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Coalition for Responsible Energy Education

ARIZONA A.C.O.R.N. - ARIZONA FARM WORKERS UNION - ARIZONA FEDERATION OF TEACHERS LOCAL 2080 - ARIZONA NATION FOR SURVIVAL - ARIZONIANS FOR A BETTER ENVIRONMENT - ARIZONA SOLAR ENERGY ASSOCIATION - BIG MUD LEGAL DEFENSE FUND - CITIZENS FOR A NON-NUCLEAR FUTURE - COALITION FOR PEACE AND JUSTICE AT ASU - COMM FOR A NON-NUCLEAR FUTURE - ORGANIZATION FOR RENEWABLE ENERGY - PALO VERDE INTERVENTION FUND - PALO TRUTH FORCE - SAGUARO ALLIANCE - TRI-CITY NATIONAL ORGANIZATION FOR WOMEN - VALLEY OF THE SUN GRAY PA - WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM - Founding Member - President of CREE, January. CREE is a project of Arizonans for a Better Environment. All donations to CREE are tax-exempt.

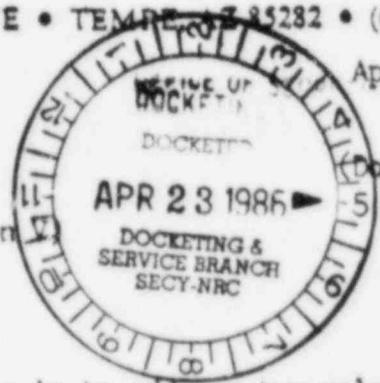
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April 22, 1986

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United States Nuclear
Regulatory Commission
Attn.: The Commission
D.F. Kirsch (Regional)
Washington, D.C. 20555



Docket Nos. 50 and 50

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Dear Commissioners:

The purpose of this letter is to address two related concerns affecting the issuance of a full-power operating license for the Palo Verde Unit 2 facility. The first set of concerns deals directly with the proposed licensing. The second addresses certain changes in and comments on the 1985 SALP Report for Palo Verde Nuclear Generating Station; and a copy of this letter, accordingly, is being mailed to Mr. Kirsch.

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On January 17, 1986, the Coalition for Responsible Energy Education ("CREE" or the "Coalition") filed a 2.206 petition with the Director, Office of Nuclear Reactor Regulation, alleging management incompetence and poor character of Arizona Nuclear Power Project/Arizona Public Service sufficient (in our view) to raise serious questions about the capability of that licensee to safely simultaneously operate Palo Verde Units 1 & 2 at this time. The relief requested was the temporary suspension of the Unit 2 low-power operating license, deferral of any action on the Unit 2 full-power license, and the implementation of special inspection activity designed to improve overall management performance. Said petition was supplemented on January 21. On February 1, CREE filed a special emergency petition to the Commission to consider these management concerns prior to acting on the full-power license for Unit 2

After certain delays, the issuance of a full-power operating license for Palo Verde Unit 2 is now before the Commission. Accordingly, CREE implores you to consider at this time whether deferral of such licensing is in order, at least pending a Director's Decision on these various petitions. (On February 18, Mr. Denton acknowledged the CREE petitions, expressed his reasons for believing immediate action was not required, and pledged subsequent action.) CREE realizes that the issues raised in its petition are manifold and complex, and we have no wish to rush a deliberate consideration of all the points raised there. Neither, however, do we wish to see a licensing decision rush through unnecessarily, even on an interim basis, when these and other significant issues (i.e., the seismic qualification of certain structures at all three Palo Verde facilities) remain undecided. Candidly, such last minute reprieves do not create the impression that this Commission puts the public safety first.

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We also recognize that the NRC has imposed certain limitations on the simulated operation of the two operable Palo Verde units in the same mode. For the reasons stated in our petition, we are unconvinced that this precaution - although it reflects somewhat our own concerns - adequately addresses the concerns we have raised. At the very least, it would enhance public confidence in any licensing decision if these existing limitations were explicitly reviewed prior to licensing and strengthened where necessary.

