

# SAFEGUARDS INFORMATION

JUN 13 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 special 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. J. Montgomery, M. Schuster, D. Schaefer and L. Norderhaug of this office on May 5-9, 1986. It also refers to the discussion of our inspection findings held by the inspectors with Mr. E. E. Van Brunt Jr., Executive Vice President of the Arizona Nuclear Power Project (ANPP), and members of his staff on May 9, 1986. Further this letter refers to the telephone discussion between Messrs. C. Kelley, ANPP and D. Schaefer of this office on May 16, 1986.

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.

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. Pursuant to the provisions of 10 CFR 2.201 you are required to respond as indicated therein.

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.

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

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

Sincerely,

*original signed*

Ross A. Scarano, Director

Division of Radiation Safety and Safeguards

Enclosures:

1. Appendix A - Notice of Violation
2. Inspection Report Nos. 50-528/86-17 and 50-529/86-18 (IE-V-751)

cc w/enclosures:

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