JUL 15 1988

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Docket No 50-528

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

Attention: Mr. D. B. Karner
Executive Vice President

Gentlemen:

Subject: Special NRC Inspection

This letter refers to the special inspection conducted by Messrs. L. Miller, D. Coe, and R. Pate on May 25-26, June 6-10, and June 24, 1988, of activities authorized by NRC License No. NPF-41 and to the discussion of our findings held by Mr. L. Miller with Mr. J. Haynes.

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 inspectors.

Based on the results of the inspection, it appears that you failed to operate the Palo Verde Unit 1 reactor safely in accordance with the technical specification requirements and 10 CFR Part 50 during and subsequent to the reactor startup performed on May 14, 1988. Specifically, the reactor was brought critical below the Transient Insertion Limit, and at an excessive startup rate. Criticality was recognized by the Control Room Supervisor and Primary Reactor Operator, but was neither logged in the official log nor reported to the NRC. No attempt was made to borate as required to restore apparently inadequate shutdown margin, concurrent with the actions that were taken to shutdown the reactor. The initial post trip review report of the incident was not adequate in scope and depth, and did not accurately characterize the incident. Enforcement actions relative to the findings discussed in the enclosed report will be the subject of separate correspondence.

In reviewing the attached inspection report, I was disturbed by the apparent willingness of the operating crew to proceed in a manner contrary to fundamental principles of nuclear reactor operations. I was even more disturbed by the inability or unwillingness of the operations personnel and by Palo Verde management to do a self-critical evaluation of this event. I urge your attention to these two key matters and would appreciate your assessment as to why this situation exists, and what will be done to correct it.

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In accordance with 10 CFR 2.790(a), a copy of this letter will be placed in the NRC Public Document Room.

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

Original signed

John B. Martin
Regional Administrator

Enclosure:
Inspection Report No. 50-528/88-20

cc w/enclosure:
J. G. Haynes, ANPP
W. F. Quinn, ANPP
R. Papworth, ANPP
L. Souza, ANPP
T. D. Shriver, ANPP
C. N. Russo, ANPP
L. Bernabei, GAP
T. Hogan, ACC
A. C. Gehr, Esq., Snell & Wilmer

bcc w/enclosure:
Project Inspector
Resident Inspector
docket file
G. Cook, RV
B. Faulkenberry, RV
J. Martin, RV
T. Foley, NRR

bcc w/o enclosure
J. Zollicoffer
M. Smith

REGION V/dot				
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