

JUL 26 1989

Docket Numbers 50-528
50-529
50-530

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

Attention: Mr. W. F. Conway
Executive Vice President, Nuclear

Gentlemen:

Subject: NRC Inspection of Palo Verde Units 1, 2 and 3

This refers to the inspection conducted by Messrs. D. Coe, T. Polich, J. Ringwald, P. Qualls, and C. Myers of this office from August 7 through September 10, 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 members of the Arizona Nuclear Power Project staff at the conclusion of the inspection.

Areas examined during this inspection are described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspectors.

Based on the results of this inspection, it appears that several of your activities were not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A.

The enclosed report and notice of violations discuss several concerns which appear to warrant your attention. These concerns are summarized as follows:

- ° Paragraph 2.b describes an issue involving the alignment of Emergency Diesel Generator air start system valves. Our review has concluded that the actual system alignment was not consistent with the associated calculational assumptions, and furthermore, once this was brought to the attention of your engineering organization, the interim action identified by engineering was not performed at Unit 3, as subsequently identified by NRC personnel.
- ° Paragraphs 2.f, 7, and 21 discuss three separate instances where your reviews of NRC Information Notices were considered weak. In two of the instances, more comprehensive reviews could have potentially prevented plant events which followed your reviews. As we have previously discussed with you, an important element of nuclear power plant operations is learning from both your own experience and the experience of others. Therefore this issue is of particular concern.



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- ° Paragraph 7 discusses the misalignment of valves associated with the Spent Fuel Pool at Unit 1. This event is of concern due to your past problems with ensuring proper valve alignments.

We encourage you to consider these issues and their underlying causes while conducting your reviews in preparation for the startup of Units 1 and 3.

Your response to this Notice is to be submitted in accordance with the provisions of 10 CFR 2.201 as stated in Appendix A, Notice of Violation.

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.

The response directed by this letter and the accompanying Notice are not subject to the clearance procedure of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

A. E. Chaffee, Deputy Director
Division of Reactor Safety and
Projects

Enclosures:

1. Appendix A - Notice of Violation
2. Inspection Report Numbers 50-528/89-36
50-529/89-36
50-530/89-36

cc w/enclosures:

J. Levine, Vice President, Nuclear Production
W. F. Quinn, Manager, Licensing
T. D. Shriver, Manager, Compliance
B. Ballard, Director, Quality Assurance
R. Fullmer, Manager, Quality Audits & Monitoring
A. C. Gehr, Esq.
Ms. L. Bernabei, GAP
J. Brown, Arizona Corporation Commission



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bcc w/enclosures:
docket file
G. Cook
B. Faulkenberry
J. Martin
Resident Inspector
Project Inspector

bcc w/o enclosures:
LFMB
M. Smith

REGION V/dot

DCoe *SAR for*
10/27/89

TPolich *SAR for*
10/27/89

JRingwald *SAR for*
10/27/89

PQualls *SAR for*
10/27/89

CMyers *SAR for*
10/27/89

REQUEST COPY	REQUEST COPY	REQUEST COPY	REQUEST COPY	REQUEST COPY
YES / NO	YES / NO	YES / NO	YES / NO	YES / NO

SAR
SRichards
10/27/89

SAR
AJohnson
10/28/89

SAR
AECHARGE
RPZimmerman *Quall M.*
10/25/89

REQUEST COPY	REQUEST COPY	REQUEST COPY
YES / NO	YES / <u>NO</u>	YES / <u>NO</u>

SEND TO PDR
<u>YES</u> / NO

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