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STN-50-530 Palo Verde Nuclear Station, Unit 3, Arizona Publi 05000530
AUTH.NAME AUTHOR AFFILIATION
HOWELL,A.T. Region 4 (Post 820201)
RECIP.NAME RECIPIENT AFFILIATION
LEVINE,J.M. Arizona Public Service Co. (formerly Arizona Nuclear Power

SUBJECT: Refers to NRC insp repts 50-528/98-14,50-529/98-14 &
50-530/98-14 on 980526-0721.NRC reviewed comments of util
& revised insp repts where appropriate for accuracy &
clarification.Revised insp repts encl.

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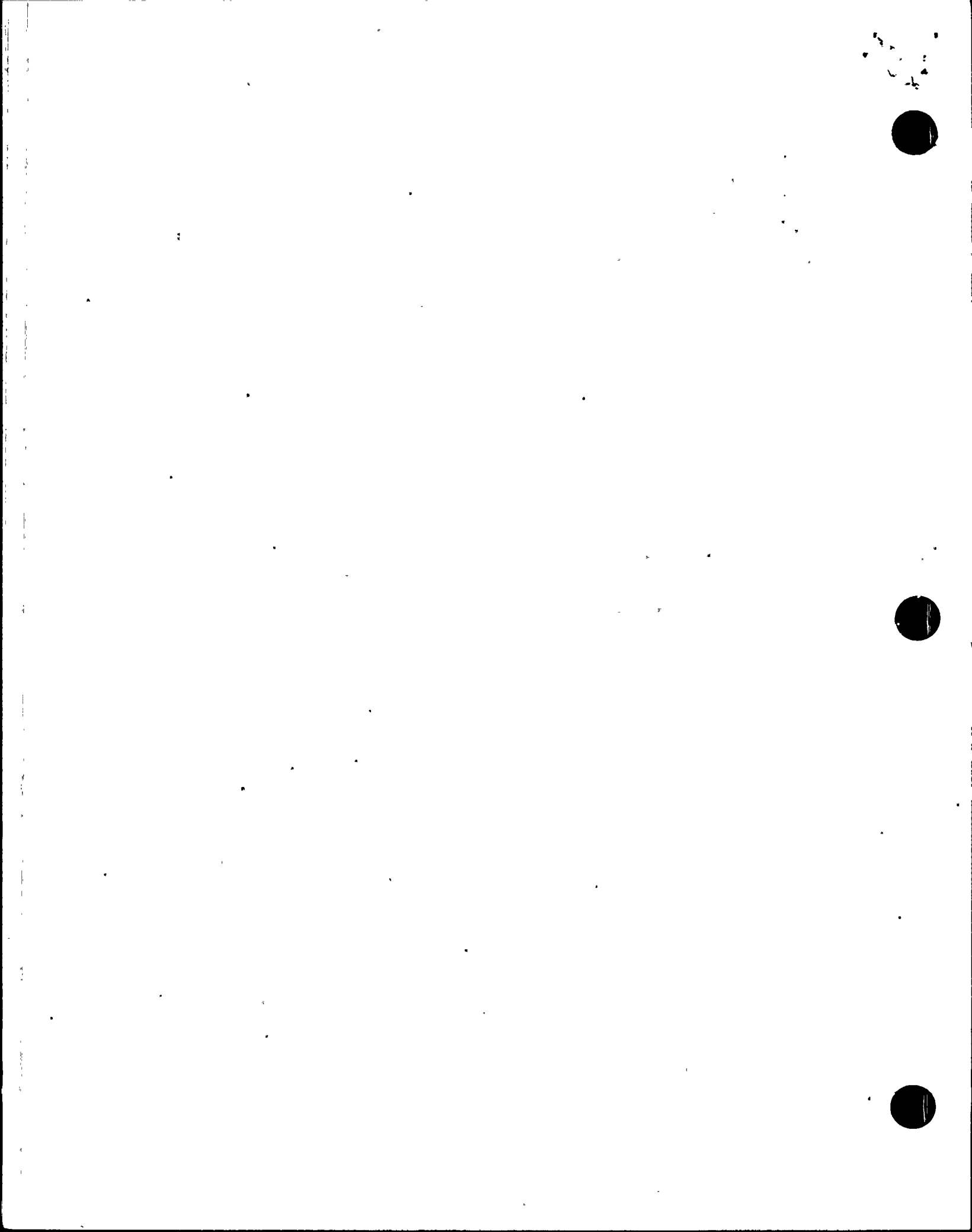
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UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV

