

PDR



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D. C. 20555

March 15, 1994

OFFICE OF THE
CHAIRMAN

Note to: File

From: Ed Baker *EB*

SUBJECT: NOTES FROM MARCH 1, 1994 DROP-IN VISIT BETWEEN THE
CHAIRMAN AND MARK DEMICHELE, PRESIDENT AND CEO, APS AND
BILL CONWAY, VP NUCLEAR, APS

Mr. DeMichele opened with a discussion of the Saporito discrimination finding by DOL and the subsequent discovery that information had been withheld from DOL and a supervisor had lied under oath concerning his reasons for not hiring Mr. Saporito. Mr. DeMichele went on to discuss the results of licensee's investigation of those issues and the corrective actions that APS has taken since. The corrective actions included employee meetings by DeMichele and Conway, training which stresses employee accountability, and revamping of the employee concerns program.

There was also a discussion of the licensee's credibility with the public and the NRC and the steps needed to reestablish credibility.

Mr. DeMichele briefly discussed APS's organization and financial condition.

The Chairman then asked how the steam generators were doing at Palo Verde. Bill Conway stated that with the exception of one generator in Unit 2 they were doing fairly well. However, he did say that they may have to replace them before they reach 40 years. He complimented the staff on their review of the steam generator tube issue.

Mr. Conway went on to say that the last SALP was accurate and that performance had improved since then. The Chairman said he wasn't sure that we saw that improvement. After further discussion of perceptions of current performance, the Chairman committed to review the issue with the staff.

Note: Subsequent discussions with the NRR and Region V staff confirmed that, in the staff's view, performance was improving. This information was relayed to Mr. Conway.

cc: PDR

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