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UNITED STATES NUCLEAR REGULATORY COMMISSION REGION V

1460 MARIA LANE, SUITE 210 WALNUT CREEK, CALIFORNIA 94696-5368

APR 1 9 1989

Docket Numbers 50-528

50-529 50-530 EA 89-88

Arizona Nuclear Power Project P. O. Box 52034 Phoenix, Arizona 85072-2034

Attention:

Mr. Donald B. Karner, Executive Vice President

Gentlemen:

Subject: Augmented Inspection Team - Inspection at Palo Verde Unit 3

This refers to the inspection conducted by an NRC Region V Augmented Inspection Team (AIT) at the Palo Verde Nuclear Generating Station on March 4-10, March 16-20, and March 27-31, 1989, of activities authorized by NRC License Nos. NPF-41, NPF-51 and NPF-74, and to the discussion of our findings held by the inspectors with you and members of the Arizona Nuclear Power Project staff at the conclusion of the inspection.

This inspection examined the March 3, 1989 trip of Unit 3 to determine the sequence of events and the contributory circumstances which led to the trip.

Three significant system failures occurred in this event: half of the steam bypass control system malfunctioned, initiating the transient; the atmospheric dump valves (ADVs) failed to operate from the control room; and the emergency lighting for the main steam support structure failed, hampering the operators in their attempt to cope with the atmospheric dump valve failures.

These failures were particularly disturbing because each had clear precursors. The same steam bypass control system malfunction was experienced but not corrected in August 1988; the unreliability of the atmospheric dump valves was recognized as early as 1985, set aside, and rediscovered in July, 1988 without effective corrective action being taken; and the emergency lighting preventive maintenance and testing was improperly waived for five consecutive quarters.

This event is symptomatic of management's failure to set a standard which demands that plant problems be recognized and fixed. Your past actions on these components seem to have been governed, in large part, by expediency considerations, rather than an appropriate level of consideration for standards that are expected to ensure reliability and safety. In particular, concerning the atmospheric dump valves, your decisions against recommendations to: 1) install isolation valves, 2) perform routine ADV exercising, 3) perform modifications, and 4) institute annual preventive

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maintenance, appear unsound. In the future, I expect you to ensure that your actions are better guided by appropriate safety principles and considerations. It is critical that this failure to set the proper standard be corrected now.

We are also concerned about your ability to maintain a reliable source of electric power to the reactor coolant pumps. It may be appropriate to reassess the design of your electrical distribution network and fast transfer scheme due to its apparent susceptibility to generating a loss of power to the reactor coolant pumps.

We request that you perform an analysis of the findings detailed in the attached inspection report, identifying the lessons learned and needed improvements. We also request that you provide the results of your analyses and improvements, in writing, to this office within 30 days of receipt of this report.

We will examine the steps you are taking, or will be taking, to address needed improvements in those areas discussed above, during future management meetings and inspections at the Palo Verde site.

Enforcement action associated with the findings of this inspection will be the subject of separate correspondence.

In accordance with 10 CFR 2.790(a) a copy of this letter and the enclosures will be placed in the NRC Public Document Room!

John B. Martin

Regional Administrator

Enclosure:

Inspection Report Numbers

50-528/89-13 50-529/89-13

50-530/89-13

cc w/enclosure:

J. G. Haynes, Vice President, Nuclear Production

W. F. Quinn, Manager, Licensing

T. D. Shriver, Manager, Compliance

B. E. Ballard, Director, Quality Assurance

L. A. Souza, Manager, Quality Audits & Monitoring

A. C. Gehr, Esq.

Ms. L. Bernabei, GAP

T. Hogan, Arizona Corporation Commission

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