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

March 3, 1999

EA 98-382

James M. Levine, Senior Vice
President, Nuclear
Arizona Public Service Company
P.O. Box 53999
Phoenix, Arizona 85072-3999

SUBJECT: REVISION TO NRC INSPECTION REPORT 50-528/98-14; 50-529/98-14;
50-530/98-14

Dear Mr. Levine:

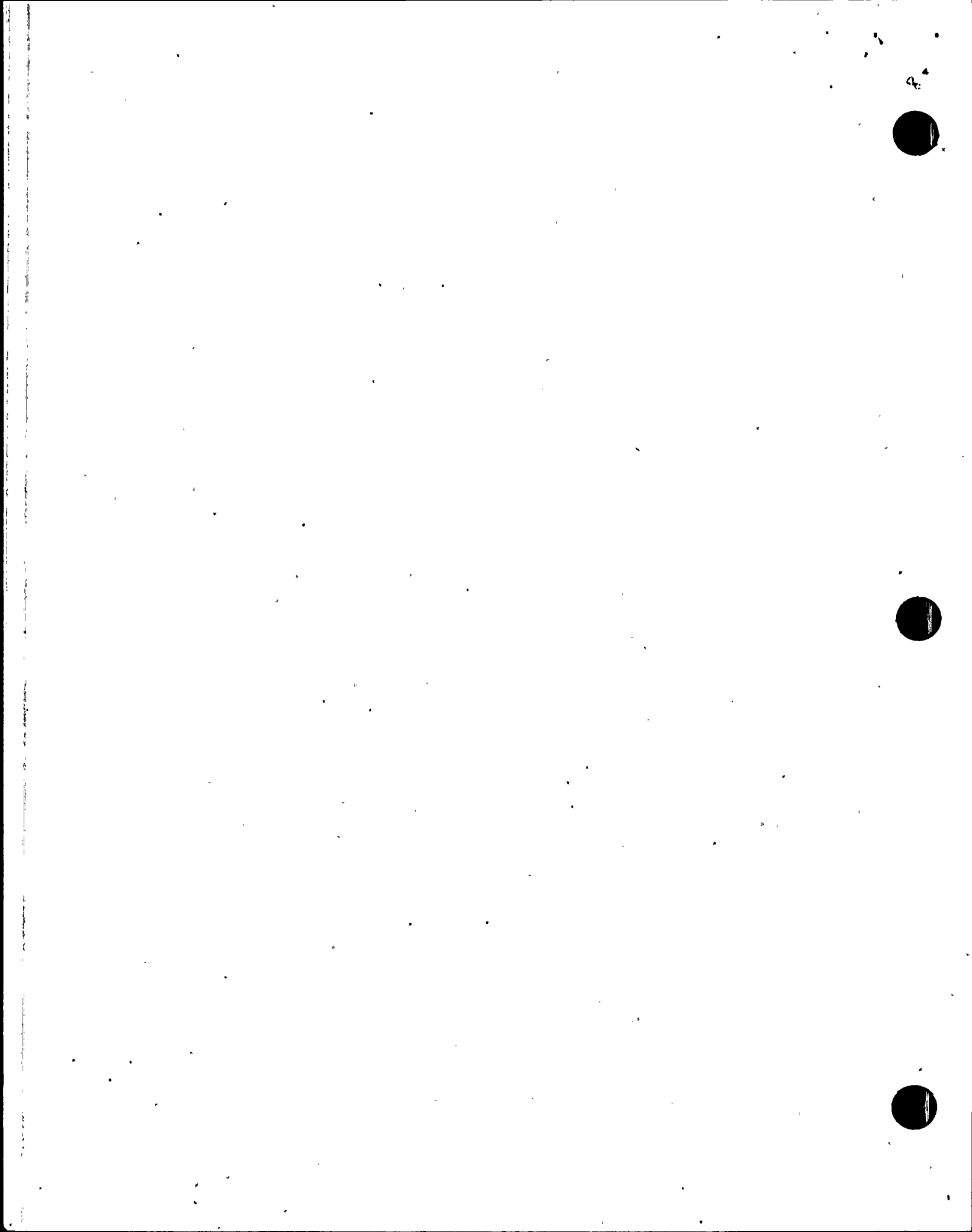
This refers to NRC Inspection Report 50-528/98-14; 50-529/98-14; 50-530/98-14, issued on August 28, 1998. This inspection report was the subject of a predecisional enforcement conference on September 14, 1998, and a Notice of Violation and Proposed Imposition of Civil Penalty was forwarded to you on December 21, 1998. By letter dated January 13, 1999, Arizona Public Service Company responded to the Notice of Violation and Proposed Imposition of Civil Penalty by agreeing to the violations and paying the civil penalty.

