

U.S. Nuclear Regulatory Commission
Office of Public Affairs, Region IV
611 Ryan Plaza Drive - Suite 400
Arlington, Texas 76011-8064

RIV: 98-30
CONTACT: Victor Dricks
OFFICE: 817/860-8128

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**NRC PROPOSES TO FINE ARIZONA PUBLIC SERVICE COMPANY \$50,000
FOR VIOLATIONS AT PALO VERDE NUCLEAR PLANT**

The U.S. Nuclear Regulatory Commission staff has proposed a civil penalty of \$50,000 against Arizona Public Service Co., for violations of NRC requirements involving the apparent falsification of test records at the Palo Verde Nuclear Generating Station, about 50 miles west of Phoenix, Az.

The violations were identified during an NRC investigation completed on February 13, and were the subject of a predecisional enforcement conference on March 31.

The NRC's Office of Investigations found that on or about March 10, 1993, four licensed operators failed to test the availability of offsite power sources within a one-hour time limit as required when an emergency diesel generator is out of service. Instead, the operators in the Unit 3 control room falsified records to make it appear that the test had been conducted. The falsified records were discovered by NRC in December 1997.

In a letter to APS officials, NRC Region IV Administrator Ellis Merschhoff said the failure of the operators to perform the required test had low risk significance and no safety consequences. "Nonetheless," he said, "the NRC considers this a matter of significant regulatory concern based on the lack of integrity shown by individuals entrusted with operating the plant." Two of the individuals involved were the shift supervisor and the assistant shift supervisor for Unit 3, the most senior individuals responsible for plant operations during the night shifts.

The violations cited include a failure to: (1) to perform required testing within the required time frame; (2) maintain required records that are complete and accurate in all respects; and (3) report the missed test to NRC as required by regulations.

The NRC staff classified these violations as a single Severity Level III problem, which carries a base civil penalty of \$50,000. In determining the penalty, the NRC considered the age of the violation, the low significance of the record falsified, and the improved work environment since 1993. However, the NRC staff concluded the civil penalty is warranted because several licensed operators, including supervisors, were involved and the operators

allowed the falsified records to remain uncorrected.

Separately, the NRC also issued actions against the four individuals. After reviewing all the circumstances of the case, including the disciplinary action already taken by APS, the fact that the incident occurred over five years ago, and the individuals' cooperation during the NRC investigation, the NRC limited its action to issuance of Notices of Violation to each of the individuals.

APS has 30 days to respond in writing to the NRC's Notice of Violation. During this time, the company may pay the fine or file a protest.

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