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AUTH.NAME AUTHOR AFFILIATION
KARNER,D.B. Arizona Nuclear Power Project (formerly Arizona Public Serv
RECIP.NAME RECIPIENT AFFILIATION
MARTIN,J.B. Region 5, Ofc of the Director

SUBJECT: Responds to SALP rept addressing three functional areas assessed by SALP Board as Category 3.

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DONALD B. KARNER
EXECUTIVE VICE PRESIDENT

Mr. J. B. Martin
Region V, Regional Administrator
U. S. Nuclear Regulatory Commission
1450 Maria Lane, Suite 210
Walnut Creek, CA 94596-5368

Reference: Letter from Mr. J. B. Martin, NRC, to Mr. D. B. Karner, ANPP, dated December 23, 1988; Subject: Systematic Assessment of Licensee Performance

Dear Sir:

Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2, and 3
Docket No. STN 50-528 (License No. NPF-41)
STN 50-529 (License No. NPF-51)
STN 50-530 (License No. NPF-74)
Response to the Systematic Assessment of Licensee Performance (SALP) Report
File: 89-056-026

As requested by the referenced letter, the response to the Systematic Assessment of Licensee Performance (SALP) Report addressing the three functional areas assessed by the SALP Board as Category 3 is provided in the Attachment A to this letter. The attachment also addresses the remaining four functional areas in terms of actions taken or planned to be taken to provide improved performance.

As you pointed out, and we concur, in discussions with the Executive Committee of our Board of Directors on January 17, 1989, Palo Verde management has not met expectations in three areas during the SALP period:

1) Management has not established a working atmosphere and attitude in which procedural adherence and conservatism are a natural part of conduct.

2) Management has been unsuccessful in fully learning from events at the plant through investigation, root cause analysis and management involvement in problem resolution.

3) Oversight groups have not been effective in identifying major problems and have at times not promptly elevated concerns to the appropriate management level.

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Our shortcomings have been self evident during the past year. Plant events, some of which have generated NRC violations and civil penalties, which occurred during the SALP period are clear indications of the problems which prevented us from meeting our own expectations. As these problems are rooted in people and their attitudes, they are not quickly solved. Nonetheless, Palo Verde management, including our President, Mark DeMichele, and our Board of Directors are fully dedicated to resolve these problems. We recognize that problems such as these prevent Palo Verde from achieving the excellence which is our goal.

Our solutions have been designed to be comprehensive, timely, measurable, and results oriented. As described in our December 1, 1988, NRC/APS Management Meeting, Palo Verde management has instituted major upgrade programs in the following functional areas;

- Incident Investigation
- Radiation Protection
- Quality Assurance
- Design Engineering
- System Engineering

Further, specific personnel changes and additions have been made to refocus management attention and direction on operations.

These comprehensive upgrade programs and personnel actions when combined with several actions targeted to specific procedural, personnel and hardware problems, represent Palo Verde management's plan to improve SALP areas currently rated as Category 3 to at least Category 2 and maintain or improve the rating of the other SALP areas. They address the three areas of concern discussed with our Executive Committee.

Working Atmosphere and Attitude

Our major thrust in developing an improved working atmosphere, one in which individuals and groups are encouraged to have an inquiring attitude and improving attention to procedural adherence and conservatism, has been through increased management involvement and setting of expectations. My observation and evaluation, along with that of Site Director, Jerry Haynes, was that insufficient staffing existed at a senior operations management level to adequately provide direct observation and oversight of operating activities. To improve availability of senior personnel with operating management experience for direct observation of plant activities, eight new positions have been established in to the operating organization;

- Plant Director provides overall consistency and accountability for plant operations.
- Relief Plant Manager provides backup involvement and oversight in support of the operating units and provides operations oversight of training, including the simulator.
- Assistant Plant Managers (3) provide additional senior management in the units to oversee activities, and direct and set expectations.

- Operations Supervisors (3) provide direct oversight of shift operations, assess necessary changes to achieve established expectations and participate in having changes implemented.