During the predecisional enforcement conference, you provided us with a markup of the inspection report with written comments. This document is included in Enclosure 1.

We have reviewed your comments and have revised the inspection report where appropriate for accuracy and clarification. These revisions do not affect the overall conclusions of the inspection that were provided to you in our December 21, 1998, letter, nor do they affect the results of the predecisional enforcement conference. A summary of our review of each comment is included in Enclosure 2 and the revised inspection report is provided in Enclosure 3. Changes in the report are indicated by revision bars in the right margin. Please replace the original inspection report with the enclosed revision.

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 and its enclosures will be placed in the NRC's Public Document Room.

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PDR ADDCK 05000528
Q PDR



Arizona Public Service Company

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

Sincerely,

for *Arthur T. Howell III*
Arthur T. Howell III, Director
Division of Reactor Safety

Docket Nos.: 50-528; 50-529; 50-530
License Nos.: NPF-41; NPF-51; NPF-74

Enclosures:

1. Arizona Public Service Company
NRC Inspection Report Markup and Comments
2. NRC Review of Arizona Public Service Company
NRC Inspection Report Markup Comments
3. Revised NRC Inspection Report
50-528/98-14; 50-529/98-14; 50-530/98-14

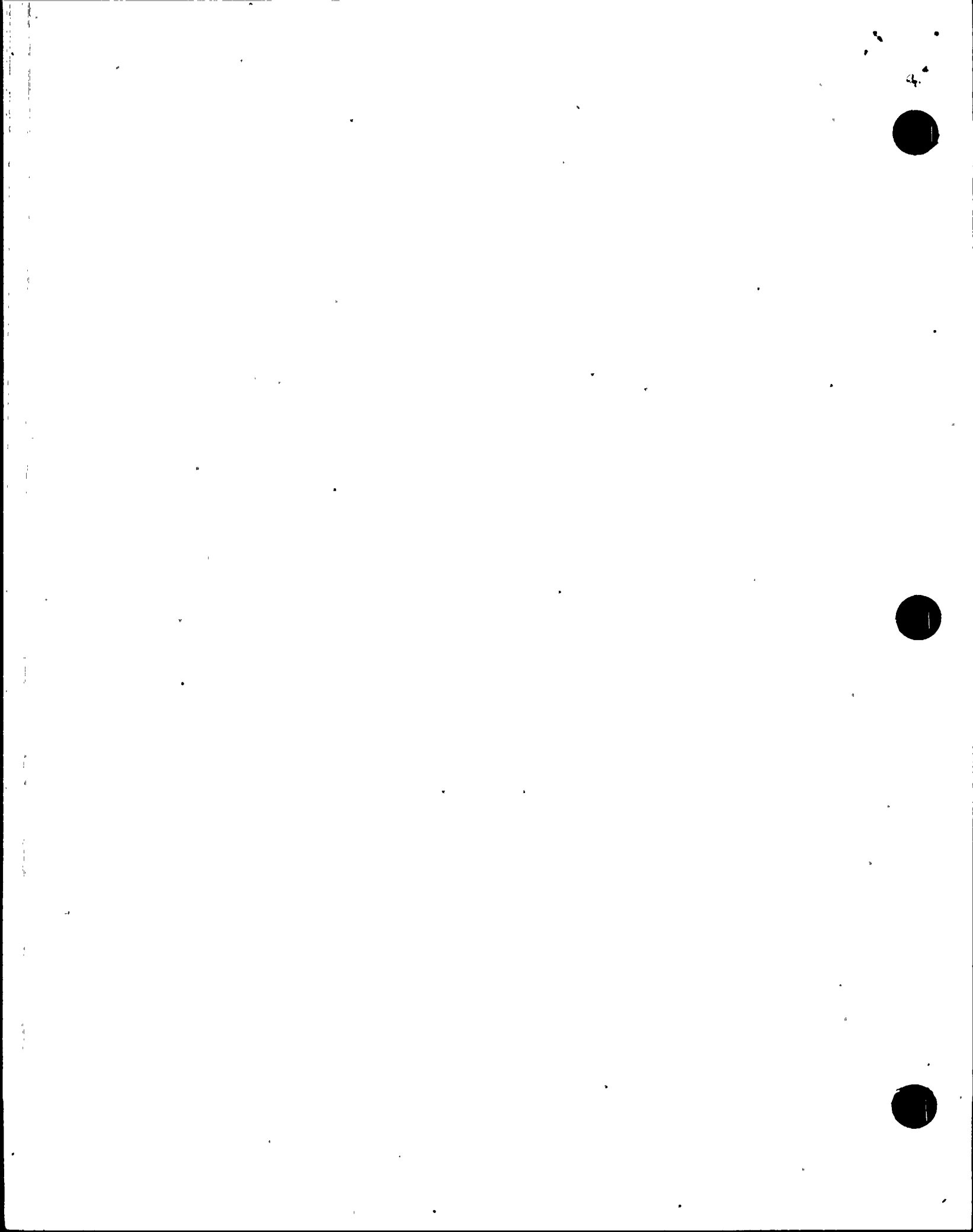
cc w/enclosures:

