

UNITED STATES NUCLEAR REGULATORY COMMISSION

ARIZONA PUBLIC SERVICE COMPANY, ET AL.

PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3

DOCKET NOS. STN 50-528, STN 50-529, AND STN 50-530

RECEIPT OF PETITION FOR DIRECTOR'S DECISION UNDER 10 CFR §§ 2.206 AND 2.202

Notice is hereby given that by letter of May 27, 1994, Thomas J. Saporito, on behalf of himself and Florida Energy Consultants, Inc. (petitioners), has raised numerous concerns regarding the Palo Verde Nuclear Generating Station (Palo Verde) operated by the Arizona Public Service Company (licensee). He supplemented his original petition, raising additional issues on July 8, 1994. Petitioners request that the NRC (1) institute a show cause proceeding pursuant to 10 CFR § 2.202 for the modification, suspension, or revocation of the Palo Verde operating licenses; (2) issue a notice of violation against the licensee for continuing to employ The Atlantic Group (TAG) as a labor contractor at Palo Verde; (3) investigate alleged material false statements made by William F. Conway, Executive Vice President at Palo Verde, during his testimony at a DOL hearing (ERA Case No. 92-ERA-30) and that, in the interim, the NRC require that he be relieved of any authority over operations at Palo Verde; (4) investigate the licensee's statements in an August 10, 1993, letter from Mr. Conway to NRC Administrator, Mr. Bobby H. Faulkenberry, regarding Mr. Saporito, in which the licensee said that Mr. Saporito gave materially false, inaccurate, and incomplete information on his application for unescorted access to Palo Verde, so that as a result of that event, he lacks trustworthiness and reliability for access to Palo Verde;

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(5) investigate pursuant to 10 CFR § 50.7 the circumstances surrounding the February 1994 termination of licensee employee Joseph Straub, a former radiation protection technician at Palo Verde, to determine if his employment was illegally terminated by the licensee for having engaged in "protected activity" during the course of his employment; (6) require that the licensee respond to a "chilling effect" letter regarding the circumstances surrounding Mr. Straub's termination from Palo Verde and whether any measures were taken to ensure that his termination did not cause a chilling effect at Palo Verde; and (7) initiate appropriate actions to require the licensee to immediately conduct eddy current testing on all steam generators at Palo Verde, because the steam generator tubes were recently subjected to cracks.

As bases for these requests, petitioners allege that (1) a show cause proceeding is necessary because the public health and safety concerns alleged are significant and to permit public participation to provide NRC with new and relevant information; (2) past practices of TAG demonstrate that employees of TAG were retaliated against for having raised safety concerns while employed at Palo Verde; (3) citations to testimony from transcripts and numerous newspaper articles (appended as exhibits to the petition), demonstrate that Mr. Conway's testimony is not credible; (4) statements in the August 10, 1993, letter are inaccurate and materially false and characterize Mr. Saporito as an individual lacking trustworthiness and reliability for access to Palo Verde, so that such negative characterizations have blacklisted him from continued employment in the nuclear industry, which is all in retaliation for him raising safety concerns about operations at Palo Verde; thus, petitioners ask that these statements be rescinded; (5) an investigation into the termination of Mr. Straub is warranted in view of the fact that the licensee has engaged



in similar illegal conduct in the past where the NRC has required the licensee to pay fines; (6) Mr. Straub is entitled to reinstatement with pay and benefits pending the NRC's investigation into his termination to offset any chilling effect his termination had on the Palo Verde workforce; and (7) the stress corrosion and cracking in the steam generators is a recurring problem of which the licensee is aware and has failed to properly correct, in addition to cooling tower problems, so that the NRC should be concerned about proper maintenance of safety systems and equipment there.

On July 8, 1994, petitioners filed a supplement raising six additional issues. Petitioners request that the NRC (1) institute a show cause proceeding pursuant to 10 CFR § 2.202 for the modification, suspension or revocation of the Palo Verde operating licenses for Units 1, 2 and 3; (2) modify the Palo Verde operating licenses to require operation at 86% power or less; (3) require the licensee to submit a No Significant Hazards safety analysis to justify operation of those units above 86% power; (4) take immediate action (e.g. confirmatory order) to cause the licensee to reduce operation to 86% power or less; (5) require the licensee to analyze a design basis SGTR event to show that the offsite radiological consequences do not exceed a small fraction of the limits of 10 CFR Part 100; and (6) require the licensee to demonstrate that its emergency operating procedures for SGTR events are adequate and the plant operators are sufficiently trained in emergency operating procedures.

As bases for these requests, petitioners allege that (1) the licensee experienced a steam generator tube rupture in the free span area on Unit 2 on March 14, 1993; (2) during a January, 1994 inspection on Unit 2, 85 axial indications were identified, the longest indication being 7.5 inches; (3) more



extensive testing will confirm the existence of circumferential crack indications in the expansion transition area; (4) in May 1994, steam generator sludge from Units 1 and 2 indicates a lead content of 4,000-6,000 ppm, which is unusually high, accelerates the crevice corrosion process, and is believed to be caused by a feedwater source deficiency; (5) the licensee failed to properly implement operational procedures regarding the March 14, 1993 steam generator tube rupture event, citing eight instances; (6) the licensee's failure to comply with approved procedures in the above event is indicative of a problem plant that warrants further NRC action; (7) the NRC is aware of additional licensee weaknesses regarding the steam generator tube event, citing four instances; (8) the licensee cannot assure that the radiation dose limits are satisfied for applicable postulated accidents; (9) the licensee is not maintaining an adequate level of public protection in that the offsite dose limits will be exceeded during a steam generator tube rupture; (10) the licensee cannot demonstrate that a Palo Verde unit can safely shut down and depressurize to stop steam generator tube leakage prior to a loss of reactor water storage tank inventory; (11) steam generator tubes are an integral part of the reactor coolant boundary, and that tube failures could lead to containment bypass, and therefore must be carefully considered by the NRC and the licensee, (12) the licensee cannot demonstrate compliance with 10 CFR Part 50, Appendix A, which establishes the fundamental requirements for steam generator tube integrity; (13) the licensee has failed to comply with NRC requirements under NUREG-0800 to show that in the case of a steam generator tube rupture event, the offsite conditions and single failure do not exceed a small fraction of the limits of 10 CFR Part 100; and (14) the licensee has posed an unacceptable risk to public health and safety by raising power on all

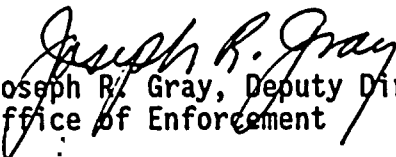


three Palo Verde units above 86%, considering the severe degradation of the steam generator tubes.

This request is being treated pursuant to 10 CFR §§ 2.206 and 2.202 of the Commission's regulations. The request has been referred to the Director of the Office of Enforcement and the Director of the Office of Nuclear Reactor Regulation. In a letter of July 26, 1994, the petitioners' requests that the Commission take immediate action to require eddy current testing on all Palo Verde steam generators, and reduce operation of the Palo Verde units to 86% power or less, have been denied. As provided by § 2.206, appropriate action will be taken on this request within a reasonable time. A copy of the petition is available for inspection at the Commission's Public Document Room, 2120 L Street, NW., Washington, DC 20555 and local public document room at the Phoenix Public Library, 12 East McDowell Road, Phoenix, Arizona 85004.

Dated at Rockville, Maryland this 26th day of July 1994.

FOR THE NUCLEAR REGULATORY COMMISSION


Joseph R. Gray, Deputy Director
Office of Enforcement

