

MATERIAL TRANSMITTED HERewith CONTAINS
2.790 INFORMATION

JAN 08 1987

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 Nuclear Generating Station,
Units 1 and 2

This letter refers to the special Safeguards inspection of your activities at Palo Verde Nuclear Generating Station (PVNGS), Units 1 and 2 authorized under NRC License Nos. NPF-41 and NPF-51, respectively. The inspection was conducted by Mr. D. Schaefer of this office on November 10 through 13, 1986. It also refers to the discussion of our inspection findings held by the inspector with Mr. J. Bynum, Plant Manager, Palo Verde Nuclear Generating Station on November 13, 1986.

The inspection included an office examination of the results of a "confidential" internal investigation conducted by PVNGS Security and forwarded (as requested) to US NRC, Region V, via ANPP letter dated July 9, 1986. The inspection consisted of an examination of this investigation and telephone interviews with members of the PVNGS staff.

Within the scope of the inspection, no violations were observed.

In accordance with Section 2.790(a) of NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, information of a personal (privacy) nature is 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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Should you have any questions concerning this letter, we will be glad to discuss them with you .

Sincerely,

original signed

James L. Montgomery, Chief
Nuclear Materials Safety and Safeguards
Branch

Enclosure:

Inspection Report Nos. 50-528/86-35 and 50-529/86-35 (IE-V-781)

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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D. Railsback, ACC
A. C. Gehr, Esq., Snell & Wilmer

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REGION V

DSchaefer/dot MSchuster JMontgomery

12/30/86 12/30/86 12/17/86

REQUEST COPY	REQUEST COPY	REQUEST COPY
YES / NO	YES / NO	YES / NO

SEND TO PDR
YES / NO