

91-01



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION V

1450 MARIA LANE, SUITE 210
WALNUT CREEK, CALIFORNIA 94596

March 21, 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: NRC Inspection of Palo Verde Units 1, 2 and 3

This refers to the inspection conducted by Messrs. D. Coe, J. Ringwald, J. Sloan, D. Kirsch and W. Ang from January 6 through February 16, 1991, 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.

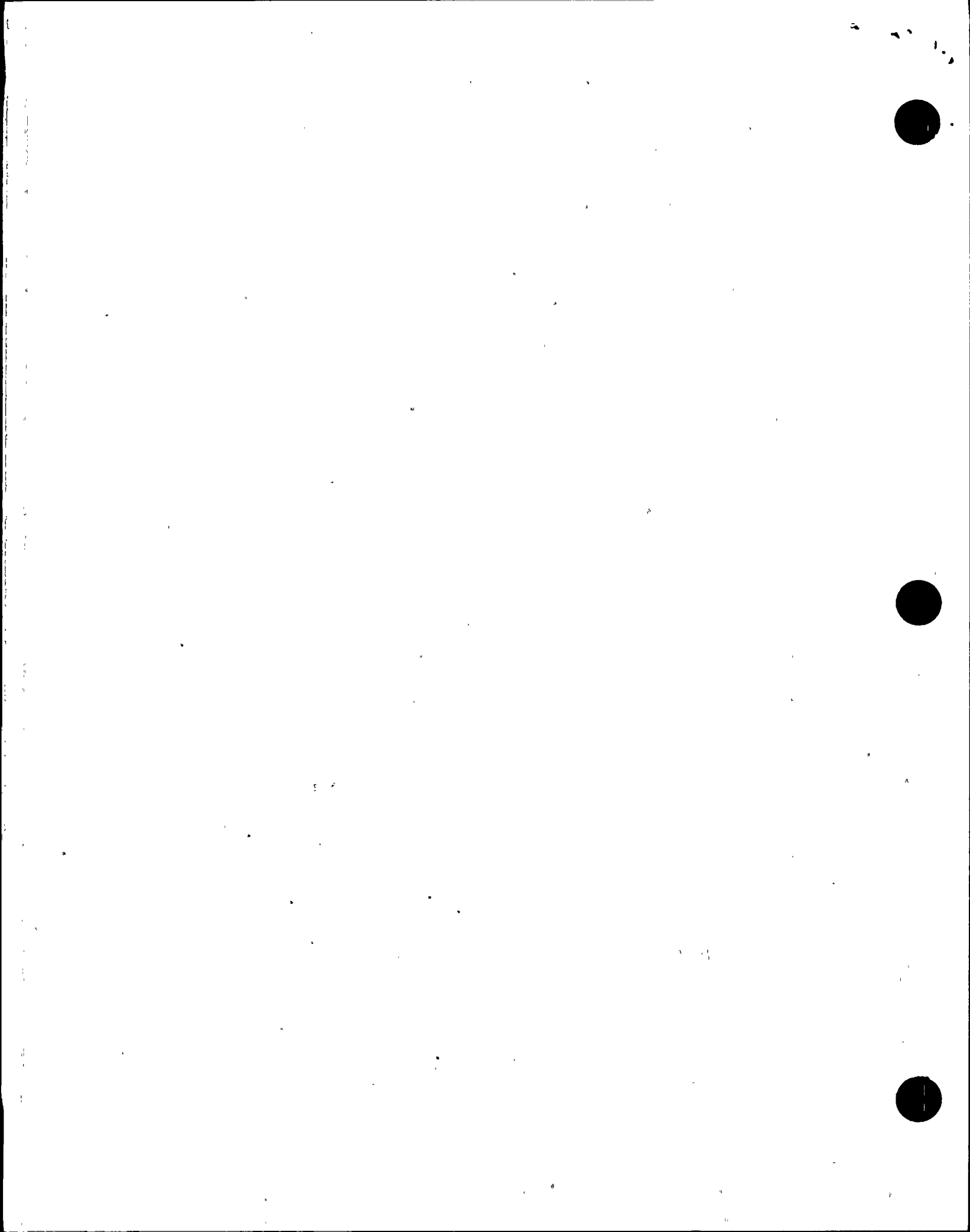
Areas examined during this inspection are described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspectors.

Based on the results of this inspection, it appears that two of your activities were not conducted in full compliance with NRC requirements, as specified in the enclosed Notice of Violation (Notice). In one case, routine emergency diesel generator (EDG) inspections were performed during plant operation, which were not in accordance with Technical Specifications surveillance requirements. This appears to be a weakness in your maintenance scheduling process which did not ensure compliance with conditions specified in Technical Specifications and procedures. It also indicates a need for increased sensitivity toward removing safety-related equipment from service to perform maintenance. The second violation focuses on the lack of an appropriate technical evaluation for an air leak on the EDG air start system to determine the potential impact on the air start system's ability to perform its safety function. This seems to indicate a need for heightened emphasis on thoroughly evaluating deficiencies on safety-related equipment for design basis impact. Both these examples appear to indicate a need for a more critical and questioning attitude on the part of your staff with regard to maintenance planning and evaluations.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions

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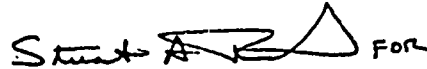
taken and any additional actions you plan to prevent recurrence. As part of your response, please provide your assessment of the adequacy of the evaluations performed following identification of the EDG air start system leakage. After reviewing your response to the Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

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 responses directed by this letter and the enclosed Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Pub. L. No. 96-511.