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

Douglas K. Porter, Senior Counsel
Southern California Edison Company
Law Department, Generation Resources
P.O. Box 800
Rosemead, California 91770

Chairman
Maricopa County Board of Supervisors
301 W. Jefferson, 10th Floor
Phoenix, Arizona 85003

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



Arizona Public Service Company

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

John C. Horne, Vice.President
Power Supply
El Paso Electric Company
2025 N. Third Street, Suite 220
Phoenix, Arizona 85004

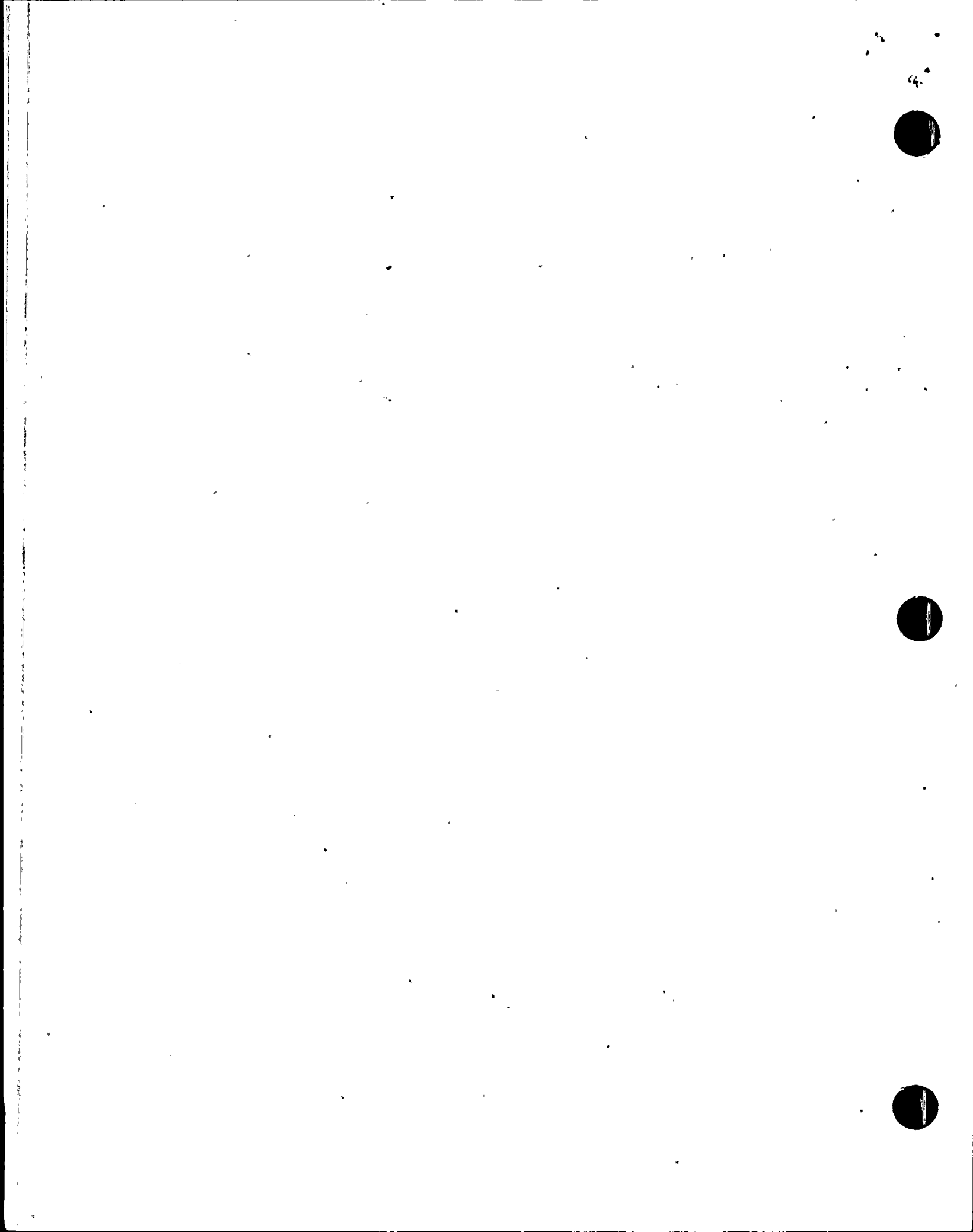
Terry Bassham, Esq.
General Counsel
El Paso Electric Company
123 W. Mills
El Paso, Texas 79901