The special nature of those concerns should be considered more carefully than thus far occurred. In a preceding paragraph, the word "overall" has been emphasized deliberately. It is CREE's contention that the continuing and pervasive nature of the management errors cited in its petitions gives rise to more concern about management competence and character of the licensee than the individual incidents might merit if taken separately. Any analysis of ANPP/APS performance that fails to account for the cumulative nature of these problems misses the essence of our concern.

It is in this light that we are disturbed by the observation, in Mr. Denton's February 18 response, that many of these issues we raise are based upon SALP findings which have led to NRC orders to correct deficiencies and improve overall performance in some areas. All of that is true, and we are grateful to the NRC for the action it has taken; but that response appears to ignore a major concern raised in our petition, to wit: That the SALP methodology is incapable of capturing patterns of management error that cross the functional categories established in SALP and to continue to do so over time. Our concern is not so much with specific behavior or even with plant management behavior within a given SALP functional category with observable recurring behavior patterns; and we frankly do not believe NRC assessments to date have adequately addressed this concern.

While these concerns can and should affect Commission action on the full-power license, they also affect the adequacy of the SALP report as a diagnostic tool. Accordingly, we are providing a copy of this correspondence, as noted, to Mr. Kirsch, as constituting CREE's comments on that Report. Therefore, we wish to call the following to Mr. Kirsch's attention, as well as to the attention of the Commission.

On February 21, 1986, ANPP Executive Vice President and Project Director E. E. Van Brunt, Jr., addressed a correspondence regarding SALP to Region V Administrator J. B. Martin, recommending an editorial change in the SALP Report on Palo Verde for 1985. Additionally, in his cover letter, Mr. Van Brunt addressed a few specific areas in which he believed management had identified problem areas prior to SALP taken effective corrective action. One of these areas was LER performance, where ANPP claims to have addressed SALP concerns via establishment of a new manager position in October, 1985. On April 11, 1986, Mr. D. F. Kirsch, Director, Division of Reactor Safety and Projects, Walnut Creek, addressed a letter to Mr. Van Brunt noting the same editorial changes. In his letter, Mr. Kirsch states that no written comments have been received from ANPP. Both this apparent discrepancy and the editorial change itself, while not reviewed specifically by the Coalition, appear to us to be of minimal significance. However, the comments by Mr. Van Brunt on ANPP LER performance are another matter.

On March 18, 1986, a Region V Inspection Report of Units 2 and 3 at Palo Verde (Nos. 50-529/86-07; 50-530/86-06) included a Notice of Violation (Severity Level 1) for a January 17, 1986, LER (#85-005-00) which violated 10 CFR 50.73. The timing of this violation (between October, 1985, and February, 1986) undermines the assertions contained in Mr. Van Brunt's letter; and to the extent the editorial

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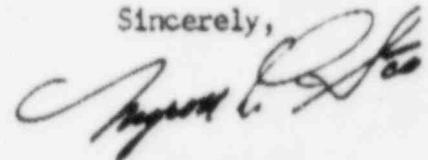
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changes in the SALP Report could be affected by continued LER underperformance, those changes should be reconsidered.

The fact that the nature of the violation is repetitive of concerns about LER performance very thoroughly documented in SALP and various Inspection Reports and, moreover, follows ANPP assurances of adequate corrective action, is further evidence for the concerns about management competence and/or character expressed in CREE's petitions.

The impression is common among local observers of ANPP performance that the rearrangement of management flow charts far too often is substituted for genuine management improvements. This violation is a case in point, and we urge the NRC to demand more of ANPP corrective actions in the future. We similarly urge this Commission to act favorably on CREE's petitions requesting concretely demonstrated improvements in management performance prior to issuance of a Palo Verde Unit 2 full-power license.

Sincerely,



MYRON SCOTT
Intervention Coordi
for the Coalition

cc: D. F. Kirsch
Harold R. Denton