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

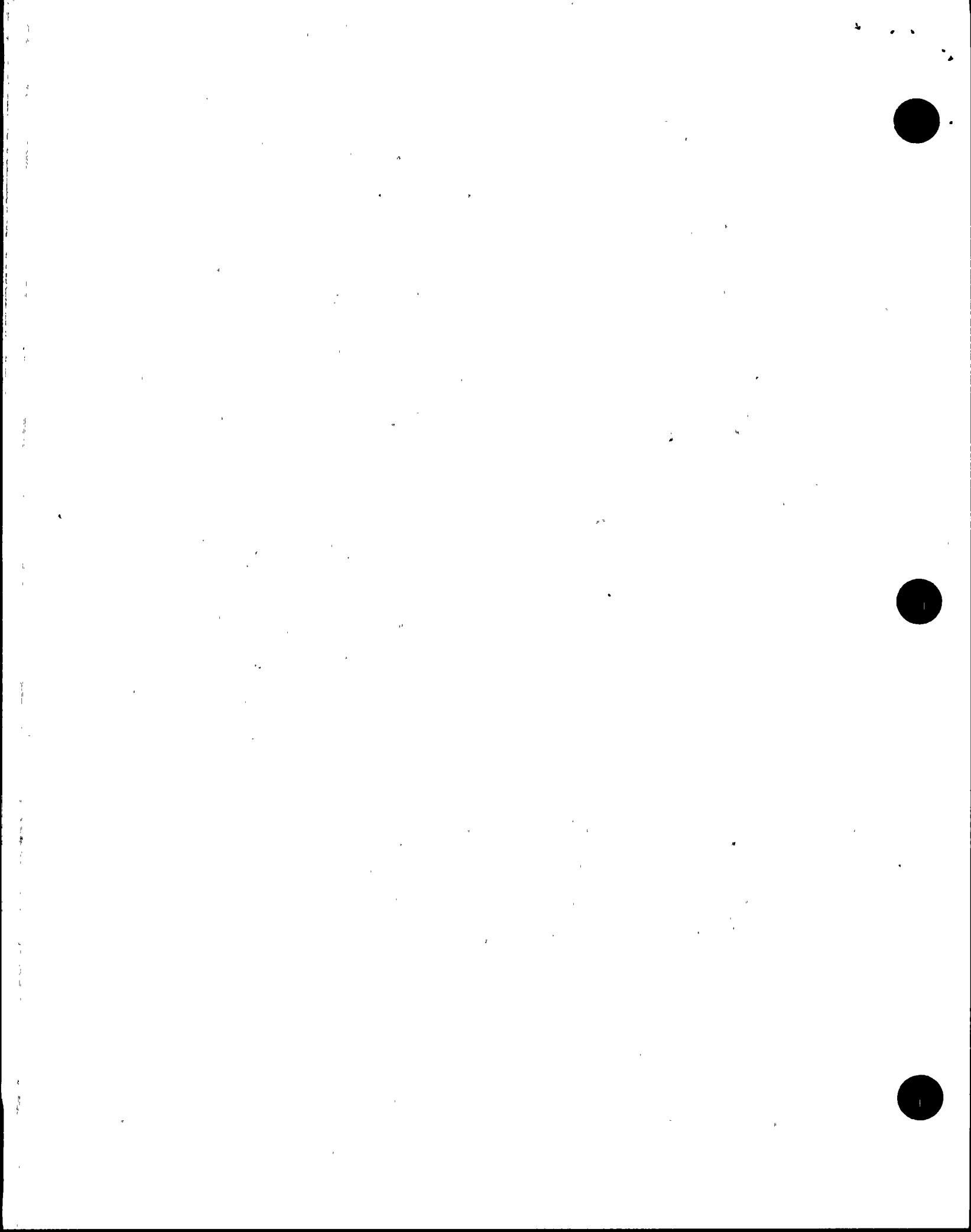
Sincerely,

 For

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

Enclosures:

1. Notice of Violation
2. Inspection Report Numbers 50-528/91-01, 50-529/91-01, and 50-530/91-01



cc w/enclosures:

Mr. O. Mark DeMichele, APS
Mr. James M. Levine, APS
Mr. Jack N. Bailey, APS
Mr. E. C. Simpson, APS
Mr. Blaine 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. 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. Steve M. Olea, Chief, Engineering, Arizona Corporation Commission
Ignacio R. Troncoso, El Paso Electric Company
Roy P. Lessy, Jr., Esq., Akin, Gump, Strauss, Hauer and Feld
Bradley W. Jones, Esq., Akin, Gump, Strauss, Hauer and Feld



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

bcc w/o enclosure2:
J. Zollicoffer
Ms. M. Smith
N. Western

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