

SAFEGUARDS INFORMATION

RSB

APR 02 1986

Docket Nos. 50-528 and 50-529

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

Attention: Mr. E. E. Van Brunt, Jr.
Executive Vice President

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 authorized under NRC License Nos. NPF-41 and NPF-46, respectively. The inspection was conducted by Messrs. D. Schaefer and L. Norderhaug of this office on February 11 through March 13, 1986. It also refers to the discussion of our inspection findings held by the inspectors with Mr. E. Van Brunt Jr., Executive Vice President of the Arizona Nuclear Power Project (ANPP), and members of his staff on February 14, 1986. Further this letter refers to the telephone discussion between Messrs. C. Kelley, ANPP and D. Schaefer of this office on March 13, 1986.

During this inspection, certain of your activities appeared to be in violation with NRC requirements. You will be notified by separate correspondence of our decision regarding enforcement actions based on the findings of this 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 facility and contract personnel and observations by the inspectors.

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 will not be placed in the Public Document Room and will receive limited distribution.

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We have determined that the enclosure to this letter contain Safeguards Information and must be protected against unauthorized disclosure in accordance with the provisions of 10 CFR 73.21.

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

Sincerely,

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

Enclosure:
Inspection Report
Nos. 50-528/86-07
50-529/86-06 (IE-V-737)

cc w/enclosure:
J. Bynum, ANPP
W. F. Quinn, ANPP
T. D. Shriver, ANPP
W. E. Ide, ANPP
C. N. Russo, ANPP

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bcc: RSB/Document Control Desk (RIDS) (w/o enc)
Mr. J. Martin
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G. Cook (w/o enc)
Resident Inspector (w/o enc)
Project Inspector (w/o enc)

RV *RS*
DSchaefer:dh *LN*LNorderhaug *MS*MSchuster *AJ*AJohnson *JM*JMontgomery *ML*Miller *RS*RScarano
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