

OCT 17 1985

RSB

Docket Nos. 50-528 and 70-2984

Arizona Nuclear Power Project
P. O. Box 52034
Phoenix, Arizona 85072-2034

Gentlemen:

Subject: NRC Security Inspection - Palo Verde, Units 1 and 2

This letter refers to the routine Safeguards inspection of your activity at Palo Verde Nuclear Generating Station (PVNGS), Units 1 and 2, by Mr. D. Schaefer of this office on September 23-27, 1985. It also refers to the discussion of our inspection findings with Mr. E. Van Brunt, Executive Vice President of the Arizona Nuclear Power Project (ANPP) on September 27, 1985.

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

Based on the results of this inspection, it appears that your activities were not in full compliance with NRC regulations, as set forth in the Notice of Violation, enclosed herewith as Appendix A.

In accordance with Section 2.790(d) of NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, documentation of the findings of your safeguards and security procedures are exempt from public disclosure; therefore, the enclosed inspection report, Appendix A, and your response to items listed in Appendix A thereto, will not be placed in the Public Document Room and will receive limited distribution.

We have determined that the enclosed inspection report contains Safeguards Information and must be protected against unauthorized disclosure in accordance with the provisions of 10 CFR 73.21.

ENCLOSURE CONTAINS
SAFEGUARDS INFORMATION.
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SAFEGUARDS INFORMATION

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

Sincerely,

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

Enclosures:

- 1. Appendix A - Notice of Violation
- 2. Inspection Report
Nos. 50-528/85-30, 70-2984/85-01 (IE-V-711)

cc w/enclosures:

- J. Bynum, ANPP
- S. R. Frost, ANPP
- T. D. Shriver, ANPP
- W. E. Ide, ANPP
- C. N. Russo, ANPP
- Due Railsback, ACC

bcc:

- RSB/Document Control Desk (RIDS) w/o encl. 2
- Mr. J. Martin (w/encl)
- Mr. B. Faulkenberry (w/encl)
- G. Cook (w/o encl)
- Resident Inspector (w/o encl)

RV 2
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