

UNITED STATES NUCLEAR REGULATORY COMMISSIONDOCKET NOS. 50-529, 50-529 AND 50-530ARIZONA PUBLIC SERVICE COMPANYPALO VERDE NUCLEAR GENERATING STATION, UNIT NOS. 1, 2, AND 3ISSUANCE OF DIRECTOR'S DECISION UNDER 10 CFR § 2.206

Notice is hereby given that the Director, Office of Nuclear Reactor Regulation, has acted on a Petition for action under 10 CFR § 2.206 received from Mr. Thomas J. Saporito, Jr., on behalf of Florida Energy Consultants, Inc., dated May 27, 1994, as supplemented on July 8, 1994, for the Palo Verde Nuclear Generating Station, Unit Nos. 1, 2, and 3.

In a letter dated May 27, 1994, the Petitioner requested that the NRC (1) institute a show-cause proceeding pursuant to 10 CFR § 2.202 to modify, suspend, or revoke the operating licenses for Palo Verde; (2) issue a notice of violation against the licensee for continuing to employ The Atlantic Group (TAG) as a labor contractor at Palo Verde; (3) investigate alleged material false statements made by William F. Conway, Executive Vice President at Palo Verde, during his testimony at a Department of Labor hearing (ERA Case No. 92-ERA-030) and, in the interim, require that he be relieved of any authority over operations at Palo Verde; (4) investigate the licensee's statements in a letter of August 10, 1993, from Mr. Conway to the former NRC regional administrator, Mr. Bobby H. Faulkenberry, that Mr. Saporito gave materially false, inaccurate, and incomplete information on his application for unescorted access to Palo Verde and that, as a result, he lacks trustworthiness and reliability for access to Palo Verde; (5) investigate the circumstances surrounding the February 1994 termination of licensee employee

Joseph Straub, a former radiation protection technician at Palo Verde, to determine if his employment was illegally terminated by the licensee because he engaged in "protected activity" during the course of his employment; (6) require the licensee to respond to a "chilling effect" letter regarding the circumstances surrounding Mr. Straub's termination from Palo Verde and to specify whether any measures were taken to ensure that his termination did not have a chilling effect at Palo Verde; and (7) initiate appropriate actions to require the licensee to immediately conduct eddy current testing on all steam generators at Palo Verde because the steam generator tubes were recently found to be subject to cracking.

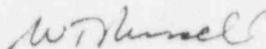
In a letter dated July 8, 1994, the Petitioner raised six additional issues. This supplemental Petition asked the NRC to (1) institute a show-cause proceeding pursuant to 10 CFR § 2.202 for the modification, suspension, or revocation of the Palo Verde operating licenses for Units 1, 2, and 3; (2) modify the Palo Verde operating licenses to require operation at 86-percent power or less; (3) require the licensee to submit a No Significant Hazards safety analysis to justify operation of those units above 86-percent power; (4) take immediate action (e.g., by confirmatory order) to make the licensee reduce operation to 86-percent power or less; (5) require the licensee to analyze a design-basis steam generator tube rupture (SGTR) event to show that the offsite radiological consequences do not exceed a small fraction of the limits of 10 CFR Part 100; and (6) require the licensee to demonstrate that its emergency operating procedures for SGTR events are adequate and that the plant operators are sufficiently trained in emergency operating procedures.

The Director of the Office of Nuclear Reactor Regulation has determined that requests 1, 2, 3, 5, and 6 of the July 8, 1994, Petition supplement should be denied for the reasons stated in the "Director's Decision Under 10 CFR § 2.206" (DD-96-08), the complete text of which follows this notice and which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, N.W., Washington, D.C. 20555, and at the local public document room located at the Phoenix Public Library, 1221 N. Central Avenue, Phoenix, Arizona 85004. The Petitioners' two requests for immediate action (Request 7 of the May 27, 1994 Petition and Request 4 of the July 8, 1994, Petition supplement) were denied in a letter dated July 26, 1994. The remaining requests are under consideration and will be addressed in a separate decision. A Director's Decision (DD-96-04) regarding Requests 1 through 6 in the Petition of May 27, 1994, was issued under separate cover letter on June 3, 1996.

A copy of this Decision will be filed with the Secretary for the Commission's review in accordance with 10 CFR § 2.206. As provided by the regulation, the Decision will constitute the final action of the Commission 25 days after the date of issuance of the Decision unless the Commission on its own motion institutes a review of the Decision within that time.

Dated at Rockville, Maryland, this 25th day of June 1996.

FOR THE NUCLEAR REGULATORY COMMISSION



William T. Russell, Director  
Office of Nuclear Reactor Regulation