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WILLIAM F. CONWAY
EXECUTIVE VICE PRESIDENT
NUCLEAR

102-01646-WFC/TRB/JJN
March 28, 1990

U. S. Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555

Reference: Letter from John B. Martin, Regional Administrator, NRC to W. F. Conway, Executive Vice President Nuclear, Arizona Public Service, dated February 26, 1990

Dear Sirs:

Subject: Palo Verde Nuclear Generating Station (PVNGS)
Unit 3
Docket No. STN 50-528 (License No. NPF-74)
Reply to Notice of Violation 50-530/90-07-01
File: 90-070-026

This letter is provided in response to the inspection conducted by K. Prendergast on January 29 through February 2, 1990. Based upon the results of the inspection, one (1) violation of NRC requirements was identified. The violation is discussed in Appendix A of the referenced letter. A restatement of the violation and PVNGS's response are provided in Appendix A and Attachment 1, respectively, to this letter.

In response to the request in the referenced letter, Attachment 2 provides APS's views on the Incident Investigation Report which was reviewed during the inspection.

Should you have any questions regarding this response, please contact me.

Very truly yours,



WFC/TRB/JJN/tlg

Attachments

cc: J. B. Martin
D. H. Coe

A. H. Gutterman
T. L. Chan

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APPENDIX A

NOTICE OF VIOLATION

Arizona Nuclear Power Project
Palo Verde Unit 3

Docket Number 50-530
License Number NPF-74

During an NRC inspection conducted January 29 - February 2, 1990, a violation of NRC requirements was identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," 10 CFR Part 2, Appendix C (1989), the violation is listed below:

- A. Technical Specification 6.8.1 requires written procedures to be established, implemented, and maintained covering Emergency Plan implementation.

Emergency Plan Implementing Procedure (EPIP) 02, "Emergency Classification", Revision 7, dated July 26, 1989, requires the declaration of an unusual event for a "fire within the unit lasting longer than ten (10) minutes."

Contrary to the above, the licensee failed to implement EPIP 02, on December 30, 1989, and declare an unusual event for a fire in the Unit 3 phase "A" main transformer lasting from about 1630, December 30, 1989, to 0430, December 31, 1989.

This is a Severity Level IV violation (Supplement VIII).

ATTACHMENT 1

Reply to Notice of Violation 50-528/90-07-01

I. REASON FOR VIOLATION

On December 30, 1989, when reports of a fire at the "A" phase main transformer were received by the Control Room, the Operations Manager (qualified Emergency Coordinator) exited the Control Room to personally inspect the reported fire. The Operations Manager noted white and gray smoke emanating from the "A" phase main transformer; however, no flames were visible at that time. The decision not to declare a Notification of an Unusual Event was made by the Operations Manager based on his interpretation of the definition of an NUE (i.e., "Events are in progress or have occurred which indicate a potential degradation of the level of safety of the plant"). The Operations Manager personally observed the fire in the "A" Phase Main Transformer and concluded that it did not indicate a potential degradation of the level of safety. This conclusion was based on the determination that no structures, systems, or components were damaged or threatened that would reduce the level of safety at the plant, all busses supplying in-house loads were energized and operable, and all equipment necessary for accident mitigation was operable.

After the initial event classification decision, communications between the Control Room and Fire Protection personnel indicated that a fire existed inside the transformer. Once again the Operations Manager personally inspected the transformer. During this second inspection, the Fire Captain informed the Operations Manager of periodic "reflashes." These reflashes followed the use of the deluge system and are believed to be the result of rapidly boiling water forcing combustible gases through the vents of the transformer. Based on this information, the initial decision to not declare an NUE was confirmed by the Operations Manager since he continued to believe that the level of plant safety was not degraded or threatened (all busses and safety equipment were still operable) and the smoldering material in the transformer was fully contained and being cooled by the onsite Fire Department.

The Operations Manager incorrectly determined that although EPIP-02 specifically states that a fire which is not extinguished within ten minutes shall require the declaration of an NUE, the definition of an NUE permitted judgement of the potential significance of the fire.