Mr. John W. Schumann
Los Angeles Department of Water & Power
Southern California Public Power Authority
P.O. Box 51111, Room 1255-C
Los Angeles, California 90051-0100

Mr. David Summers
Public Service Company of New Mexico
414 Silver SW, #1206
Albuquerque, New Mexico 87102

Mr. Brian Katz
Southern California Edison Company
14300 Mesa Road, Drop D41-SONGS
San Clemente, California 92672

Mr. Robert Henry
Salt River Project
6504 East Thomas Road
Scottsdale, Arizona 85251



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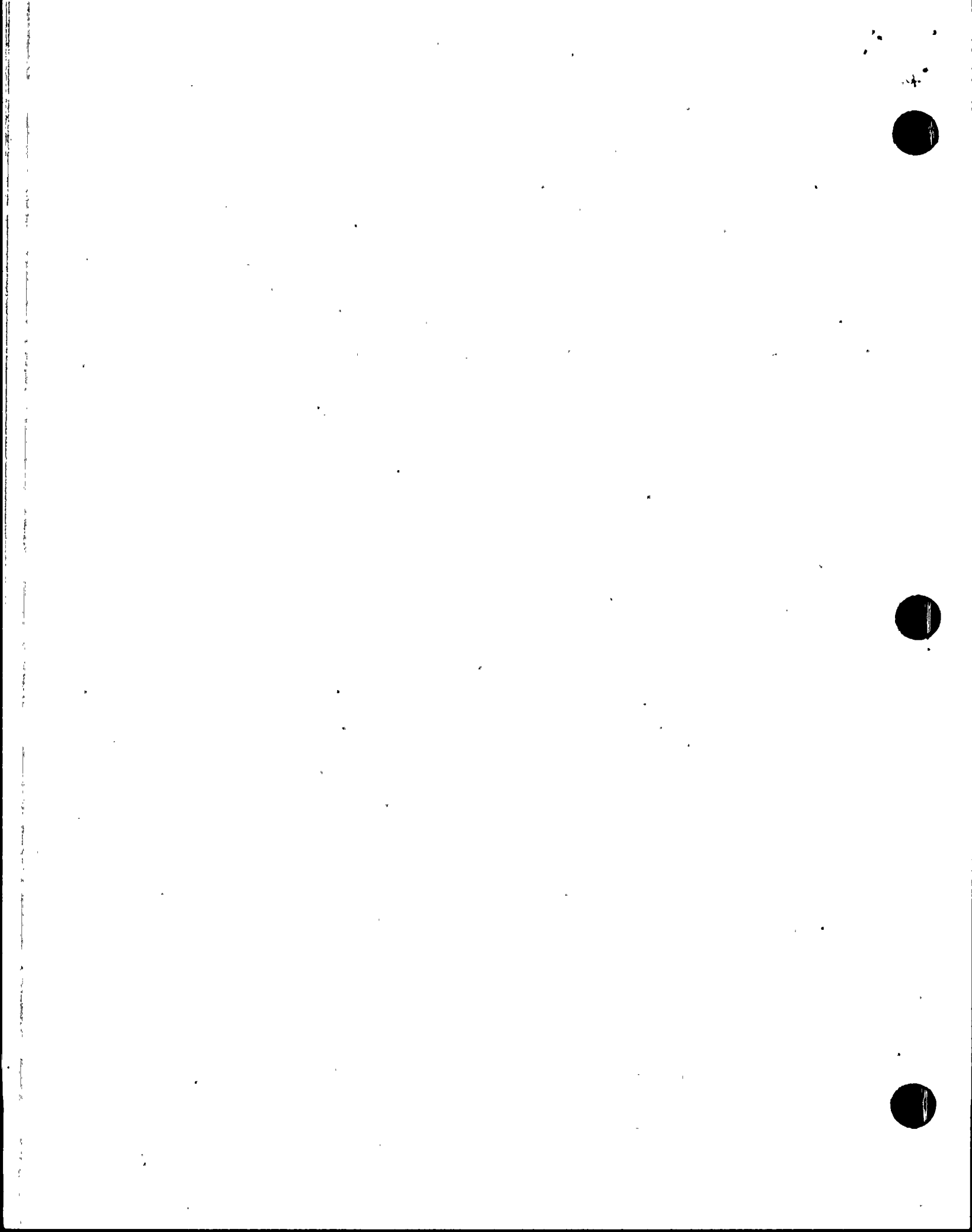
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ENCLOSURE 1

