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, J. Sloan, W. Wagner, T. Meadows, and W. Ang of this office from November 13 through December 17, 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.

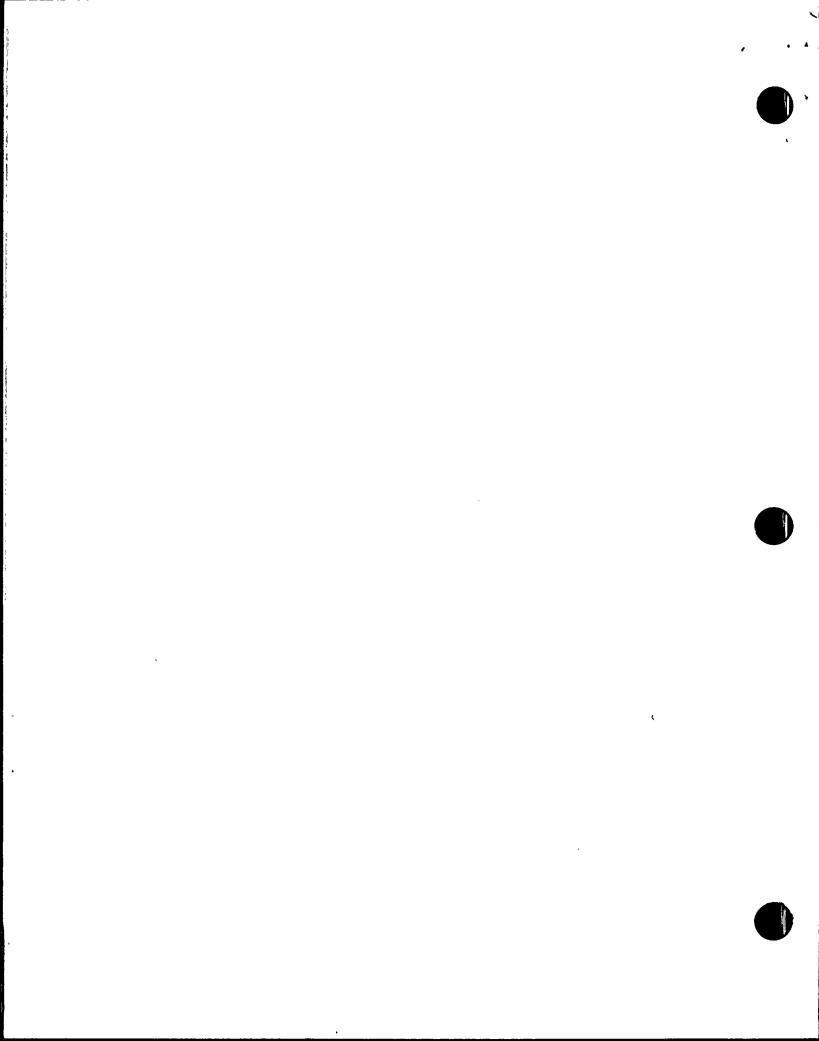
These violations appear to reflect deficiencies which resulted because personnel did not adhere to procedures. It appears that work progressed without documentation of the completion of steps, or instructions in work procedures were incorrect. The violation involving the failure to properly document the completion of steps of a procedure is similar to violations previously brought to your attention in past inspections and requires additional management attention. In addition, the events which occurred during the Unit 1 refueling operations demonstrate the need to improve the communications between your various management levels to assure the prompt and complete resolution of issues. These issues were discussed at the December 1, 1989 meeting in your corporate offices.

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.

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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, R. Zimmerman, Director Division of Reactor Safety and Projects

Enclosures:

Appendix A - Notice of Violation

50-528/89-50 2. Inspection Report Numbers 50-529/89-50 50-530/89-50

cc w/enclosures:

J. M. Levine, Vice President, Nuclear Power Production W. F. Quinn, Manager, Licensing

T. Bradish, Acting 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

	bcc w/enclosures: docket file G. Cook	bcc w/o enclose LFMB M. Smith	ures:	
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