Further, several personnel changes have been implemented to strengthen the oversight role of management;

- Unit 1 Plant Manager was rotated to a new assignment and replaced with the Unit 2 Plant Manager.
- Unit 2 Plant Manager was replaced from outside the organization with an experienced manager from the SONGS organization.
- Nuclear Production Support Director was replaced with an internal candidate.
- Quality Assurance Director will rotate to a new assignment on March 20, 1989, and be replaced with an outside candidate with significant operating quality assurance experience.
- Site Radiation Protection Manager open position has been filled with a certified health physicist with significant operating plant experience.

These personnel as well as all Palo Verde Management will dedicate their efforts toward involvement with their work units as directed by myself and Site Director, Jerry Haynes, in recent directives on management observation.

Incident Investigation

In order to significantly reduce the threshold of incidents investigated at Palo Verde and to improve the depth and thoroughness of investigations, an expanded Incident Investigation Program has been procedurally completed. A significant feature of the program is the use of INPO's Human Performance Evaluation System to investigate and correct the causal factors of human error. The Incident Investigation Program assures the proper level of management involvement in investigations and requires their timely completion. Training on this program is currently underway. Full program implementation is expected by March 1, 1989.

In addition to this formal program, management has increased the opportunity to identify problems across the three Palo Verde units by establishing inter and intra unit management meetings to discuss unit status, problems and their resolution. My personal actions include meeting with all employees in small groups to encourage them to identify and resolve problems and my stressing with all managers at two quarterly management meetings, the need to identify and thoroughly investigate our problems. Additionally, the Site Director has established periodic meetings with all managers in a given functional area such as Radiation Protection or Work Control.

It is our goal to identify and resolve problems before they become self revealing through plant events. The Incident Investigation Program along with a strengthening of our oversight group performance will be our primary thrust

in achieving this goal.

Oversight Groups

An independent consulting firm has reviewed the functions of the several groups and committees with oversight responsibilities at Palo Verde, including:

- Nuclear Safety Group (NSG)
- Independent Safety Engineering Group (ISEG)
- Plant Review Board (PRB)
- Quality Assurance (QA)
- Standards and Control
- Design Review Board (DRB)

The purpose of the review was to identify (i) unnecessary overlapping responsibilities of such oversight groups, (ii) areas which should be, but are not subject to appropriate oversight, (iii) means that would promptly elevate concerns to the proper level of management, and (iv) changes in oversight review processes that would improve their effectiveness and timeliness.

The preliminary report and recommendations of this independent review group are currently being analyzed by myself, Jerry Haynes and a management consultant, Carl Andognini. Directives to implement appropriate changes to improve oversight functions will be issued in March 1989.

Additionally, Palo Verde management has initiated a comprehensive program to upgrade the quality assurance program, as discussed at the December 1, 1988 NRC/APS Management Meeting. The principal improvements are to include a performance/results overview by the QA department in addition to the compliance/inspection function. Some Administrative controls have already been revised to reflect a performance basis, and Quality Audits and Monitoring personnel have been trained in making assessments of performance/results. Additionally, efforts are being taken to augment the QA department by assignment of individuals with line work experience to assist in performance/results assessments.

To strengthen the role of Engineering, long term programs in both on-site and off-site engineering have been implemented. These programs provide for additional staffing, (some of which is already onboard), additional computer based status and design tools, extensive training, upgrade of the plant design basis and establishment of a resident engineering group. To monitor the effectiveness of this program and to reveal any additional engineering related problems an independent review of the adequacy of outage related design changes has been performed and an SSFI modeled self-inspection of the Auxiliary Feedwater System will be performed this summer.

The programs and changes noted above are intended to achieve positive results in the three problem areas which you and I agree require prompt improvement. To ensure their adequacy, I will monitor their impact through assessment tools such as expanded trending of incident root cause, personal involvement in monitoring staff attitudes, use of our Nuclear Oversight Committee, and independent assessment where appropriate, such as the current INPO plant and

corporate evaluation. We intend to track specifically and in detail the ongoing results of these programs. If results are not forthcoming, we will take the steps necessary to put us on track to achieve these results. Feedback from measurement of broader results such as radiation exposure and number of LER's will also aid in our assessment of progress. Should positive results in all areas not be forthcoming the necessary adjustments will be made to achieve my objective of excellence.

