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FOR IMMEDIATE RELEASE
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NRC STAFF PROPOSES \$100,000 FINE AGAINST
ARIZONA PUBLIC SERVICE COMPANY

The Nuclear Regulatory Commission staff is proposing to fine Arizona Public Service Company (APS) \$100,000 for two violations of NRC requirements at the Palo Verde Nuclear Generating Station. NRC Acting Regional Administrator Kenneth E. Perkins, Jr. notified the company of the violations by letter on April 1, 1994.

During inspections conducted December 15-17, 1993, and January 12, 1994, NRC inspectors identified the following violations:

- 1) failure to ensure that an APS contractor, B&W Nuclear Technology (BWNT), conducted adequate background investigations before APS granted certain individuals unescorted site access to Palo Verde; and
- 2) failure to ensure that BWNT conducted required annual audits of private investigative agencies that assisted BWNT in conducting background investigations.

These violations represent a significant failure of the APS security program. On three occasions individuals were granted unescorted access to the Palo Verde site when background investigation information was available indicating that those individuals should not have been granted such access.

These alleged violations have been categorized as a Severity Level III problem on a scale of I to V, with Level I representing a problem or violation of very significant regulatory concern and Level V a problem or violation of minor concern. The base civil penalty for Severity Level III is \$50,000.

The base civil penalty was reduced 50% because APS identified the problem and reported it to the NRC. The penalty was also reduced 50% due to the company's prompt and comprehensive corrective actions. The penalty was increased by 100% based on two prior opportunities to identify the problems, and by an additional 100% due to multiple occurrences. The total proposed civil penalty is \$100,000.

APS now has 30 days to submit a written statement to the NRC admitting or denying the violations, explaining the reasons for them if admitted, stating the corrective actions which have been or will be taken and the date when full compliance was or will be achieved.

The company also has 30 days to pay the proposed fine or to protest it, in whole or in part. If the fine is protested and later imposed, APS may request a public hearing.

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