

SEP 14 1984

Docket Nos. 50-528
50-529

Arizona Public Service Company
P. O. Box 21666
Phoenix, Arizona 85036

Attention: Mr. E. E. Van Brunt, Jr.
Vice President, Nuclear Production

Gentlemen:

Subject: NRC Inspection of Palo Verde Units 1 and 2

This refers to the inspection conducted by Messrs. R. Zimmerman, G. Fiorelli, and C. Bosted of this office on July 2 - August 11, 1984 of activities authorized by NRC Construction Permit Nos. CPPR 141 and 142 and to the discussions of our findings held by Mr. Zimmerman with you and members of your staff periodically during the inspection.

Areas examined during this inspection are described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspector.

Based on the results of this inspection, it appears that one of your activities was not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. You are required to respond to this letter and in preparing your response, you should follow the instructions in Appendix A.

In addition to the above violation, we are concerned with what appears to be a developing trend indicating a lack of sufficient controls to assure proper equipment lineup prior to component operation. During the past year, there have been several instances where abnormal operating conditions have occurred. These could have been avoided with better communication, coordination, and attention to procedural requirements. Two of the most recent situations are documented in paragraphs 6 and 9 of the enclosed report. While it is recognized that corrective efforts have been taken as a result of past operating problems, it does not appear that they have been completely effective, and further management attention is warranted. In addition to your response to the violation, please include those actions you plan to take to preclude future experiences of the type referenced above, resulting from improper equipment lineups.

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We have also recently become aware of your inability to fully staff the Nuclear Safety Group and the Independent Safety Engineering Group with APS personnel. We understand that you are aggressively pursuing the filling of vacancies with qualified, experienced personnel within the next several months. We further understand that you intend to arrange an independent audit to assess the effectiveness of the Nuclear Safety Group. This audit is tentatively scheduled for late 1984 or early 1985. We will monitor your progress in staffing these two important review groups. If our understanding of your actions is not correct please advise this office immediately.

In accordance with 10 CFR 2.790(a), a copy of this letter and the enclosure will be placed in the NRC Public Document Room unless you notify this office, by telephone, within ten days of the date of this letter and submit written application to withhold information contained therein within thirty days of the date of this letter. Such application must be consistent with the requirements of 2.790(b)(1).

The responses directed by this letter and the accompanying Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

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

Sincerely,

Original signed by
R. A. Bishop

T. W. Bishop, Director
Division of Reactor Safety & Projects

Enclosure:
Inspection Report Nos. 50-528/84-28
50-529/84-22

cc w/enclosure:
J. Bynum, APS
S. R. Frost, APS
T. D. Shriver, APS
Ms. Jill Morrison
Lynne Bernabei, GAP
Arthur C. Gehr, Esq.

bcc: RSB/Document Control (RIDS); Mr. Martin; Resident Inspector;
pink/green/docket file copies; Joan Zollicoffer

RV
Zimmerman/dot Fiorelli Bosted Miller A. Johnson Bishop Forr Bishop

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