If you have any questions, please contact me at (602) 371-7700

Respectfully yours,

Donald B. Karner
Executive Vice President

DBK/TDS/KLMC/kj

Attachments

cc: O. M. DeMichele
E. E. Van Brunt, Jr.
T. J. Polich
M. J. Davis
T. L. Chan
A. C. Gehr

ATTACHMENT A

Response to the Systematic Assessment of Licensee Performance (SALP) Report

A. PLANT OPERATIONS

The Systematic Assessment of Licensee Performance (SALP) during the last SALP period resulted in the assessment of performance in the Plant Operations area as Category 3 - Improving, a reduction from the assessment of performance in this area during the prior SALP period. This decline is attributed primarily to events at Unit 1, the lack of prompt and decisive action by senior management to establish a working atmosphere that encourages critical assessment during the conduct of operations and failures by management to demand consistency and accountability of overall site activities and to take adequate corrective measures when warranted. The SALP Report noted an improving trend at the end of the assessment period attributable to the changes in management at Unit 1 and the establishment of a clear set of management expectations.

The SALP recommendations in the plant operations area are to: (i) ensure that operations are conducted in a formal, conservative manner at all units; (ii) continue actions initiated to assure sufficient management staffing and management involvement in problem evaluations and resolutions, particularly at Unit 1; and (iii) give priority to the conduct of thorough evaluations of problems and the establishment of a

working atmosphere that encourages thoughtful, critical assessment of all phases of plant operations.

Managements' response to these concerns in operations began with the addition of five new senior management positions (i.e., Plant Director, Relief Plant Manager and three Assistant Plant Managers) and new positions for three Operations Supervisors. All eight of these positions have been filled with qualified and experienced people. These increases in management staffing were initiated to achieve the following objectives which address a number of the concerns and recommendations in the SALP Report:

- Significantly improve the senior operating management experience level of the Palo Verde management team;

- Permit and enhance management involvement and direct observation of activities to assure that management expectations are understood and met at all levels of the site organization and operations are conducted in a conservative, thoughtful self-critical manner;

- Permit increased management participation in problem evaluations and resolutions;

Response to the Systematic Assessment of Licensee Performance (SALP) Report

- Achieve greater consistency of performance among shifts, at the three units and overall across the site; and

- Contribute to the enhancement of leadership, teamwork and accountability.

To achieve consistently thorough and critical self-assessments of problems and corrective actions that address root causes rather than symptoms, management has instituted the PVNGS Incident Investigation Program. This program was discussed with the NRC at the December 1, 1988, NRC/APS Management meeting. A generic overview of the program description and implementation schedule was also provided in PVNGS's response to Notice of Violation 529/88-31-01.[1] The PVNGS Incident Investigation Program Procedure was provided to the NRC on January 23, 1989.[2] This procedure outlines the methods used by PVNGS to conduct investigations and establishes the responsibilities for conducting investigations. The procedure requires the designation of an Investigation Director for the conduct of each investigation, who shall be the applicable Plant Manager or other director level individual for Category 1 and 2 investigations and the responsible manager of the primarily affected department for Category 3 investigations. Thus, management involvement in problem evaluations and appropriate corrective action is assured.

NOTE: Footnotes are provided in Attachment B

Response to the Systematic Assessment of Licensee Performance (SALP) Report

The Investigation Director is also responsible for ensuring that preliminary and final investigation results are communicated to other organizational units in a timely manner for initiation of corrective action as necessary, ensuring that the required cross-discipline reviews and approaches are obtained and obtaining concurrence on corrective actions.

The program has been used in an interim form to investigate the Unit 2 Class 1E battery failure and the Unit 3 Diesel Generator rocker arm failure with positive results. The evaluation performed for the Unit 3 Diesel Generator rocker arm failure was reviewed by the NRC. The NRC stated that the resulting evaluation appeared to be thorough and complete.[3] Senior management will monitor the implementation of this program to assure that it is effective in achieving its objectives and to make appropriate adjustments in the methodology or training and assignment of personnel to enhance its effectiveness. As an initial step, NPRDS reporting is being transferred out of the STA group to allow more time to perform investigations and support. Investigation quality will be monitored by the STA group as well as senior management. Investigation completion will be trended to monitor timeliness.

