

SAFEGUARDS INFORMATION

SEP 20 1989

Docket Nos. 50-528, 50-529 and 50-530

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

Attention: Mr. William F. Conway
Executive Vice President
Nuclear

Gentlemen:

This letter refers to the routine security inspection of your activities at Palo Verde Nuclear Generating Station (PVNGS), authorized under NRC Licenses No. NPF-41, NPF-51, and NPF-74. The inspection was conducted by L. R. Norderhaug and D. W. Schaefer of this office on August 7 through August 31, 1989. It also refers to followup of past inspection items related to Units 1, 2 and 3 and to the discussions of our preliminary inspection findings held by the inspectors with J. Kirby and other members of your staff on August 11, 1989. The preliminary findings were further discussed with D. Nelson of your staff on September 8, 1989.

Areas examined during this inspection included activities related to physical protection as described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with facility and contractor personnel, and observations by the inspector.

Based on the results of this inspection, it appears that certain of your activities were not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation enclosed as Appendix A to this letter. The item has been categorized into a severity level as described in the NRC Enforcement Policy, 10 CFR Part 2, Appendix C. Pursuant to the provisions of 10 CFR 2.201, you are required to respond as indicated in Appendix A, Notice of Violation. Also, certain of your activities appear to have deviated from your commitments to the NRC, as set forth in the Notice of Deviation enclosed as Appendix B to this letter. Please respond also to this notice as requested in Appendix B.

I am concerned about the program weaknesses dealing with security officer overtime and your behavioral observation program. I am particularly concerned that, despite frequent urgings by the inspector to various members of your staff and including discussions in the exit meeting on August 11, 1989, your report of the causes and corrective actions related to an security incident which occurred on March 19, 1989, was not issued until September 18, 1989; nor was the NRC informed of the anticipated further delay. I ask that you also address each of the inspector observations as described in Paragraph 2 of the enclosed inspection report. We would appreciate your comments on these matters within 30 days of the date of this letter.

ENCLOSURE CONTAINS
SENSITIVE INFORMATION.
UNCLASSIFICATION THIS
PAGE IS UNCONTROLLED.

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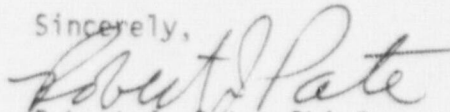
In accordance with Section 2.790(d) of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, documentation of the findings of your safeguards and security procedures are exempt from public disclosure; therefore, the enclosures to this letter will not be placed in the Public Document Room and will receive limited distribution.

We have determined that the enclosures to this letter so designated, contain Safeguards Information and are subject to the controls of 10 CFR 73.21.

The responses directed by this letter and the accompanying Notices are not subject to the clearance provisions of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, P.L. 96-511.

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

Sincerely,



Robert J. Pate, Chief
Nuclear Material Safety and Safeguards
Branch

Enclosures:

- A. Appendix A - Notice of Violation
- B. Appendix B - Notice of Deviation
- C. Inspection Report No. 50-528/89-32
50-529/89-32
50-530/89-32 (IE-V-899)

cc w/enclosures:

- J. G. Haynes, ANPP
- W. F. Quinn, ANPP
- T. D. Shriver, ANPP
- C. N. Russo, ANPP
- R. Dube, NRR

cc w/o enclosures:

- B. E. Ballard, Sr., ANPP
- D. Canady, ANPP
- D. B. Karner, ANPP
- A. C. Rogers, ANPP
- L. Bernabei, GAP
- J. R. Brown, ACC
- A. C. Gehr, Esq., Snell and Wilmer

bcc w/enclosures:

- docket file
- B. Faulkenberry
- J. Martin
- A. Johnson

bcc w/o enclosures:
G. Cook
Resident Inspector
Project Inspector
R. Nease, NRR
J. Zollicoffer
M. Smith

REGION V/dot
LNorderhaug
09/21/89

MSchuster
09/26/89

AJohnson
09/25/89

wfa for Richards
S.Richards
~~Miller~~
09/04/89
10

R. Nease
09/29/89

REQUEST COPY] YES / NO]	REQUEST COPY] YES / NO]	REQUEST COPY] YES / NO]	REQUEST COPY] YES / NO]	REQUEST COPY] YES / NO]
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ONLY NON-SAFEGUARDS

SEND TO PDR] YES / NO]

Send only
Non-Safeguards Inst.
R.P.