II. CORRECTIVE STEPS THAT HAVE BEEN TAKEN AND THE RESULTS ACHIEVED

The Vice-President of Nuclear Operations has issued a memorandum reiterating the statement in the "Emergency Classification" procedure

(EPIP-02) which requires a conservative emergency classification for abnormal events when reasonable doubt exists regarding proper classification.

The "Emergency Classification" procedure (EPIP-02) has been changed to provide additional guidance regarding the declaration of an NUE for fire initiated events.

III. CORRECTIVE STEPS THAT WILL BE TAKEN TO AVOID FURTHER VIOLATIONS

APS believes the actions taken as described above are adequate to prevent recurrence.

IV. DATE WHEN FULL COMPLIANCE WAS ACHIEVED

Full compliance was achieved on December 31, 1989, when the Fire Protection Supervisor declared that the fire was out.

ATTACHMENT 2

Response to Concerns Regarding the Investigation Report

The referenced letter noted a concern that the APS investigation of the event did not identify the classification error, thereby limiting the opportunity to learn from this experience. This concern is also stated on page 5 of the referenced Inspection Report, which states: "...the report did not conclude the fire should have been classified as an unusual event..."

Response:

As part of the investigation of the December 30, 1989, event in Unit 3, the emergency classification of the event was reviewed. Page 13 of the Incident Investigation Report (IIR) 3-3-89-037 documents the concern, conclusions, and corrective actions. The Investigation Report did not conclude that the fire should have been classified as an NUE because APS believed that the event did not meet the intent of an NUE emergency classification. However, based on the guidance set forth in EPIP-02 and attachment 1 (i.e., the literal criteria in EPIP-02), future events will be classified appropriately.

Regardless of whether the event was or was not properly classified, it should be recognized that the APS investigation program is intended to identify issues which require action, not place blame or fault the performance of individuals. This method of investigation has been specifically chosen to elicit cooperation and the admission of errors so that appropriate actions can

be taken to correct underlying causes versus disciplinary action. This investigation method is based on INPO's Human Performance Evaluation System (HPES) and MORT investigation techniques.

On page 13, the IIR documents the lack of clarity in the criteria for declaring an NUE in the event of a fire. The report further identifies the underlying root cause (interpretation of the procedure) and identifies the instruction change request issued to initiate and track the corrective action.

Additional Information

In addition to responding to the concern addressed in the cover letter, APS provides the following response to concerns identified in the inspection report.

Concern 1

Page 5 of the inspection report states: "...the report incorrectly stated that emergency planning was included in the discussions resulting in the decision not to classify the event..."

Response:

APS's investigation report states clearly that the initial decision not to declare an NUE occurred prior to discussions with emergency planning. The Incident Investigation report discusses the management involvement in the

decision to not declare the NUE in several places.

The event description in the report is written in approximate chronological order. On page 2 the report clearly states that the discussions with Emergency Planning occurred after the decision to not declare an NUE was made. [Note that Emergency Planning/Fire Protection management was quickly notified of the event and participated in the assessment of the fire, potential consequences, and the need for additional support.]

Again on page 3 of the Personnel Evaluation the report states: "After discussions with plant management it was determined the transformer event did not require a Notification of Unusual Event." [Please note that Emergency Plan management would not be included within the definition of "Plant Management".]

On page 13 the report states: "After discussions between SS, Plant Management, and E-Plan/Fire Protection Management the decision was made to not declare an NUE."

In order to fully understand this statement, it must be read in the context of the entire report, which discusses the event in chronological order. Although the Emergency Coordinator had decided not to classify the event as an NUE, Emergency Planning management subsequently discussed the event classification with Unit 3 Plant Operations personnel. Although the statement in the report

could have been misinterpreted to mean that the Plant Management, Operations Personnel, and Emergency Planning Personnel made the decision concurrently, when taken in the context of the entire report, it was accurate. The decision to declare or not declare an NUE was ongoing and subject to change based on the control and containment of the fire in the transformer. Therefore, "the decision" was not meant to imply "the initial decision".

Concern 2

"The report did not contain a written statement from the Fire Protection Supervisor"

Response

A written statement from the Fire Protection Supervisor was determined not to be necessary since a three page detailed report (which fully described the salient events) from the Fire Protection Captain who was also present at the scene was obtained.