The Unit 1 performance deficiencies addressed in the SALP report are being systematically resolved through management changes, the use of an improvement plan and objectives and action plans developed for 1989 to improve the Unit 1 performance. As part of the improvement plan, the

Response to the Systematic Assessment of Licensee Performance (SALP) Report

Unit 1 actions completed or in progress include an upgraded housekeeping standard, creation of a more professional working environment, a formalized unit management walkdown program, more thorough event investigations, the establishment of corrective and preventive maintenance goals and obtaining additional resources, to meet such goals, communication of objectives and management expectations to employees, setting standards for management/supervisory overview, emphasizing self-checking/verification, improvements in critical job planning and communications, improving the work control process, identification of management/supervisor training and developmental needs, scheduling design changes, and the review and evaluation of current practices against existing INPO and NRC standards.

Management has also established an integrated schedule to enhance the prompt completion of the simulator upgrade program. Finally, a task force of five engineers has been established to expedite closeout of inadequate fire door design and completion of ongoing work related to sealing of penetrations.

B. RADIOLOGICAL CONTROLS

The assessment of performance in the area of Radiological Controls declined to Category 3 in the last SALP period from Category 2 during the preceding period. The SALP Report expressed a number of concerns in the area of radiological controls, including insufficient or ineffective

Response to the Systematic Assessment of Licensee Performance (SALP) Report

management involvement, deficiencies in the control, posting and access to high radiation areas, the Hot Particle Control Program, inadequate planning and scheduling of critical work and the number of LER's attributable to personnel errors. The report attributed the decline in the SALP rating in this area to inadequate technician staffing, the vacancy of the Site Radiation Protection Manager position and weak training of technicians.

The SALP Board recommendations in the Radiological Controls area were:

(i) Immediate attention be focused on (a) the completion of the assessment of the radiation protection program and (b) the implementation of corrective actions to assure basic occupational radiation protection measures are accomplished;

(ii) A working atmosphere be created in which workers clearly understand and discharge their responsibilities, are held accountable, do not proceed in the face of uncertainty and feel comfortable when bringing concerns to management and to the NRC's attention;

(iii) The number of licensee event reports (LER's) attributable to personnel error be reduced;

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(iv) The reliability of PERM operation be improved; and

(v) The scope and quality of the evaluation of events be improved, and corrective actions taken be both timely and effective.

The following actions have been taken to address these concerns and recommendations.

The independent assessment of the radiation protection program referred to in Recommendation (i)(a) was completed in January, 1989. The scope of this assessment, which was initiated in September, 1988, was presented to the NRC at the December 1, 1988 NRC/APS Management Meeting. The results of the assessment and the recommendations for improvement of the radiation protection program included in the assessment have been made available to Region V. Implementation of this program will address Recommendations (i)(b) and (iii).

Corrective measures of RP Program recommendations which could impact performance during the upcoming refueling outages of Units 1 and 3 have been identified and are either completed or scheduled for completion prior to commencement of the outages. Such measures include enhanced training of RP technicians and radiation workers (both employees and contractors) and improvements in work planning and procedures.

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Responsive to Recommendation (ii) regarding the creation of a proper working atmosphere, organizational responsibilities and functions were clarified and reviewed with all personnel in the radiation protection department and other affected organizations.[4,5]

Additionally, senior management has conducted a series of meetings with personnel in the Radiation Protection Department and other site organizations to communicate management's commitment to safe radiological practices and to stress management's expectations that when anyone is faced with uncertainty as to the proper action, the individual should not proceed without authorization to do so. These messages and a variety of safe radiological practices have also been communicated through a series of articles in the REACTOR, a monthly publication distributed to all personnel at the site.

