

April 5, 2005
EN-05-009

OFFICE OF ENFORCEMENT
NOTIFICATION OF SIGNIFICANT REGULATORY ACTION

Licensee: Arizona Public Service Company EA-04-221 and EA-05-051
Palo Verde Nuclear Generating Station
Docket Nos. 50-528; 50-529; 50-530

Subject: ISSUANCE OF FINAL SIGNIFICANCE DETERMINATION AND NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY - \$50,000

This is to inform the Commission that a Notice of Violation associated with a Yellow Significance Determination Process (SDP) finding will be issued on or around April 8, 2005, to Arizona Public Service Company, as a result of inspections at the Palo Verde Nuclear Generating Station. This Yellow finding, an issue with substantial importance to safety that will result in additional NRC inspection and potentially other NRC action, involved a failure to maintain portions of the Palo Verde emergency core cooling system (ECCS) filled with water in accordance with final design specifications. A Notice of Violation of the requirements of 10 CFR Part 50, Appendix B, Criterion III, is included because the design control measures established by the licensee were not adequate to assure that the design basis for the ECCS was appropriately translated into specifications, drawings, procedures, and instructions resulting in the licensee failing to maintain portions of the containment sump safety injection recirculation piping filled with water in accordance with the Updated Final Safety Analysis Report (UFSAR). This condition existed at Units 1, 2, and 3 of the Palo Verde facility from initial plant operation (1985, 1986, and 1987, respectively) until July 2004, at which time the condition was discovered and corrective actions were taken to fill the affected piping.

In a separate and related action a Proposed Imposition of Civil Penalty based on a Severity Level III Notice of Violation will be issued on or around April 8, 2005, to Arizona Public Service Company. The issue involves the licensee's failure to perform a written safety evaluation and obtain Commission approval, as required by 10 CFR 50.59, prior to implementing a procedure change. This procedure change resulted in a change to the facility as described in the UFSAR, that increased the probability of a malfunction of equipment important to safety previously evaluated in the safety analysis report. Specifically, on June 22, 1992, the licensee made a change to a surveillance procedure which drained, and left empty, a portion of the containment sump safety injection recirculation piping without performing a 10 CFR 50.59 evaluation. The violation was not discovered until July 2004. Palo Verde has not been the subject of escalated enforcement action under the Enforcement Policy within the last 2 years. The licensee has taken no actions to address the specific causes or to prevent similar violations from occurring, therefore, corrective action credit is not warranted, resulting in an assessment of a civil penalty at the base value in place at the time of the violation, or \$50,000.

It should be noted that the licensee has not been specifically informed of these enforcement actions. The schedule of issuance and notification is:

Mailing of Final Significance Determination and Notice of Violation and Proposed Imposition of Civil Penalty	April 8, 2005
Telephone Notification of Licensee	April 8, 2005

The State of Arizona will be informed.

Contacts: D. Starkey, OE, 415-3456 C. Nolan, OE, 415-3360

**PRELIMINARY INFORMATION - NOT FOR PUBLIC DISCLOSURE UNTIL VERIFICATION
THAT LICENSEE HAS RECEIVED ACTION**

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