



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV

611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

DEC 2 1994

Dockets: 50-528
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50-530
Licenses: NPF-41
NPF-51
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Arizona Public Service Company
ATTN: William L. Stewart
Executive Vice President, Nuclear
P.O. Box 53999
Phoenix, Arizona 85072-3999

SUBJECT: NRC INSPECTION REPORT 50-528/94-31; 50-529/94-31; 50-530/94-31
(NOTICE OF VIOLATION) (NOTICE OF DEVIATION)

This refers to the inspection conducted by Mr. K. Johnston and others of this office on September 4 through October 15, 1994. The inspection included a review of activities authorized for your Palo Verde Nuclear Generating Station, Units 1, 2, and 3, facility. At the conclusion of the inspection, the findings were discussed with you and those members of your staff identified in the enclosed report.

Areas examined during the inspection are identified in the report. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observation of activities in progress. The purpose of the inspection was to determine whether activities authorized by the license were conducted safely and in accordance with NRC requirements.

Based on the results of this inspection, certain licensed activities appeared to be in violation of NRC requirements, as specified in the enclosed Notice of Violation (Notice). Two of the violations, regarding a Unit 2 operator who failed to ensure that a reactor coolant system dilution had terminated and a Unit 2 operations crew who failed to implement the actions required when removing a startup nuclear instrument from service, were of concern since both were similar to violations which had occurred in the past year and indicated continued weaknesses in the area of conduct of operations. These two problems, and other recent problems, have highlighted that corrective actions implemented in late 1993 may not have been fully effective. We understand that you have recently issued revised operations standards and have reorganized operations to address operations performance. We encourage you to continue to monitor the effectiveness of these actions.

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One violation, with two separate examples, concerned the failure to take timely action to correct conditions adverse to quality. The examples involve previously identified problems in risk significant systems in which actions were not taken to fully understand the extent of the problem and proposed corrective actions were not pursued in a timely manner. While it has been recognized that problem identification has improved in past years, issues regarding the effectiveness of the corrective action program continue to be identified by both the NRC and your staff. Further, we recognize that it is considered by APS Nuclear Assurance as a top ten issue at Palo Verde and improvements in the corrective action program have received recent priority. We encourage you to continue to place high priority on the resolution of identified problems.

Another violation, concerning the failure of maintenance personnel to follow work instructions, was of concern since, in addition to this failure, the work involved a maintenance activity in which the instructions were not clearly written. While this activity was conducted earlier this year, similar weaknesses have been observed in recent activities, highlighting a need for management attention to the quality of work instructions.

Based on the results of this inspection, certain of your activities appeared to deviate from your commitments in response to Generic Letter 88-05 concerning the inspection of the reactor coolant system components for evidence of boric acid leaks as specified in the enclosed Notice of Deviation (Notice). Recent inspections have highlighted a number of material condition deficiencies and the program implemented in response to Generic Letter 88-05 demonstrated a lack of commitment to resolving these issues.

You identified that a Unit 1 Shift Supervisor had not followed procedures for maintaining the unit logs and failed to recognize that he had briefly entered a Technical Specification action statement for two auxiliary feedwater pumps concurrently inoperable. This violation is not being cited because the criteria in paragraph VII.B.2 of Appendix C to 10 CFR Part 2 of the NRC's "Rules of Practice," were satisfied.

One unresolved item was identified concerning the calibration of the reactor coolant system boronometer in Unit 2. This matter is discussed in Section 4.4 of the enclosed inspection report. Another unresolved item was identified concerning the ability of a Unit 1 letdown isolation valve to perform its design function. This matter is discussed in Section 2.5 of the enclosed inspection report.

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 taken and any additional actions you plan to prevent recurrence. Included in your response should be discussion of actions taken in the areas of conduct of operations and the corrective actions program. After reviewing your response to this Notice, including your proposed corrective actions and the results of future



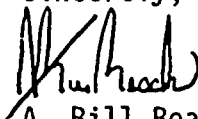
inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its 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,



A. Bill Beach, Director
Division of Reactor Projects

Enclosures:

1. Appendix A - Notice of Violation
2. Appendix B - Notice of Deviation
3. Appendix C - NRC Inspection Report
50-528/94-31; 50-529/94-31; 50-530/94-31

cc w/enclosures:

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Arizona Radiation Regulatory Agency
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Arizona Public Service Company

-5-

E-Mail report to D. Sullivan (DJS)

bcc to DMB (IE01)

bcc distrib. by RIV:

L. J. Callan
DRSS-FIPB
Branch Chief (DRP/F, WCFO)
Senior Project Inspector (DRP/F, WCFO)
Leah Tremper (OC/LFDCB, MS: TWFN 9E10)
Branch Chief (DSS/NRR 0-8E23)

Resident Inspector
MIS System
RIV File
Branch Chief (DRP/TSS)
B. Henderson (PAO, WCFO)

⁴⁷²⁰ SRI:DRP/F ⁷²	BC:DRP/F	D:WCFO	D:DRP	
KEJohnston	HJWong ⁴⁷²⁰	KEPerkins ⁴⁷²⁰ ⁷²	ABBeach	
11/29/94	11/29/94	11/29/94	12/2/94	



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