Senior management has also had meetings with the managers, supervisors and technicians in the Radiation Protection organization to reemphasize management's open door policies and encourage them to bring their concerns to management's attention or to the attention of the NRC if their concerns are not adequately addressed.

Response to the Systematic Assessment of Licensee Performance (SALP) Report

An integral part of creating a proper working atmosphere and developing a high level of respect for radiation has been the development of an enhanced radiation worker training program. This training program was implemented in January 1988, with priority given to the training of employees and contractors who will be engaged in the upcoming Unit 1 and Unit 3 outages. It is PVNGS' objective to provide this training to all radiation workers at the site by the end of 1989.

To address Recommendation (iv) concerning the reliability of the process and effluent monitoring equipment, PVNGS has recently completed the Radiation Monitoring System Reliability Improvement Program. The overall scope of the program was to systematically address identified deficiencies and to determine a timely and effective method to implement the necessary resolutions. Utilizing this program, a report and recommendations to improve reliability have been presented to senior management for their review and concurrence for implementation.

The implementation of the PVNGS Incident Investigation Program will address Recommendation (v).

Additionally, the following actions which have been or will be taken address other identified concerns discussed in the SALP report.

Response to the Systematic Assessment of Licensee Performance (SALP) Report

A temporary Site Radiation Protection Manager was appointed in October 1988,[4] and a permanent Radiation Protection and Chemistry Manager (Site RPM) with certification and significant operating experience has been retained and will assume his responsibilities in March 1989. The Site RPM, who is a certified health physicist, will provide additional management oversight and direction for the Radiation Protection program.

To improve posting of high radiation areas, the Site RPM has clarified these requirements and provided this clarification to the Unit RPMs. The Unit RPMs have provided instruction to Unit RP personnel regarding the proper implementation of these requirements. In addition, the Radiation Posting Procedure was revised to clarify the requirements for Locked High Radiation Area posting.[6] Barricades and postings that use glue-backed wall clips are being inspected by RP personnel during routine, shiftly RP lead tours. Periodic tours of radiological posting will be performed to verify newly posted areas are adequate and that established postings are not degraded.[7] Additionally, ANPP Training has conducted a random, independent evaluation of radiation worker knowledge regarding the posting and control of High Radiation Areas. The results of this evaluation were utilized in the development of the enhanced radiation worker training program.[8] As stated previously, this comprehensive training program was developed to achieve management's

NOTE: Footnotes are provided in Attachment B

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commitment to instill safe radiological practices and has been implemented with priority given for training of employees and contractors to be engaged in the upcoming Unit 1 and Unit 3 outages and is Palo Verde's objective to provide this training to all radiation workers at the site by the end of 1989.

An evaluation of PVNGS' Hot Particle Control Program was performed by the RP Standards group. Based upon the evaluation performed by RP Standards, recommendations of potential means to improve work methods that may result in the generation of hot particles were forwarded to the Director, Standards and Technical Support. These recommendations are currently being reviewed for implementation by Plant Standards and Control Department and RP Standards. The results of this review will be forwarded to the Director, Standards and Technical Support by March 30, 1989. The final recommendations will be incorporated into procedures and processes, as appropriate. Shorter term considerations are being factored into work aspects of the upcoming refueling outages.

With respect to ALARA reviews, the ALARA Group has been reorganized with redefined/clarified responsibilities and a new supervisor of the group has been designated. Plant procedures that involve ALARA Group responsibility or participation are being revised to reflect the reorganized ALARA Group, and will be put in place by February 28, 1989.

Response to the Systematic Assessment of Licensee Performance (SALP) Report

With respect to the conduct of radiological surveys, the Radiological Surveys procedure was revised to clearly define the proper methodology to be used in conducting pre-job surveys. The "Radiation Exposure Permit" procedure was also revised to give clear guidance to RP technicians and to define their roles to ensure that pre-job reviews are completed. The revised procedure requires the RP technician to perform a preliminary dose estimate and to compare the estimate to delineated criteria for pre-job reviews. The revised procedure makes the Unit RP Manager responsible for making sure that all required pre-job reviews are complete before the job begins.[9]

C. MAINTENANCE/SURVEILLANCE

The SALP Board assessed the performance in Maintenance/Surveillance as Category 2. The SALP Report recommendations in the maintenance/surveillance area are that (i) management should strive to instill an inquisitive attitude in their maintenance personnel; (ii) maintenance craft and work planners must think beyond the immediate work they perform and assess how it affects equipment operability; (iii) planner coordinators must be more aggressive in enlisting the system engineers' support in the correction of non-routine equipment problems; and (iv) maintenance management must increase efforts to observe ongoing work and provide corrective feedback into the maintenance program.

