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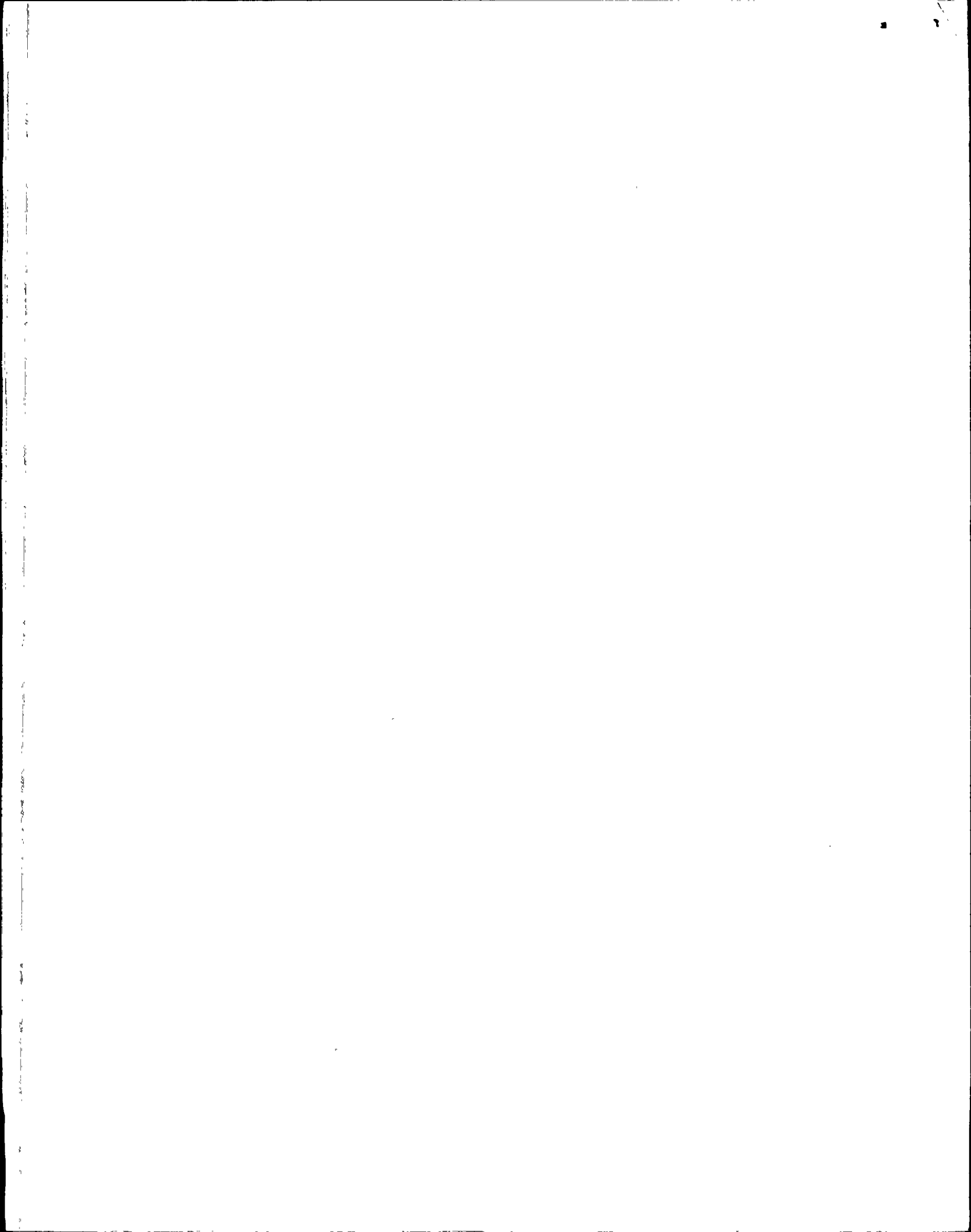
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 STN-50-529 Palo Verde Nuclear Station, Unit 2, Arizona Publi 05000529
 STN-50-530 Palo Verde Nuclear Station, Unit 3, Arizona Publi 05000530
 AUTH. NAME AUTHOR AFFILIATION
 MARTIN, J. B. Region 5, Ofc of the Director
 RECIP. NAME RECIPIENT AFFILIATION
 VAN BRUNT, E. E. Arizona Nuclear Power Project (formerly Arizona Public Serv

SUBJECT: Forwards SALP Repts 50-528/87-32, 50-529/87-32 & 50-530/87-33
 for Oct 1986 - Oct 1987. Performance of licensed activities
 at site considered satisfactory & generally improving.
 Concerns re performance addressed.

