Reduction:	368 MWh
Lost Opportunity Sales margins:	$151

Unit 3 Down-power # 2:

Unit Power Level	40%
Down-power Dates	March 5 – March 8, 2011
Down-power Duration	2.9 days

Unit 3 had a planned down-power to 40% for condenser tube leak repair. There was also a controlled element assembly drop upon initial control element drive mechanism manipulation.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$184,960
Off-System Sales Reduction:	None
Lost Opportunity Sales margins:	None

Unit 3 Outage # 2

Outage Type:	Short Notice outage
Outage Dates	August 21 – Aug 22, 2011
Outage Duration	1.8 days

Unit 3 had a main turbine automatic trip due to false high indication on #9 bearing. The reactor remained critical.

Net Replacement Cost Incurred: (Fuel and purchased power cost)	$471,542
Off-System Sales Reduction:	1,557 MWh
Lost Opportunity Sales margins:	$33,318

III. PALO VERDE 2012 PROJECTED PERFORMANCE

Palo Verde is expected to have capacity factors in 2012 that bring it within the first tier of the NPRS. This is due to the fact that no major modifications which require longer outage durations are currently scheduled for 2012. The station overall capacity factor is projected to be 92% in 2012. Capacity factors at the individual units are as follows:

2012 Projected Unit 1 Capacity Factor:	98%
2012 Projected Unit 2 Capacity Factor:	89%
2012 Projected Unit 3 Capacity Factor:	89%

As noted earlier, the 18-month refueling schedule at Palo Verde results in refueling outages of two of the station's three individual generating units during each calendar year. In 2012, these refueling outages will occur in Unit 2 and Unit 3 but, due to the anticipated shorter duration outages, Palo Verde is anticipating to report in the first tier of NPRS for 2012.[6]

A. ANTICIPATED EXTRAORDINARY EVENTS

There are no anticipated extraordinary events in 2012.

B. ANTICIPATED REGULATORY ISSUES

There are no greater than green findings anticipated to impact Palo Verde capacity factors in 2012.

[6] For planning purposes, APS uses a 2.0% forced outage rate and Palo Verde Unit 2 and 3 refueling outage durations of 30 days and 32 days, respectively for 2012. In comparison with the projected capacity factors shown above, if no forced outages were planned for Palo Verde, the station capacity factor would be projected at 94.1%. Likewise, Unit 1's 2012 capacity factor would be100%, Unit 2 would reach a 2012 capacity factor of 91.4%, and the 2012 capacity factor at Unit 3 would be 90.8%.

PALO VERDE **ATTACHMENT A**

NUCLEAR PERFORMANCE REPORTING STANDARD

Topic		Description
Capacity Factor ("CF") Per Station and Per Unit	Station at 88% or Greater and Every Unit at 85% or Greater	APS shall submit annual reports each January to ACC presenting: ▪ CF for each unit for preceding calendar year ▪ Forecast CF for each unit for present calendar year[1] ▪ Discussion of any known and/or anticipated extraordinary events, equipment problems or issues that could reduce station CF to less than 88% or reduce any unit CF to less than 85% for present calendar year ▪ Discussion of any regulatory issues that could reduce station CF to less than 88% or reduce any unit CF to less than 85% for present calendar year
	Station at Least 80% but Less Than 88% or Any Unit at Least 75% but Less Than 85%	Included in the above annual reports, APS to submit detailed discussion of specific outages and/or down-powers and meet with ACC Staff to explain the reasons for station CF less than 88% and/or reasons for any unit CF less than 85%. Annual reports shall also identify all replacement power costs as well as the amount of reduced off-system sales and lost opportunity sales margins associated with these down-powers and outages.
	Station Less Than 80% or Any Unit Less Than 75%	APS shall submit semi-annual reports (until calendar-year station CF is 88% or greater and every unit CF is 85% or greater) each January and July to ACC presenting: ▪ CF for each unit for preceding 6 months ▪ Forecast CF for each unit for next* 6 months ▪ Discussion of any known and/or anticipated equipment problems or issues that could prevent a station CF of less than 88% or any unit CF of less than 85% for next* 6 months ▪ Discussion of any regulatory issues that could prevent a station CF of less than 88% or any unit CF of less than 85% for next* 6 months ▪ Detailed discussion of specific outages and/or down-powers ▪ A detailed report explaining unit performance, corrective actions to address outages and/or down-powers leading to station CF less than 80% or any unit CF less than 75% and meet with ACC Staff to explain the reasons for station CF less than 80% or any unit CF less than 75% ▪ Identification of all replacement power costs as well as the amount of reduced off-system sales and lost opportunity sales margins associated with these down-powers and outages.
Regulatory Performance	Greater than Green NRC Finding	For any Greater than Green NRC violations, APS will submit a report to the ACC, within 60 days of the NRC violation[2], describing the violation, planned corrective action and the regulatory impact.