NOTE: Footnotes are provided in Attachment B

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Recommendations are addressed by the revision to the PVNGS Work Control Program, details of which were previously provided to the NRC on June 7, 1988.[10] The development of a streamlined Work Control process provides the necessary tools to increase overall control, supervisory involvement and a process which provides an avenue for reporting problems to management. This process also provides standard monitoring methods such as Backlog Controls. Retest criteria have been incorporated in the Retest Program to provide assurance that a valid and comprehensive test is performed following maintenance or modification activities.

In addition to the procedural enhancements, the development of a Model Work Instruction Program guideline has been initiated to enhance the transfer of lessons learned and to create a standard set of work instructions. As the foundation of Model Work Instructions expands, a substantial reduction should be realized in the planning and development of corrective maintenance work packages. Standardization of work methods and preapproval of work packages will allow for more efficient and consistent work practices.

The Incident Investigation Program previously discussed, coupled with trending of work backlogs, will give a performance indication of both the quality and timeliness of maintenance work.

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Response to the Systematic Assessment of Licensee Performance (SALP) Report

D. EMERGENCY PREPAREDNESS

The assessment of performance in the Emergency Preparedness declined from Category 1 in the preceding SALP period to Category 2. The SALP Board made the following recommendations in this area:

> "The licensee is encouraged to evaluate the interface between the emergency planning and site operations departments. Additionally, emphasis on timely resolution of identified deficiencies seem critically important to improving performance in this area."

Responsive to the recommendations, the addition of the Plant Director provides a focal point for management of the interface between the Emergency Planning Department and the Operations Department. With respect to the specific recommendation to emphasize the timely resolution of identified deficiencies, PVNGS believes the additional staffing approved for the Engineering Department will improve the timeliness of obtaining resolutions to identified concerns.

Several concerns were noted which caused the rating in Emergency Preparedness to decline to a SALP rating of 2. Actions taken to address many of these concerns are discussed in the following paragraphs and continued emphasis will be placed on the importance of emergency

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planning at Palo Verde.

To resolve the concern involving a delay with an emergency response team vehicle gaining access to the protected area, Emergency Plan Implementing Procedure (EPIP-24) has been revised to provide for immediate emergency vehicle access to the protected area when such action is needed to protect the public health and safety in accordance with 10CFR50.54(x) and (y). In summary, EPIP-24 now allows an emergency vehicle requested by the Emergency Coordinator to receive a cursory inspection and occupant verification at the Security Access Control Point prior to escorted admittance to the protected area.

In response to the concern that there was an absence of management representatives at the annual exercise critique, PVNGS offers the following statement which will help clarify the situation. Following the exercise on June 9, 1988, Emergency Planning conducted a full critique of the exercise with key players, controllers/evaluators and representatives from PVNGS senior management. On Friday, June 10, 1988, prior to the formal NRC exit, Emergency Planning proposed to provide a summary of the previous days critique findings to the NRC evaluators.

This briefing was not attended by PVNGS senior management representatives as they were involved in another NRC exit meeting with

Response to the Systematic Assessment of Licensee Performance (SALP) Report

Mr. Robert Marsh concerning the Unit 1 premature criticality event. These PVNGS senior management personnel were already knowledgeable of the in-house findings/recommendations, respecting the June 9, 1988 exercise, as most of them had attended the previous day's critique.

Senior management recognizes the need for their commitment to quality Emergency Planning. The senior levels of PVNGS and APS management will continue to actively participate in emergency exercises, be a key contact with government and emphasize the importance of emergency planning to all personnel.

