

March 19, 2001

LICENSEE: Arizona Public Service Company

FACILITIES: Palo Verde Nuclear Generating Station, Unit 2

SUBJECT: MEETING WITH ARIZONA PUBLIC SERVICE COMPANY ON FUEL  
FAILURES AT PALO VERDE NUCLEAR GENERATING STATION,  
UNIT 2

A meeting was held on Wednesday, March 7, 2001, between the Nuclear Regulatory Commission (NRC) staff and the licensee for Palo Verde Nuclear Generating Station, Unit 2. The meeting was held at the request of the licensee to keep the NRC informed about the fuel failures at Unit 2. The notice for the meeting was issued on January 24, 2001.

Enclosure 1 is the list of attendees, and Attachment 2 is the handout provided by the licensee at the meeting. The agenda for the meeting is page 3 of Attachment 2. The NRC staff did not provide a handout at the meeting. There was no discussion of any current licensing actions under NRC staff review for the unit. There were no decisions made by the NRC staff.

The presentation by the licensee was on fuel failures found in the six fuel assemblies shown in dark on page 5, "Locations of Unit 2 Cycle 9 Failed Rods," of Attachment 2. These assemblies are labeled L521, L502, L532, L512, L510, and L401 on page 5. The licensee has found tenacious crud (i.e., crud not easily rubbed off) on the peripheral face of peripheral rods of some fuel assemblies. This is on page 8 of Attachment 2. Inside NRC has an article discussing this crud on page 5 of its publication dated March 12, 2001.

The licensee stated that some form of crud-enhanced corrosion is the root cause hypothesis for the fuel failures; however, the exact fuel failure is not confirmed and additional fuel examinations are planned.

**/RA/**

Jack N. Donohew, Senior Project Manager, Section 2  
Project Directorate IV & Decommissioning  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket No. STN 50-529

Enclosures: 1. List of Meeting Attendees  
2. Licensees' Handout (ADAMS Accession No. ML010680262)

cc w/encls: See next page

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**Meeting Notice: ML010250323      Package: ML010780042**  
**ADAMS ACCESSION NO. ML0100780026**

OFFICE	PDIV-2/PM	PDIV-2/LA	PDIV-2/SC
NAME	JDonohew:am	MMcAllister	SDembek
DATE	3/15/01	3/16/01	3/16/01

OFFICIAL RECORD COPY

LIST OF ATTENDEES AT MEETING OF MARCH 7, 2001

FUEL FAILURES AT PALO VERDE UNIT 2

<u>NAME</u>	<u>AFFILIATION</u>
J. Donohew	NRC/NRR/PDIV-2
S. Dembek	NRC/NRR/PDIV-2
R. Caruso	NRC/NRR/SRXB
M. Chatterton	NRC/NRR/SRXB
S. Bauer	APS
R. Bandera	APS
G. Michael	APS
B. Hansen	APS
P. Crawley	APS
D. Lochbaum	Union of Concerned Scientists
E. Hiruo	Platts Nuclear Publications

Where:

NRC	= Nuclear Regulatory Commission
NRR	= Office of Nuclear Reactor Regulation
PDIV-2	= Project Directorate IV-2
SRXB	= Reactor Systems Branch
APS	= Arizona Public Service Company

Palo Verde Generating Station, Units 1, 2, and 3

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