



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

REGION IV

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

FEB 23 1996

Arizona Public Service Company  
ATTN: William L. Stewart  
Executive Vice President, Nuclear  
P.O. Box 53999  
Phoenix, Arizona 85072-3999

SUBJECT: NRC INSPECTION REPORT 50-528/95-25; 50-529/95-25; 50-530/95-25 AND  
NOTICE OF VIOLATION

This refers to the inspection conducted by Mr. K. Johnston and other inspectors of this office on December 17, 1995, through January 27, 1996, at the Palo Verde Nuclear Generating Station, Units 1, 2, and 3, facility. The purpose of the inspection was to determine whether activities authorized by the license were conducted safely and in accordance with NRC requirements. 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.

Based on the results of this inspection, the NRC has determined that three violations of NRC requirements occurred. These violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the subject inspection report. The violations relate to issues identified during a review of the essential chilled water system. The review focused on the control of chiller refrigerant and oil levels, and the control of essential chilled water leakage. Although the three violations relate to the same system, they highlight different programmatic weaknesses that were identified throughout the assessment of the essential chilled water system.

Violation A concerns the failure to identify significant changes in chiller refrigerant as a condition adverse to quality. We are concerned that maintenance personnel corrected an immediate deficiency without documenting the problem as required by your prescribed corrective action processes, with the result that you missed an opportunity to assess the potential impact on system performance and operability.

Violation B concerns the failure to document an operability determination, as required by your procedure, when manual actions were implemented as compensation for a degraded condition. We are concerned that this violation apparently resulted from weaknesses in communications between the maintenance, operations, and engineering organizations.

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Q PDR



Violation C concerns the failure to perform testing for emergency chiller system leakage. We are concerned that engineering failed to communicate recognized design and testing deficiencies to the operations and maintenance organizations and failed to assure that measures were established and implemented within a reasonable period of time to verify the continued operability of the chilled water cooling system.

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. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. 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, its enclosure(s), and your response will be placed in the NRC Public Document Room (PDR). To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction.

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,



J. E. Dyer, Director  
Division of Reactor Projects

Dockets: 50-528  
50-529  
50-530

Licenses: NPF-41  
NPF-51  
NPF-74

Enclosures:

1. Notice of Violation
2. NRC Inspection Report  
50-528/95-25; 50-529/95-25; 50-530/95-25



cc w/enclosures:

Arizona Corporation Commission  
ATTN: Mr. Steve Olea  
1200 W. Washington Street  
Phoenix, Arizona 85007

Southern California Edison Company  
ATTN: T. E. Oubre, Esq.  
P.O. Box 800  
Rosemead, California 91770

Arizona Radiation Regulatory Agency  
ATTN: Aubrey V. Godwin, Director  
4814 South 40 Street  
Phoenix, Arizona 85040

Maricopa County Board of Supervisors  
ATTN: Chairman  
111 South Third Avenue  
Phoenix, Arizona 85003

Palo Verde Services  
ATTN: Curtis Hoskins, Executive  
Vice President and  
Chief Operating Officer  
2025 N. 3rd Street, Suite 220  
Phoenix, Arizona 85004

Akin, Gump, Strauss, Hauer and Feld  
El Paso Electric Company  
ATTN: Roy P. Lessey, Jr., Esq.  
1333 New Hampshire Avenue, Suite 400  
Washington, D.C. 20036

Arizona Public Service Company  
ATTN: Angela K. Krainik, Manager  
Nuclear Licensing  
P.O. Box 52034  
Phoenix, Arizona 85072-2034



E-Mail report to D. Nelson (DJN)  
E-Mail report to NRR Event Tracking System (IPAS)

~~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)

Resident Inspector  
MIS System  
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M. Hammond (PAO, WCFO)

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E-Mail report to D. Nelson (DJN)  
E-Mail report to NRR Event Tracking System (IPAS)

bcc to DMB (IE01)

bcc distrib. by RIV:

L. J. Callan  
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