

UNITED STATES NUCLEAR REGULATORY COMMISSION

REGION V

1450 MARIA LANE, SUITE 210 WALNUT CREEK, CALIFORNIA 94596

DEC - 4 1880

Docket Nos. 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

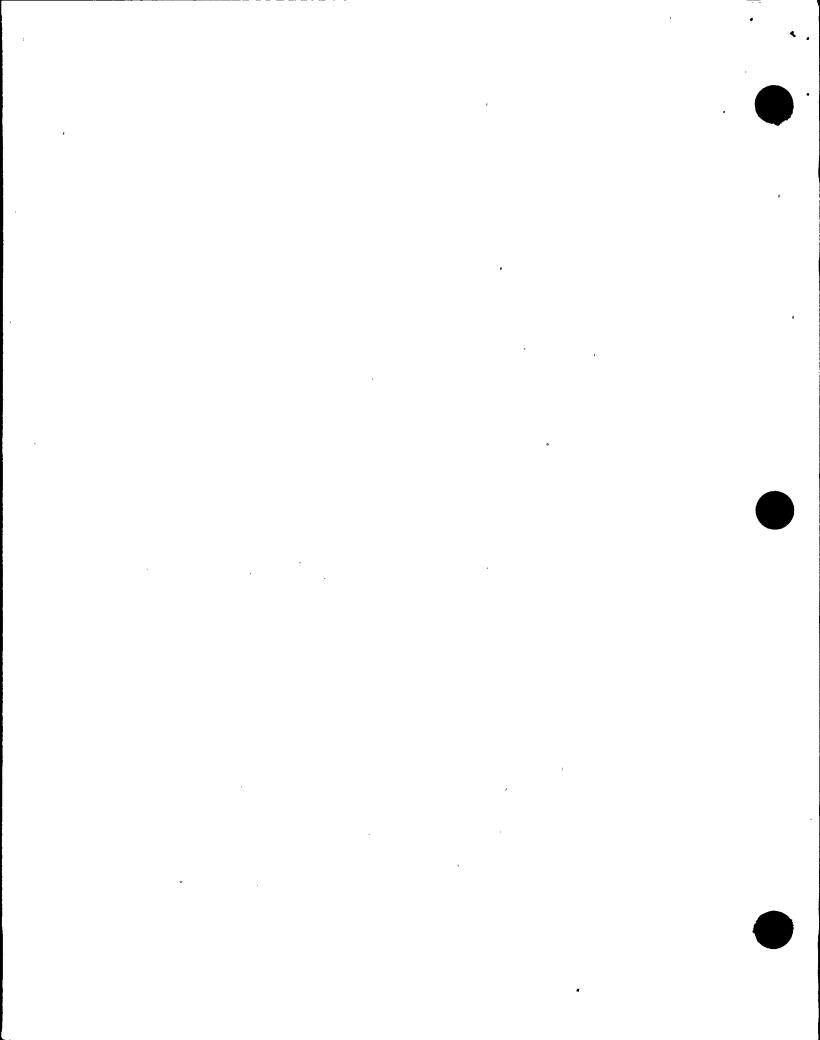
This refers to the inspection conducted by Messrs: D. Coe, J. Ringwald and J. Sloan, from September 30 through November 3, 1990, of activities authorized by NRC License Nos. NPF-41, NPF-51 and NPF-74, and to the discussion of our findings held by the inspectors with members of the Arizona Public Service 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 one of your activities was not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. Our concern over the apparent deficiencies in the retest procedures for certain safety-related valves is heightened by the extended time and extensive NRC inspector involvement required to attain a thorough review of this area.

In addition, recent errors discovered by your staff in the database affecting the Core Operating Limits Supervisory System (COLSS) calculations are of concern in that it appears your staff failed to thoroughly address discrepancies in the database identified by the vendor several months prior to your recognition of the errors. We note that you have initiated an investigation into the root cause of these and previous errors. Although the safety significance of each of these errors was small, they appear to reflect a potential programmatic problem in the control of computer data. We will review your evaluation and corrective actions in future inspections.

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.



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,

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S. A. Richards, Chief Reactor Projects Branch,

Appendix A - Notice of Violation

2. Inspection Report Numbers 50-528/90-45, 50-529/90-45, and 50-530/90-45

cc w/enclosures:

Mr. Jack N. Bailey, APS

Mr. Blaine E. Ballard, APS

Mr. Thomas R. Bradish, APS

Mr. O. Mark De Michele, 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

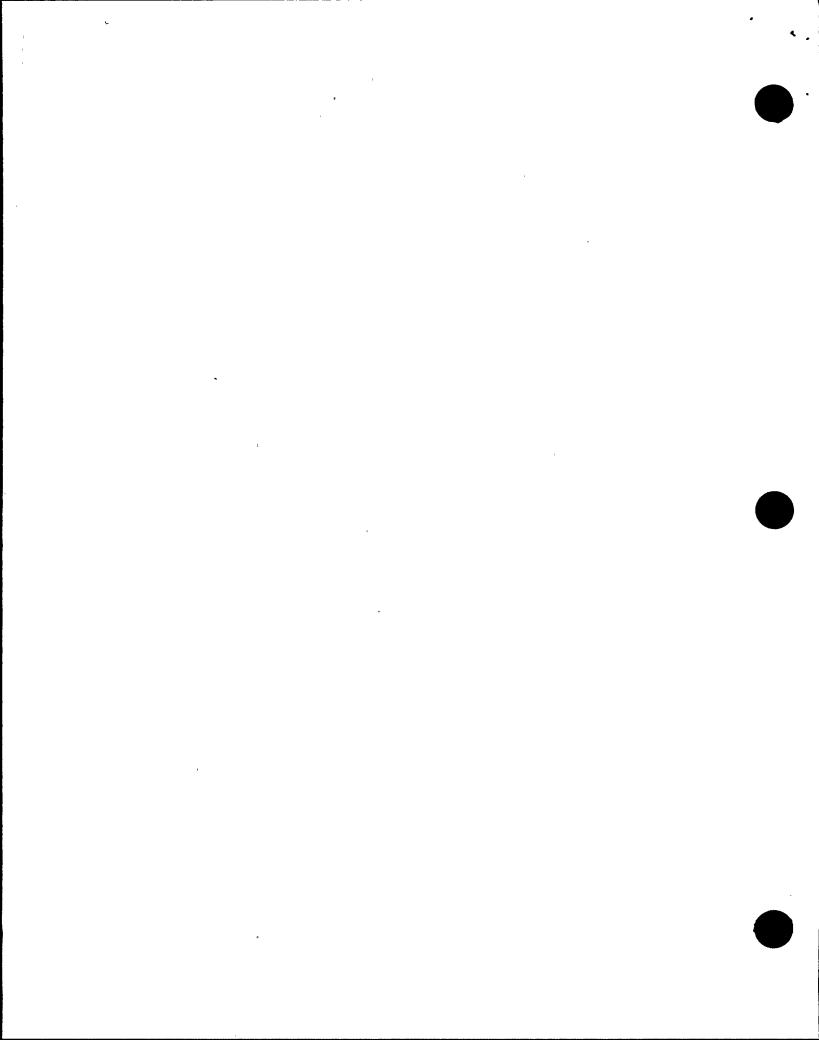
Mr. James A. Boeletto, Esq., (same address as Mr. Kocher)

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



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bcc w/enclosures: Docket File Project Inspector Resident Inspector G. Cook B. Faulkenberry J. Martin A. Johnson			
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TO PDR / NO

