

90-25

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION V

1450 MARIA LANE, SUITE 210  
WALNUT CREEK, CALIFORNIA 94596

JUL - 5 1990

EA 90-121

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

Arizona Public Service Company  
P. O. Box 52034  
Phoenix, Arizona 85072-2034

Attn: Mr. William F. Conway  
Executive Vice President, Nuclear

Gentlemen:

SUBJECT: NRC INSPECTION OF PALO VERDE UNITS 1, 2 AND 3

This letter refers to the routine inspection by Messrs. T. Chan of NRR, and A. Johnson, R. Huey and C. Ramsey, of this office, on May 16-18 and June 14-15, 1990, of activities authorized by NRC License Nos. NPF-41, NPF-51 and NPF-74, and to the discussions of our findings held with members of your staff.

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 personnel, and observations by the inspectors.

Based on the results of this inspection, it appears that several of your activities were not conducted in full compliance with NRC requirements, as discussed in Paragraphs 3, 4, and 5 of the report. These apparent violations will be the subject of separate correspondence. In accordance with 10 CFR 2.790(a), a copy of this letter and the enclosure will be placed in the NRC Public Document Room.

We are concerned about the apparent unreliable performance of the Palo Verde emergency lighting system, as evidenced by numerous failures of emergency lighting system components. Excessive failures and the adequacy of the emergency lighting system design implementation were addressed by ANPP in LER 86-059. Problems have been identified in the emergency lighting system by the NRC and by your staff since 1984. The same problems have continued to exist over a six year period, and were a topic of escalated enforcement action and a civil penalty documented in our letter to you dated September 1, 1989 (EA 89-88). Furthermore, emergency lighting failure data originally provided to NRC inspectors in March 1990, needed to be revised on several occasions, with the most recent revision occurring on June 29, 1990. The need for repeated revision of this data appears to be another indicator of the need for greater engineering and quality oversight involvement with the emergency lighting system.

As discussed between Mr J. N. Bailey and myself on July 2, 1990, an enforcement conference has been arranged for July 10, 1990, to discuss the results of this inspection.

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

Sincerely,

*R P Zimmerman*

R. P. Zimmerman, Director  
Division of Reactor Safety and  
Projects

Enclosures:

1. Inspection Report Nos. 50-528/90-25, 50-529/90-25, 50-530/90-25
2. Appendix A, Description of NRC Regulations Applicable to Appendix R  
Emergency Lights

Attachment:

1. Agenda document provided by Arizona Public Service (APS) for meeting with  
NRC, dated May 16, 1990.

cc w/enclosures:

Mr. James M. Levine, APS  
Mr. Jack N. Bailey, APS  
Mr. Tom Bradish, APS  
Mr. Blaine E. Ballard, APS  
Mr. O. Mark DeMichele, APS  
Mr. Robert W. Page, APS  
Mr. E. C. Simpson, APS  
Mr. Arthur C. Gehr, Esq, Snell & Wilmer  
Mr. Al Gutterman, Newman & Holtzinger P.C.  
Mr. Charles R. Kocher, Esq., Assistant Council, SCE Company  
Mr. James A. Boeletto, Esq.  
Mr. Charles B. Brinkman, Combustion Engineering, Inc.  
Mr. Charles Tedford, Director, Arizona Radiation Regulatory Agency  
Chairman, Maricopa County Board of Supervisors  
Mr. John W. Norman, Chief, Arizona Corporation Commission



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bcc w/enclosures:  
 Docket File  
 Resident Inspector  
 Project Inspector  
 G. Cook  
 B. Faulkenberry  
 J. Martin  
 A. Chaffee  
 D. Crutchfield, NRR  
 B. Boger, NRR  
 State of Arizona  
 N. Western  
 M. Slosson, OEDO  
 J. Larkins, NRR  
 S. Peterson, NRR  
 J. Lieberman, OE  
 C. McCracken, NRR  
 D. Notley, NRR  
 G. Mulley, Jr., OIG  
 J. Goldberg, OGC

bcc w/o enclosures:  
 M. Smith  
 J. Zollicoffer

REGION V  
 CRamsey 7/5/90 *CR*  
 RHuey 7/5/90  
 DKirsch 7/5/90  
 AJohnson 7/5/90  
 RMarsh 7/5/90 *Fortuna per telecon\* on 7/5 & 7/6*

REQUEST COPY	REQUEST COPY	REQUEST COPY	REQUEST COPY	REQUEST COPY
YES / NO	<u>YES</u> / NO	<u>YES</u> / NO	<u>YES</u> / NO	<u>YES</u> / NO

RZimmerman  
 7/5/90 RPZ

SEND TO PDR  
YES / NO

\* NOTE:  
 On July 5, 1990, OI (Fortuna) requested an opportunity to review this report prior to issuance. On July 6, Fortuna had indicated OI had completed review and stated that release would have no negative impact on pending investigations. The report was issued on July 6.

