



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION V

1450 MARIA LANE
WALNUT CREEK, CALIFORNIA 94596-5368

FEB 13 1994

Docket Nos. 50-528, 50-529 and 50-530
License Nos. NPF-41, NPF-51 and NPF-74
EA 94-011

Arizona Public Service Company
P.O. Box 53999, Station 9082
Phoenix, Arizona 85072-3999

Attention: Mr. William F. Conway
Executive Vice President, Nuclear

SUBJECT: NRC ENFORCEMENT CONFERENCE REPORT 50-528/94-06, 50-529/94-06,
AND 50-530/94-06

This refers to the enforcement conference held with members of your staff on February 8, 1994, at the Region V Office, Walnut Creek, California. The conference was related to activities conducted under NRC licenses listed above. Subjects discussed during the conference are described in the report which is enclosed for your information.

The purpose of the enforcement conference was to discuss the circumstances and apparent violations associated with: (1) failure to ensure that your contractor, B&W Nuclear Technology (BWNT), provided APS all derogatory information developed about applicants for unescorted access, and your consequent failure to review and evaluate pertinent background information developed during access authorization investigations, before granting individuals unescorted site access at Palo Verde; and (2) failure to ensure your contractor (BWNT) conducted annual required audits of its private investigative agencies that assisted BWNT in conducting background investigations. These apparent violations were identified during a special inspection conducted on December 15-17, 1993, at your Palo Verde Nuclear Generating Station, and are summarized in NRC Inspection Report 93-54, dated January 21, 1994.

Our actions concerning the apparent violations discussed at the conference will be the subject of separate correspondence. No response to this letter is required.

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.

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Your continued cooperation is appreciated. If you have any questions concerning this enforcement conference report, we will be pleased to discuss them with you.

Sincerely,

Frank Wenslawski
for Ross A. Scarano, Director
Division of Radiation Safety
and Safeguards

Enclosure:

Inspection Report Nos. 50-528/94-06
50-529/94-06
50-530/94-06

cc:

Mr. Paul Caudill, Director, Services Division, APS
Mr. Ronald J. Stevens, Director, Nuclear Regulatory Affairs, APS
Mr. Steve Olea, Arizona Corporation Commission
Mr. James A. Beoletto, Esq., Southern California Edison Company
Mr. Charles B. Brinkman, Manager, Washington Nuclear Operations
Mr. Aubrey Godwin, Director, Arizona Radiation Regulatory Agency
Chairman, Maricopa County Board of Supervisors
Mr. Jack R. Newman, Esq., Newman & Holtzinger, P.C.
Mr. Curtis Hoskins, Executive Vice President and Chief Operating Officer, Palo Verde Services
Mr. Roy P. Lessey, Jr., Esq., Akin, Gump, Strauss, Hauer and Fled
Mr. Bradley W. Jones, Esq., Akin, Gump, Strauss, Hauer and Feld

bcc:
 RV Docket File
 Inspection File
 K. Perkins
 D. Sullivan, ILPB (Electronic Copy)
 J. Lieberman, OE
 N. Ervin, NRR/PSGB
 E. McCabe, Region I
 D. McGuire, Region II
 J. Creed, Region III
 B. Murray, Region IV
 Resident Inspector
 Project Inspector
 G. Cook
 M. Smith
 D. Riley
 R. Marsh, RIII

Region/

ms
 D Schaefer
 2/15/94

RP
 R Pate
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M. Blume
 M Blume
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 F Wenslawski
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 R Scarano
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