



# SAFEGUARDS INFORMATION

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION V

1450 MARIA LANE  
WALNUT CREEK, CALIFORNIA 94596-5368

JAN 8 1 1992

Docket Nos. 50-528, 50-529 and 50-530  
License Nos. NPF-41, NPF-51 and NPF-74  
EA 92-14

Arizona Public Service Company  
P.O. Box 53999, Station 9012  
Phoenix, Arizona 85072-3999

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

SUBJECT: NRC INSPECTION REPORT 50-528/92-01, 50-529/92-01, AND 50-530/92-01

This refers to the inspection conducted by Messrs. D. Schaefer and M. Schuster of this office on January 13-17, 1992. The inspection included a review of activities authorized for your Palo Verde facility. At the conclusion of the site visit, the preliminary findings were discussed with you and members of your staff identified in the enclosed inspection report. Mr. Kanitz of your staff discussed additional information with D. Schaefer of this office on January 23, 1992.

Areas examined during this inspection included activities related to physical security as described in the enclosed inspection report. Within these areas, the inspection consisted of selective examination of procedures and representative records, interviews with personnel, and observations of activities in progress.

Based on the results of this inspection, three apparent violations were identified. These violations involve: (1) failure to maintain positive access control of individuals entering vital areas, (2) failure to implement appropriate security compensatory measures, and (3) failure to protect safeguards information. Violations 1 and 2 are being considered for escalated enforcement action in accordance with the "General Statement of Policy and Preparedness for NRC Enforcement Actions," (Enforcement Policy) 10 CFR Part 2, Appendix C (1991). Accordingly, no Notice of Violation is presently being issued for these inspection findings. Violation 3, failure to protect safeguards information, is not being considered for escalated enforcement action. In addition, please be advised that the number and characterization of apparent violations described in the enclosed inspection report may change as a result of further NRC review.

An enforcement conference to discuss these apparent violations has been scheduled for February 11, 1992. The purposes of this conference are to discuss the apparent violations, their causes and safety significance; to provide you the opportunity to point out any errors in our inspection report; to provide an opportunity for you to present your proposed corrective actions; and to discuss any other information that will help us determine the appropriate enforcement action in accordance with the Enforcement Policy. In particular we expect you to address the lack of positive access control for

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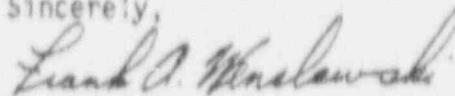
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vital areas, and your continued problems associated with compensatory security measures. It appears that previous corrective actions in these areas have been less than fully effective. Additionally, please be prepared to address the adequacy of the training provided to your temporary contract security officers as it relates to these violations. No response regarding these apparent violations is required at this time.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR Part 73.21 and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be placed in the Public Document Room.

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

Sincerely,



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

Enclosure:

Inspection Report Nos. 50-528/92-01  
50-529/92-01  
50-530/92-01

cc w/enclosure:

Mr. J. Levine, APS  
Mr. J. Bailey, APS  
Mr. S. Guthrie, APS  
Mr. T. Bradish, APS  
Mr. F. Larkin III, Security Manager, APS

cc w/o enclosure:

Mr. O. DeMichele, APS  
Mr. E. Simpson, APS  
Mr. R. Page, APS  
Mr. A. Gehr, Esq., Snell & Wilmer  
Mr. A. Gutlerman, Newman & Holtzinger, P.C.  
Mr. J. Boeletto, Esq., Assistant Council, SCE Company  
Mr. C. Brinkman, Combustion Engineering, Inc.  
Mr. W. Wright, Acting Director, Arizona Radiation Regulatory Agency  
Chairman, Maricopa County Board of Supervisors  
Mr. S. Olea, Chief, Engineering, Arizona Corporation Commission  
Mr. I. Troncoso, El Paso Electric Company  
Mr. R. Lessy, Jr., Esq., Akin, Gump, Strauss, Hauer and Feld  
Mr. B. Jones, Esq., Akin, Gump, Strauss, Hauer and Feld

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RScarano  
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