The SALP Report expresses a concern about instances where corrective actions were ineffective in addressing root causes and as a consequence recurrence was not avoided. One cited instance related to an inspection finding of a conflict between procedural protective action recommendations. In a subsequent inspection, the NRC believed they had identified a similar conflict in still another procedure, thereby showing ineffective corrective action in addressing the root cause of the original problem. After thorough review, PVNGS determined that the procedure was adequate and that a personnel error rather than ineffective procedural corrective action led to the difference in the protective action recommendation. The individual involved was counseled concerning the incident. In any event, management is aware of the need

Response to the Systematic Assessment of Licensee Performance (SALP) Report

to identify root causes of problems, take corrective actions that address root causes, and monitor the effectiveness of corrective action.

Prior to the identification of the NRC concern relating to reliable back-up emergency communication, PVNGS had initiated plans to upgrade the telephone system for the entire site/project. Included in this upgrade were modifications to the back-up emergency communications system. Since this overall site modification was extensive and would take more time than PVNGS management was willing to accept for resolution, an alternate solution was implemented. Cellular portable telephones were installed to mitigate this situation and the NRC open item was closed during the evaluated exercise conducted June 9, 1988.

The NRC concerns involving deficiencies in general employee EP training (e.g., crowd control and unauthorized use of emergency communications) have been addressed. The PVNGS Safety Department along with the Vice President, Nuclear Production issued memos to all site employees re-emphasizing the importance of safety concerns with regard to crowd control in an emergency situation.

The unauthorized use of an emergency radio channel for routine operations is being corrected by restricting use of channel 4 for

Response to the Systematic Assessment of Licensee Performance (SALP) Report

emergency situations only, installing two base stations to provide monitoring of communications which will allow prioritization as necessary and installing of repeaters to allow better communications during emergency situations. These changes will be implemented by May 1989.

In addition to addressing the concerns discussed in the preceding paragraphs, the existing general employee training course will be evaluated by representatives from the Emergency Planning Department. Suggestions for enhancements will be provided to the Training Department for incorporation into the training course. The evaluation is scheduled to be completed in April 1989.

E. SECURITY

The SALP Board assessed the performance in the Security area as Category 2. Its recommendations in this area are:

"Licensee management is encouraged to complete their construction project of an alternate vehicle access control point and to expeditiously address the engineering issues associated with the evaluation of roll-up doors serving as vital area barriers and the upgrade of the perimeter barrier to eliminate potential

vulnerabilities identified by the RER team. Further, the licensee is encouraged to reexamine their current Fitness for Duty Program with respect to the EEI guidance pertaining to chemical testing of body fluids."

PVNGS Management is very sensitive to issues involving security and is committed to resolving the outstanding issues in this area in an expeditious manner.

The new vehicle access portal physical construction has been completed and post construction inspections have identified some discrepancies, including those identified by an NRC Region V Safeguards Section representative, which will be resolved prior to portal operation. The new vehicle access portal is expected to be fully operable during the upcoming outages. Construction is underway for the upgraded perimeter barrier. The engineering issues associated with roll-up doors will be expedited to obtain a resolution of this issue.

F. ENGINEERING/TECHNICAL SUPPORT

The SALP Board assessed the performance in the Engineering/Technical area as Category 2. Its recommendations in this area are:

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"The licensee appears to have initiated appropriate programs to improve performance in this area. The licensee is encouraged to closely monitor the implementation of these programs."

Two major programs have been implemented to address the weakness identified in the Engineering area. The System Engineer Program and the Engineering Excellence Program are both designed to increase the knowledge of the engineers on the design basis of the plant, provide additional technical training on plant systems, better define the engineers role and responsibilities and provide the appropriate staffing levels. The overall objectives of the programs are to achieve and maintain a high degree of technical competence with personnel that are trained and experienced in the PVNGS design, to ensure quality in all engineering activities and provide the necessary proactive support of PVNGS needs. Management will monitor the implementation of these programs and make appropriate adjustments as needed to achieve the objectives.

Details and implementation schedules for these two programs were provided to the NRC at the December 1, 1988 NRC/APS Management meeting.