DISTRIBUTION CODE: IE40D COPIES RECEIVED: LTR 1 ENCL 1 SIZE: 3 + 49
 TITLE: Systematic Assessment of Licensee Performance (SALP) Report

NOTES: Standardized plant. 05000528
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FEB 02 1988

Docket Nos. 50-528, 50-529 and 50-530

Arizona Nuclear Power Project
Post Office Box 52034
Phoenix, Arizona 85072-2034

Attention: Mr. E. E. Van Brunt, Jr.
Executive Vice President

Gentlemen:

Subject: Systematic Assessment of Licensee Performance Report Numbers
50-528/87-32, 50-529/87-32 and 50-530/87-33

The NRC Systematic Assessment of Licensee Performance (SALP) Board has completed its periodic evaluation of the performance of the subject facilities. The Palo Verde facilities were evaluated for the period October 1, 1986 - October 31, 1987. The results of the evaluation are documented in the enclosed SALP Board Assessment.

The performance of your Palo Verde facilities was evaluated in the functional areas of plant operations, radiological controls, maintenance, surveillance, fire protection, emergency preparedness, security and safeguards, outages, quality programs and administrative controls affecting quality, licensing activities, training and qualification effectiveness, preoperational testing, startup testing, and engineering and design control. The SALP Board's evaluation of your performance in these functional areas is contained in the SALP Board Assessment which is enclosed with this letter.

A management meeting to discuss the results of the SALP Board's assessment is not a requirement, but may be held as a public meeting at the discretion of the licensee or NRC. We have concluded that a meeting to discuss the SALP assessment would be appropriate and in keeping with our practice of conducting periodic management meetings with you. Accordingly, please contact Mr. S. A. Richards of my staff to make the necessary arrangements.

Overall, we find that your performance of licensed activities at the Palo Verde Site was considered to be satisfactory and generally improving during this assessment period. However, there are several areas of concern to which we wish to direct your attention.

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Deficiencies identified in the implementation of your training program indicate that an insufficient level of senior management attention has been directed toward the oversight of this critical area. During this SALP assessment period, your licensed operator requalification program was rated as "marginal". Furthermore, problems have continued to be experienced with the performance of your control room simulator, and the period of simulator time devoted to licensed operators in requalification was considered to be minimally adequate and well below the industry average. Additionally, ANPP management appeared to be unaware that simulator utilization was a significant variation from the industry normal. Although we recognize that you have taken major steps to improve on these individual concerns, we have concluded that these problems indicate that the training area warrants increased scrutiny.

In the area of engineering, several examples were noted where work performed was either weak or untimely. Although no one example stands out as overly significant, the total taken together gives rise to concern in this area. In addition, it does not appear that your System Engineer program has as yet been developed and managed to the degree we would have expected. These concerns are heighten by our perception that the large pool of contract engineering support, normally available at plants conducting preoperational or startup testing, will no longer be close at hand. We have concluded that the successful operation of nuclear sites requires an engineering capability which is commensurate with the size and complexity of the site. We therefore strongly encourage you to ensure that your engineering commitment is sufficient to oversee the largest commercial nuclear site in the United States.

With regard to the maintenance area, problems were noted which indicate that additional consideration of your work control program may be warranted. Furthermore, as previously discussed with you at the Commission hearing for a full power license for Unit 3, a continuing active management oversight of the maintenance backlog appears prudent to ensure prompt action for priority items, as well as to ensure that the backlog remains at a reasonably manageable level.

Finally, recognizing the major reorganization that your facility has recently experienced, you are cautioned to ensure that those past actions that have been successfully taken to improve identified weaknesses, are continued on under your new organization. Additionally, given that the performance of your organization largely reflects the performance of your top key managers, you are encouraged to ensure that losses which may occur during your reorganization are replaced by personnel of the appropriate caliber.

In accordance with Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter and the SALP Report will be placed in the NRC's Public Document Room, as will any comments you may wish to submit to NRC regarding the content of the SALP Report.

FEB 02 1988

No reply to this letter is required. However, should you have any questions concerning the SALP report, we would be pleased to discuss them with you.

Sincerely,
Original Signed by
John B. Martin
John B. Martin
Regional Administrator

Enclosure: SALP Report Nos. 50-528/87-32, 50-529/87-32 and 50-530/87-33

cc w/enclosure:

- J. Haynes, ANPP
- W. F. Quinn, ANPP
- T. D. Shriver, ANPP
- J. M. Allen, ANPP
- W. E. Ide, ANPP
- O. J. Zerique, ANPP
- Ms. Jill Morrison, PVIF
- Lynne Bernabei (GAP)
- Duke Railsback, ACC
- A. C. Gehr, Esq., Snell & Wilmer

bcc w/enclosure:

- Resident Inspector
- Project Inspector
- G. Cook
- B. Faulkenberry
- J. Martin
- D. Persinko, NRR
- J. Taylor, EDO
- Commissioners (1 each)

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JMartin

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YES / NO	YES / NO	YES / NO	YES / NO

YES

SEND TO PDR
YES / NO

