



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
1600 EAST LAMAR BOULEVARD  
ARLINGTON, TEXAS 76011-4511

December 7, 2017

Mr. Robert S. Bement  
Executive Vice President Nuclear/  
Chief Nuclear Officer  
Arizona Public Service Company  
P.O. Box 52034, MS 7602  
Phoenix, AZ 85072-2034

SUBJECT: CLOSURE OF INVESTIGATION (OI 4-2016-030)

Dear Mr. Bement:

This refers to an investigation conducted by the U.S. Nuclear Regulatory Commission's (NRC's) Office of Investigations regarding activities at the Palo Verde Nuclear Generating Station. The Office of Investigations initiated the investigation to determine if an oil lubricant was acceptable based upon the trends the lubricant exhibited, and if the chemistry manager, chemistry operations superintendent, and lubrication engineer willfully conspired to generate false laboratory results that showed a consistent trend.

Based on the evidence developed during the investigation, the allegation that an oil lubricant was acceptable based upon the trends the lubricant exhibited, and if the chemistry manager, chemistry operations superintendent, and lubrication engineer willfully conspired to generate false laboratory results that showed a consistent trend was not substantiated. The NRC plans no further action related to the willful aspect of this allegation and considers this investigation closed.

You should note that final NRC documents may be made available to the public under the Freedom of Information Act subject to redaction of information pursuant to the Freedom of Information Act. Requests under the Freedom of Information Act should be made in accordance with 10 CFR 9.23, Requests for Records. Information is accessible from the NRC's website at <http://www.nrc.gov/reading-rm/foia/foia-request.html#how>.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

A handwritten signature in blue ink that reads "G. Michael Vasquez".

G. Michael Vasquez, Team Leader  
Allegation Coordination and Enforcement Staff

Dockets: 50-528; 50-529; 50-530  
Licenses: NPF-41; NPF-51; NPF-74