[1] The Forecasted Station CF reported in APS's annual report may be used to determine the level of detail required in the following year's annual report. That is, if the Station performs during any year as APS forecast that it would in its prior year's annual report, even if that performance falls below 88% station and 85% unit thresholds, APS will be required to report what would be required with a station CF at 88% or greater, unless the reasons for the underperformance are different than what had been forecast or unless the ACC or ACC Staff specifically requests otherwise.

*Example: for a filing in January of 2010, the "next" 6 months would be January through June of 2010.

[2] The start date for this action is based on the date of the documentation (letter) APS receives from the NRC.

PALO VERDE
NUCLEAR PERFORMANCE REPORTING STANDARD

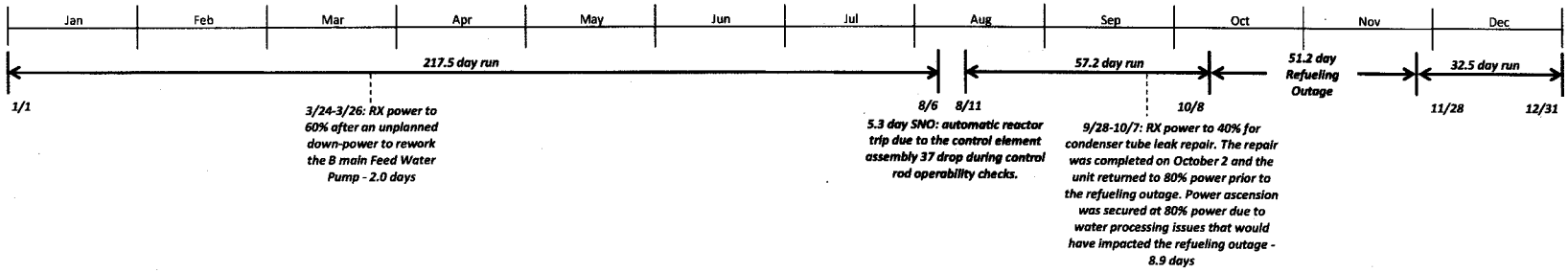
Topic		Description
Regulatory Performance (cont)	Identification of a Cross-Cutting Issue	If the NRC identifies a cross-cutting issue, APS will submit a report to the ACC, within 60 days of NRC identification[2], describing the cause of the cross-cutting issue, the findings that gave rise to the cross-cutting issue and the corrective actions planned to close the cross-cutting issue. APS will provide an update within a semi-annual report[3] on the status of the corrective actions until the cross-cutting issue is resolved.
	Palo Verde Unit not in the Licensee Response Column of the NRC Reactor Oversight Program Action Matrix	1. For any Palo Verde units in the Regulatory Response Column ("RRC") of the NRC's Reactor Oversight Program Action Matrix Summary, APS will submit a report within 60 days of being placed in the RRC[2], to the ACC explaining the cause of the unit being in a lower performance column and the corrective actions planned to return the unit to the Licensee Response Column. APS will provide an update within a semi-annual report[3] on the status of the corrective actions until the unit is returned to the Licensee Response Column. 2. Whenever a Palo Verde unit is moved to a lower performance column (lower than RRC) by the NRC[2], APS will, within 30 days, submit a report to the ACC explaining the reason for the move to a lower performance column, the corrective actions taken to address the cause of the move and the regulatory impact of the move. APS will provide to ACC Staff a copy of all correspondence to the NRC related to the move, and provide a briefing to the ACC Staff. 3. For every Palo Verde unit in the Degraded Cornerstone Column or Multiple/Repetitive Degraded Cornerstone Column, APS will provide quarterly reports[4] to the ACC updating the status of the issue and corrective actions to return the unit to the Licensee Response Column. APS will provide an outlined schedule estimating when the corrective actions will be complete. APS will also notify the ACC once it is known that the Unit will be moved to the Licensee Response Column or the Regulatory Response Column. APS will provide to ACC Staff a copy of all correspondence to the NRC related to the Action Matrix status and provide a briefing to the ACC Staff. 4. The Commission recognizes that, if the NRC were to alter its policies governing APS' disclosure of NRC correspondence or communications, such alterations may affect APS' ability to comply with the disclosure schedule set forth above. In that event, APS will notify Staff of the alterations, and Staff and APS will propose an alternative disclosure schedule to the Commission.
Prudence Review	Following review of detailed outage specific reports, the ACC may elect to conduct a prudence review of specific outages.	
Standard Re-evaluation Period	Staff and APS will collectively work together to evaluate the Reporting Standard after 3 years of implementation.	