ARIZONA PUBLIC SERVICE COMPANY
NRC INSPECTION REPORT MARKUP AND COMMENTS



8/28/98

NRC INSPECTION REPORT 50-528/98-14; 50-529/98-14; 50-530/98-14

ENCLOSURE 1

UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS
August 28, 1998

EA 98-382

James M. Levine, Senior Vice
President, Nuclear
Arizona Public Service Company
P.O. Box 53999
Phoenix, Arizona 85072-3999

SUBJECT: NRC INSPECTION REPORT 50-528/98-14; 50-529/98-14; 50-530/98-14

Dear Mr. Levine:

From May 26 through July 21, 1998, a special inspection was conducted at your Palo Verde Nuclear Generating Station, Units 1, 2, and 3, reactor facilities in response to your identification of degraded performance capabilities of the high-pressure safety injection system. Additional in-office review was conducted following the onsite portion of the inspection and an exit meeting was conducted on July 21, 1998. The enclosed report presents the scope and results of that inspection.

Based on the results of the inspection, four apparent violations were identified and are being considered for escalated enforcement action in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600, Revision 1. These apparent violations involve: 1) one apparent violation with two examples of Technical Specification 3.5.2 for operating Units 1 and 2 with an inoperable high-pressure safety injection system flowpath for greater than the allowed outage time; 2) one apparent violation with three examples of Technical Specification 3.0.3 for having both trains of the high-pressure safety injection system (Units 1 and 2) inoperable without initiating actions to shut down the plant; 3) one apparent violation with five examples of 10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action," for not promptly identifying and not promptly correcting problems with the high-pressure safety injection pump discharge check valves; and 4) one apparent violation with two examples of Technical Specification 6.8.1 for not making required control room log entries. Accordingly, no Notice of Violation is presently being issued for these inspection findings. In addition, please be advised that the number and characterization of apparent violations described in the enclosed report may change as a result of further NRC review.

An open predecisional enforcement conference to discuss these apparent violations has been scheduled for September 14, 1998, at 9 a.m. (CDT) in the Region IV office. The decision to hold a predecisional enforcement conference does not mean that the NRC has determined that violations have occurred or that enforcement action will be taken. This conference is being held



to obtain additional information to enable the NRC to make an enforcement decision, such as a common understanding of the facts, root causes, missed opportunities to identify the apparent violations sooner, corrective actions, significance of the issues, and the need for lasting and effective corrective action.

The predecisional enforcement conference will provide an opportunity for you to point out any errors in our inspection report and for you to provide any information concerning your perspectives on 1) the severity of the violations, 2) the application of the factors that the NRC considers when it determines the amount of a civil penalty that may be assessed in accordance with Section VI.B.2 of the Enforcement Policy, and 3) any other application of the Enforcement Policy to this case, including the exercise of discretion in accordance with Section VII.

In addition, during the predecisional enforcement conference, we would like you to address: 1) the adequacy of your operating experience assessment program to identify the applicability of operating experience and to properly assess industry or in-house information on the operation of your facilities; 2) the adequacy of your inservice testing program to determine check valve operability; 3) efforts to improve operator logkeeping practices; 4) the evaluation of the as-found degraded condition of the high-pressure safety injection system with respect to conformance to the emergency core cooling system acceptance criteria of 10 CFR 50.46; and 5) the justification that a failure of an emergency diesel generator to continue running at some point during its mission time should not be considered the most limiting single failure consideration. With respect to item 4), to the extent that this evaluation used assumptions and inputs that were different from those that were in effect prior to the discovery of the condition, we request that you specifically identify these differences and discuss the bases for them.

You will be advised by separate correspondence of the results of our deliberations on this matter. No response regarding these apparent violations is required at this time.