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In addition to these programs, an evaluation of new design changes to be implemented during the upcoming outages has been performed to ensure the quality of the modification packages is acceptable. The results of this review will be presented to the NRC in the near future. The review was performed by an independent consultant and consisted of a review for technical, documentation and programmatic deficiencies. All technical deficiencies identified in the review will be resolved prior to implementation during the upcoming outages.

Additionally, Palo Verde will be conducting its own SSFI type review of the Auxiliary Feedwater System this summer to evaluate the effectiveness of corrective actions taken in response to the recent NRC conducted SSFI and design basis enhancements made as part of the Engineering Excellence Program.

G. SAFETY ASSESSMENT/QUALITY INVESTIGATION

The SALP Board found significant weaknesses and deficiencies in the performance in the Safety Assessment/Quality Verification area, including a reduction in the experience level of upper management, the lack of clear management direction, the inability to make thorough self-critical assessments of events, the inability of the QA department and other oversight groups to identify and correct significant problems,

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insufficient direct observation of plant activities by management, a high degree of non-compliance with procedures, a low level of operations and engineering expertise in the QA organization, and a lack of teamwork and communications among different on-site and off-site organizations.

On the strength of these findings the SALP Board assessed the performance in the Safety Assessment/Quality Verification area as Category 3. Its recommendations were directed at actions necessary to correct the identified weaknesses and deficiencies.

At the December 1, 1988 NRC/APS Management meeting, we described the actions taken and planned to improve the working atmosphere at Palo Verde including establishment of proper attitudes in both the quality organization and work groups, enhancements in staffing and organization, clarification of objectives stressing safety and excellence over production and cost, improving communication of management expectations, and increased APS executive and senior management involvement. These matters are also discussed in the letter transmitting this response. In the areas of achieving more effective utilization of oversight groups, we discussed the QA Improvement Program which includes an evaluation of the roles of all oversight groups (e.g., PRB, QA, NSG, and ISE) and management involvement in requiring prompt completion of corrective measures. An independent consulting firm, utilizing Carl Andognini,

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has completed this evaluation and a final report listing recommended corrective actions is scheduled for issuance to PVNGS management by March 10, 1989. This evaluation will include recommendations for possible integration of oversight group activities and expanding charters of the oversight groups, along with a critical assessment of current oversight group performance. Management will develop action plans to resolve the identified concerns in March 1989.

The QA Improvement Program also provides for performance/results overviews in addition to the compliance/inspection function. A new Quality Assurance Director with significant experience in operations quality assurance, including implementation of performance/results program, has been engaged.

ATTACHMENT B

FOOTNOTE PAGE

[1] 102-01075-DBK/TDS, dated December 23, 1988; Reply to a Notice of Violation - 529/88-31-01, Attachment B

[2] 102-01101-DBK/TDS, dated January 23, 1989; Incident Investigation Program

[3] NRC Letter, dated February 16, 1989; NRC Inspection of Palo Verde Units 1, 2 and 3 (50-528/88-44, 50-529/88-42 and 50-530/88-41)

[4] 102-01079-DBK/TDS, dated December 29, 1989; Replies to Notice of Violations and Proposed Imposition of Civil Penalties, pg. 75

[5] 102-01079-DBK/TDS, dated December 29, 1989; Replies to Notice of Violations and Proposed Imposition of Civil Penalties, pg. 71

[6] 102-01079-DBK/TDS, dated December 29, 1989; Replies to Notice of Violations and Proposed Imposition of Civil Penalties, pg. 55 and 56

[7] 102-01079-DBK/TDS, dated December 29, 1989; Replies to Notice of Violations and Proposed Imposition of Civil Penalties, pg. 64

[8] 102-01079-DBK/TDS, dated December 29, 1989; Replies to Notice of Violations and Proposed Imposition of Civil Penalties, pg. 73

[9] 102-01079-DBK/TDS, dated December 29, 1989; Replies to Notice of Violations and Proposed Imposition of Civil Penalties, pg. 37

[10] 102-00812-EEVB/TDS, dated June 7, 1988; Evaluation of Work Control Process