



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION V

1450 MARIA LANE, SUITE 210
WALNUT CREEK, CALIFORNIA 94596

JAN 8 1 1991

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: SYSTEMATIC ASSESSMENT OF LICENSEE PERFORMANCE
REPORT NUMBERS 50-528/90-53, 50-529/90-53 AND 50-530/90-53

The NRC Systematic Assessment of Licensee Performance (SALP) Board has completed its periodic evaluation of the performance of the Palo Verde Nuclear Generating Station for the period November 1, 1989 through November 30, 1990.

The performance of Palo Verde was evaluated in the functional areas of Plant Operations, Radiological Controls, Maintenance/Surveillance, Emergency Preparedness, Security, Engineering/Technical Support, and Safety Assessment/Quality Verification. The criteria used in conducting this assessment and the SALP Board's evaluation of your performance in these functional areas are contained in NRC Manual Chapter 0516, "Systematic Assessment of Licensee Performance," dated September 28, 1990.

Based upon discussions with your staff, a management meeting to discuss the results of the SALP Board's assessment has been scheduled for February 13, 1991, at the Arizona Public Service corporate office, Phoenix, Arizona. Arrangements for the management meeting will be discussed further with your staff in the near future.

Overall, the SALP Board found the performance of licensed activities at Palo Verde to be directed toward safe facility operation. Your performance in most functional areas was judged to have improved over the previous period, with a Category 1 rating assigned to Emergency Preparedness, and Category 2 ratings assigned to all other functional areas. The Board considered your generally improved performance to be indicative of greater involvement in specific plant activities by senior management.

Although a generally improving trend in performance was recognized by the Board, three principal areas of concern were identified as follows:

- In the area of Safety Assessment/Quality Verification, a number of initiatives have led to improved results. However, two significant issues caused the Board to doubt whether your commitment to lasting improvement in this area has depth. Longstanding deficiencies with plant emergency lighting were not dealt with by either management or Quality Assurance in a prompt, self critical way. With regard to operator medical records, prompt action was not taken to thoroughly assess

11
TFC



this area even when clear indications of a problem existed. The full extent of the problem was only recognized after the conduct of an NRC inspection. While your initiatives in this functional area are generally good, sustaining this rating will require a renewed emphasis in this area on the part of senior management.

- With regard to the Maintenance/Surveillance functional area, generally improved performance was recognized. Nonetheless, this area continues to deserve considerable management attention, specifically regarding work planning, craft attention to detail in implementation, and in corrective actions taken to address deficiencies in this area.
- With regard to Engineering, management attention is warranted to ensure that the roles of the various engineering groups are well defined and that the focus includes finding and resolving significant technical problems.

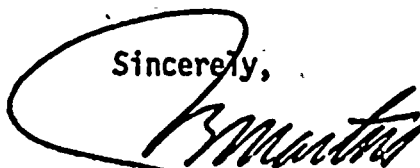
An overview of this assessment is provided in Section II of the enclosed report. Perceived strengths and weaknesses and Board recommendations are discussed in Section III, Performance Analysis. The NRC's Office for Analysis and Evaluation of Operational Data performed an assessment of Licensee Event Reports submitted for Palo Verde. This assessment was provided as an input to the SALP process and is included in section IV.D.

Since no functional area was assessed Category 3, a written response to the enclosed initial report is not required. However, you may submit comments to the enclosed report, if desired, within 30 days of the February 13, 1991 meeting.

In accordance with Section 2.790 of the NRC's Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter, the enclosed SALP report, and your response will be placed in the NRC's Public Document Room.

Should you have any questions concerning the SALP report, we will be pleased to discuss them with you.

Sincerely,



J. B. Martin
Regional Administrator

Enclosure:
SALP Report No. 50-528/90-53, 529/90-53, 530/90-53

cc w/enclosure:
Mr. O. Mark De Michele, APS
Mr. James M. Levine, APS

Mr. Jack N. Bailey, APS
Mr. E. C. Simpson, APS
Mr. B. E. Ballard, APS

Mr. Thomas R. Bradish, APS
Mr. Robert W. Page, APS
Mr. Arthur C. Gehr, Esq., Snell & Wilmer

Mr. Al Gutterman, Newman & Holtzinger P. C.
Mr. Charles R. Kocher, Esq., Assistant Council, SCE Company
Mr. James A. Boeletto, Esq., Assistant Council, SCE Company

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



bcc w/enclosures:
 Project Inspector
 Resident Inspector
 docket file
 G. Cook
 B. Faulkenberry
 J. Martin
 Commissioners
 T. Murley, Director, NRR
 J. Caldwell, OEDO
 OE
 R. Zimmerman
 C. Trammell, NRR
 K. Thompson, NRR
 J. Dyer, NRR
 C. Holden, NRR
 R. Wharton, NRR
 INPO

bcc w/o enclosures:
 J. Zollicoffer
 M. Smith
 N. Western
 A. Wieder

REGION V
 WAng
 01/ /91

HWong *HW*
 01/31/91

SR
 SRichards
 01/3 /91

KP
 KPerkins
 01/31/91

Jaw
 RScarano
 01/31/91

send to Wenclo

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

RZimmerman
 01/31/91 *RZ*

JMartin
 01/31/91

REQUEST COPY	REQUEST COPY
YES / NO	YES / NO

SEND TO PDR
YES / NO