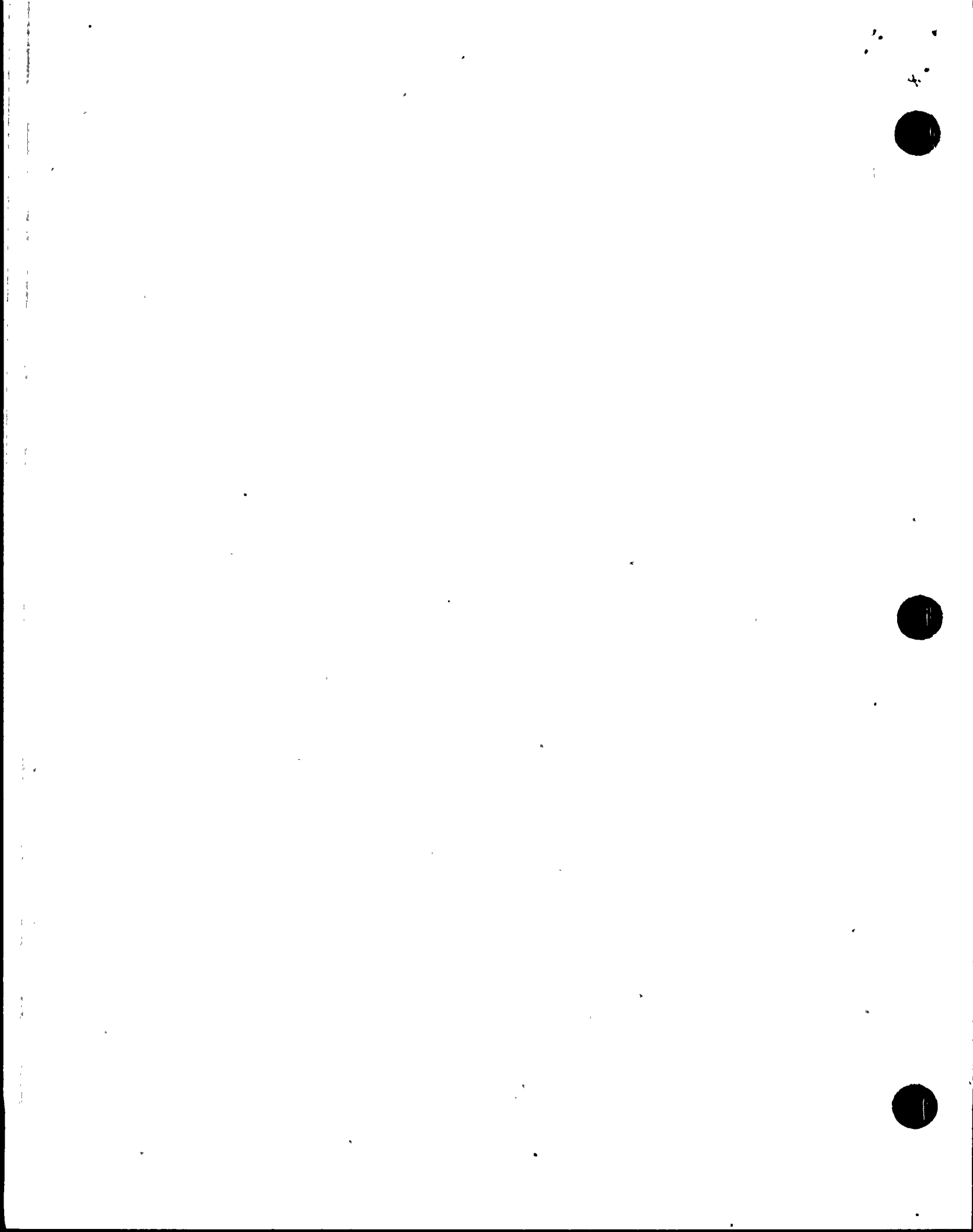
In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room (PDR).

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

Sincerely,

Division of Reactor Safety

Docket Nos.: 50-528; 50-529; 50-530
License Nos.: NPF-41; NPF-51; NPF-74



Arizona Public Service Company

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Enclosure:

NRC Inspection Report
50-528/98-14; 50-529/98-14; 50-530/98-14

cc w/enclosure:

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

Douglas K. Porter, Senior Counsel
Southern California Edison Company
Law Department, Generation Resources
P.O. Box 800
Rosemead, California 91770

