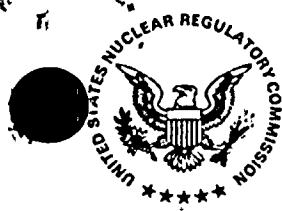


90-28



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION V

1450 MARIA LANE, SUITE 210  
WALNUT CREEK, CALIFORNIA 94596-5358

SEP 25 1990

Docket Numbers 50-528, 50-529, and 50-530

Arizona Public Service Company  
P. O. Box 53999, Station 9012  
Phoenix, Arizona 85072-3999

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, J. Ringwald, J. Sloan, and C. Myers, from July 15 through August 25, 1990, of activities authorized by NRC License Nos. NPF-41, NPF-51 and NPF-74, and the discussion of our findings held by the inspectors with members of the Arizona Public Service Company 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 two 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.

One of the violations concerns the inadequate documentation and evaluation of deficiencies on motor operated valve actuators. While we recognize your recent efforts for improvement in your program for identifying conditions adverse to quality, additional management attention appears needed to assure that the operational significance of motor operated valve actuator setpoints in maintaining design basis operability is recognized and communicated. We have reviewed your corrective actions related to this violation and consider them to be adequate. Therefore, no response to this violation is required.

This report also lists four Licensee Event Reports (LERs) submitted to the NRC since December 6, 1989, all of which involve either a missed surveillance test or Technical Specification action requirement. We acknowledge that the corrective actions for each individual LER appear appropriate; however, a further review of underlying causes appears warranted.

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

00398  
9010250023 900925  
PDR ADOCK 05000528  
Q PDC

111  
TED



SEP 25 1990

In accordance with 10 CFR Part 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,



S. A. Richards, Chief  
Reactor Projects Branch

Enclosures:

1. Appendix A - Notice of Violation
2. Inspection Report Numbers 50-528/90-28, 50-529/90-28, and 50-530/90-28

cc w/enclosures:

Mr. Jack N. Bailey, APS  
Mr. Blaine E. Ballard, APS  
Mr. Thomas R. Bradish, APS  
Mr. O. Mark DeMichele, APS  
Mr. James M. Levine, APS  
Mr. Robert W. Page, APS  
Mr. E. C. Simpson, APS  
Mr. Arthur C. Gehr, Esq., Snell & Willmer  
Mr. Al Gutterman, Newman & Holtzinger, P. C.  
Mr. Charles R. Kocher, Esq., Assistant Council, SCE Company  
Mr. James A. Boeletto, Esq., (same address as Mr. Kocher)  
Mr. Charles B. Brinkman, Combustion Engineering, Inc.  
Mr. Charles Tedford, Director, Arizona Radiation Regulatory Agency  
Chairman, Maricopa County Board of Supervisors  
Mr. John W. Norman, Chief, Arizona Corporation Commission

SEP 25 1990

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

bcc w/o enclosure:  
LFMB  
Ms. M. Smith

REGION V/dot

*HSW for*  
DCoe  
9/19/90

*HSW for*  
JRingwald  
9/21/90

*HSW for*  
JSloan  
9/21/90

*HSW for*  
CMeyers  
9/21/90

REQUEST COPY <input checked="" type="checkbox"/> YES / NO	REQUEST COPY <input checked="" type="checkbox"/> YES / NO	REQUEST COPY <input checked="" type="checkbox"/> YES / NO	REQUEST COPY <input checked="" type="checkbox"/> YES / NO
--	--	--	--

*HSW*  
HWong  
9/24/90

*SR*  
SRichards  
9/25/90

*ab*  
Johnson/Blume  
9/28/90

*RZ*  
RZimmerman  
1/1/90

REQUEST COPY <input checked="" type="checkbox"/> YES / NO	REQUEST COPY YES / NO	REQUEST COPY YES / <input checked="" type="checkbox"/> NO	REQUEST COPY YES / NO
--	--------------------------	--	--------------------------

     /      / 90

PDR REQUEST COPY  
 YES / NO