[3] Semi-Annual reports will be submitted in March and September of each year and cover the prior 6 months.
[4] Quarterly reports will be submitted no later than 30 days after the quarter ends (on a calendar year basis) and cover the prior quarter.

2011 Palo Verde Station Performance Timeline
Station Capacity Factor: 90.7%

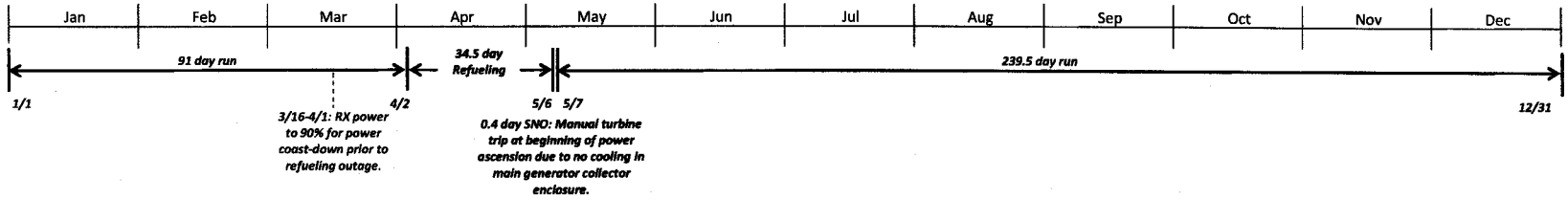
ATTACHMENT B

UNIT 1:



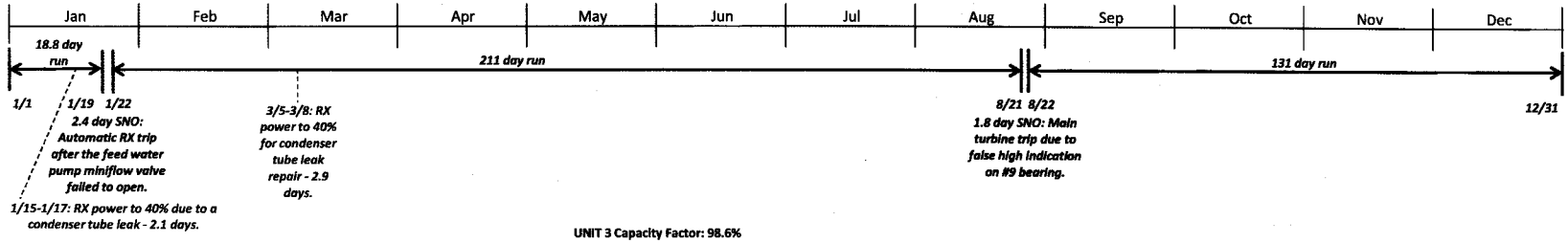
UNIT 1 Capacity Factor: 82.9%

UNIT 2:



UNIT 2 Capacity Factor: 90.5%

UNIT 3:



UNIT 3 Capacity Factor: 98.6%

Note: Please see Section I for an explanation of capacity factor calculation and Section II for the 2010 Palo Verde specific calculations.

SNO: Short Notice Outage
RX: Reactor