



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4125

April 13, 2009

EA-07-162

Randall K. Edington, Executive
Vice President, Nuclear and
Chief Nuclear Officer
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Arizona Public Service Company
P. O. Box 52034
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SUBJECT: RESPONSE TO CONFIRMATORY ORDER MODIFYING LICENSE
(EFFECTIVE IMMEDIATELY) [OFFICE OF INVESTIGATIONS REPORT
NO. 4-2007-009], CONDITIONS 2, 3, AND 4

Dear Mr. Edington:

NRC Region IV has completed an in-office review of the actions you have taken to address Conditions 2, 3, and 4 in Section V of Confirmatory Order EA-07-162, issued on October 19, 2007. Conditions 1, 5, 6, and 7 were confirmed to be satisfied in prior NRC correspondence, dated February 28 and May 29, 2008.

Condition 2: APS will perform assessments of its independent verification process in the Operations and Maintenance Departments. The assessments will be completed within 12 months of the date of the Confirmatory Order, and applicable actions resulting from the assessment will be tracked to completion. In addition, within this same time period, APS will incorporate in a QA audit plan, a follow-up assessment to ensure the actions to improve the independent verification processes were effective.

The Region IV staff reviewed Self Assessment Plan 3146851, Operations Verification Practices, associated with Site Integrated Business Plan (SIBP) action 4.4.38. The staff noted that inconsistencies were identified during verifications due to poor procedural guidance; operator implementation of the differences between peer-checks and independent verification needed improvement; and a number of action items identified that corrective actions associated with some of the errors in the verification process had been ineffective during 2007 and 2008. Additionally, the self-assessment identified that no process was in place to trend verification errors. The Region IV staff reviewed the action items generated as a result of this self-assessment and determined you are tracking them to completion.

The Region IV staff reviewed Self-Assessment Plan 3155957, Maintenance Verification Practices, associated with SIBP action 4.4.39. The staff noted that Palo Verde Level 1 Verification Program for Maintenance and Modification activities were not clearly defined in station procedures and were not consistently implemented as intended. The Region IV staff

reviewed the action items generated as a result of this self-assessment and determined you are tracking them to completion.

Overall, Region IV staff determined that your assessments of Operations and Maintenance independent verification processes were effective in identifying areas needing improvement. In addition, the staff recognizes that you have formalized plans and actions to address the identified weaknesses.

To ensure the actions to improve the independent verification processes were effective, this Condition of the Order will remain open pending NRC review of the results of your future audits scheduled for September – October 2009.

Condition 3: Within 12 months of the date of this Confirmatory Order, APS will provide training to its leaders and managers on the two issues in this case: (1) a licensed operator failed to self-report an error in entering data into the plant computer, and the subsequent concealment of the error; and (2) a failure by APS to promptly notify other licensees of a potential access authorization issue, in violation of NRC requirements. The intent of this training will be to focus leaders and managers on the importance of balancing accountability with encouraging workers to self-report errors and on the importance of communicating this with their workers, and on ensuring that potential access authorization issues are promptly addressed.

The Region IV staff reviewed lesson LDC04C000101, Trustworthiness and Reliability, and the associated attendance sheets. This lesson was developed in response to SIBP action 4.4.41. The staff determined that all of the requirements outlined in Condition 3 of the Confirmatory Order have been satisfied.

Condition 4: Within 12 months of the Confirmatory Order, APS will utilize the case study identified in Item 3 in evaluating its training for new leaders with a goal towards ensuring that new leaders are sensitized to balancing accountability with encouraging workers to self-report errors, on the importance of communicating this with their workers, and on ensuring that potential access authorization issues are promptly addressed.

The Region IV staff reviewed lesson LDC04C000102, Trustworthiness and Reliability. This was developed from the Trustworthiness and Reliability training given to current leaders as LDC04C000101. The staff determined that Condition 4 of the Confirmatory Order has been satisfied. Additionally, the staff noted that this training has been incorporated into Part 2 of the General Leadership Academy, LDI03, and is required for all new leaders.

You are not required to respond to this letter. However, should you choose to respond, your response should be sent to the U.S. Nuclear Regulatory Commission, ATTN: Regional Administrator, Region IV, 612 East Lamar Boulevard, Suite 400, Arlington, TX, 76011 and marked "Open by Addressee Only," within 30 days of the date of this letter. If you have any questions, you should contact Mark Haire, Senior Enforcement Specialist, at 817-860-8121.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Roy J. Caniano, Director
Division of Reactor Safety

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SUNSI Review Completed: ___Y___ ADAMS: Yes No Initials: _GWA_
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