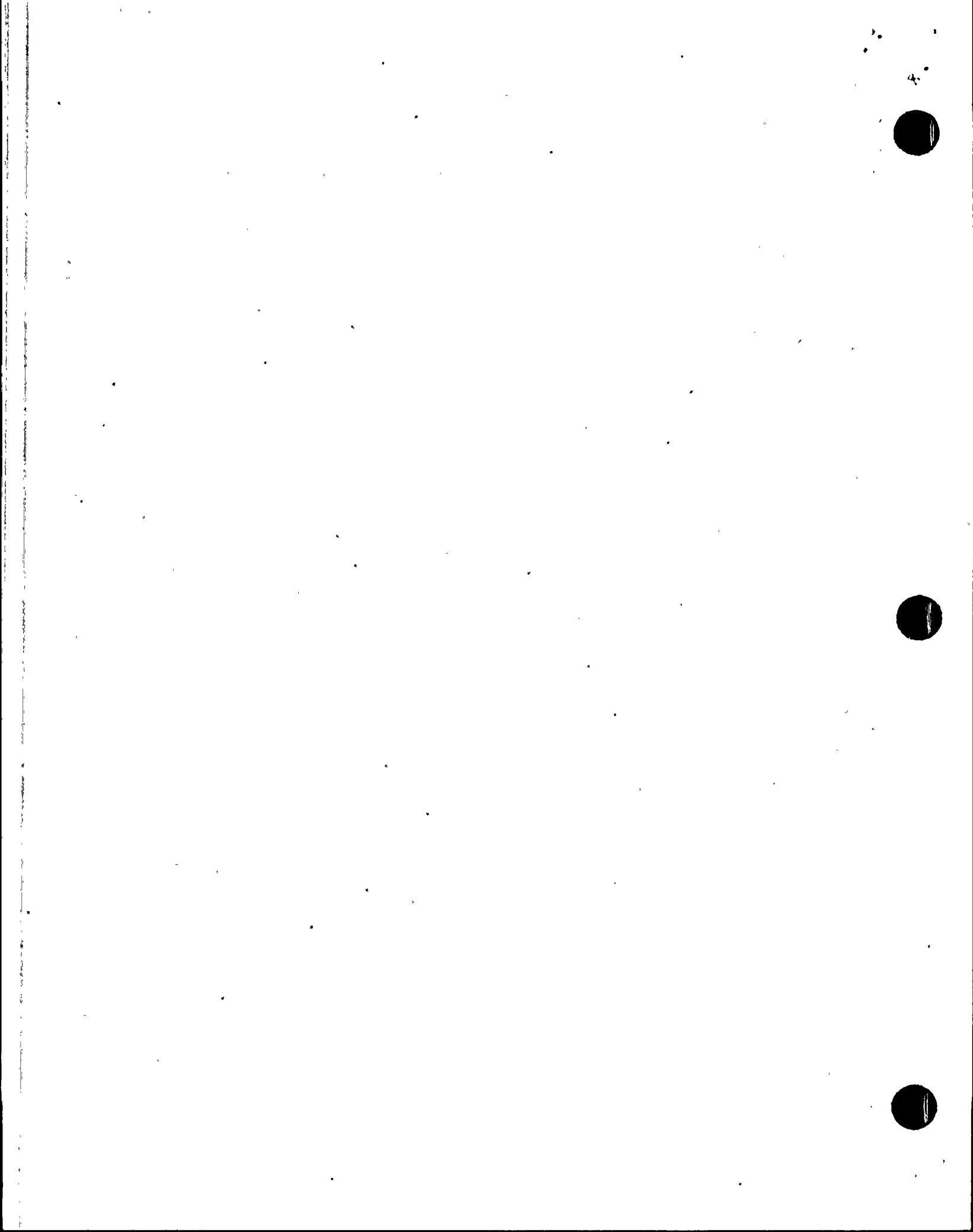
Chairman
Maricopa County Board of Supervisors
301 W. Jefferson, 10th Floor
Phoenix, Arizona 85003

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

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

John C. Horne, Vice President
Power Supply
El Paso Electric Company
2025 N. Third Street, Suite 220
Phoenix, Arizona 85004

Terry Bassham, Esq.
General Counsel
El Paso Electric Company
123 W. Mills
El Paso, Texas 79901



Arizona Public Service Company

-4-

Mr. Robert Burt
Los Angeles Department of Water & Power
Southern California Public Power Authority
111 North Hope Street, Room 1255-B
Los Angeles, California 90051

Mr. David Summers
Public Service Company of New Mexico
414 Silver SW, #1206
Albuquerque, New Mexico 87102

Mr. Brian Katz
Southern California Edison Company
14300 Mesa Road, Drop D41-SONGS
San Clemente, California 92672

Mr. Robert Henry
Salt River Project
6504 East Thomas Road
Scottsdale, Arizona 85251

