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 RECIP.NAME RECIPIENT AFFILIATION
 Document Control Branch (Document Control Desk)

SUBJECT: Forwards response to NRC 960621 ltr re violations noted in
 insp repts 50-528/96-08,50-529/96-08 & 50-530/96-08 on
 960513-17.C/A:suspended individual unescorted access.

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Arizona Public Service

PALO VERDE NUCLEAR GENERATING STATION
P.O. BOX 52034 PHOENIX, ARIZONA 85072-2034

102-03737-WLS/AKK/DRL

July 18, 1996

WILLIAM L. STEWART
EXECUTIVE VICE PRESIDENT
NUCLEAR

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Mail Station: P1-37
Washington, DC 20555-0001

Dear Sirs:

Subject: Palo Verde Nuclear Generating Station (PVNGS)
Units 1, 2, and 3
Docket Nos. STN 50-528/529/530
Reply to Notice of Violation 50-528/529/530/96-08-01

Arizona Public Service Company (APS) has reviewed NRC Inspection Report 50-528/529/530/96-08 and the Notice of Violation (NOV) dated June 21, 1996. Pursuant to the provisions of 10 CFR 2.201, APS' response is enclosed. Enclosure 1 to this letter is a restatement of the NOV. APS' response is provided in Enclosure 2.

APS continues to express that this violation meets the criteria to not be cited. Furthermore, the NRC Inspection Report discusses possible willful omissions of information by the access applicant; APS restates that given the information that PVNGS had compiled from available sources, including law enforcement agencies, and in accordance with regulations and site procedures, there is no evidence to prove a willful omission of information. Therefore, this individual would not have been denied unescorted access.

The second issue involved the granting of unescorted access and issuance of a badge prior to obtaining the final authorizing signature on the access authorization form. Although it is true that a violation was identified in NRC Inspection Report 528/529/530/95-11(sic), APS agrees with the NRC that the circumstances were not identical. However, the project does not agree that the corrective actions to the problem previously identified would have precluded this occurrence since the previous incident was corrected by putting in place a second person verification, and this incident involved a training deficiency for temporary access authorization personnel.

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ATTN: Document Control Desk
Reply to Notice of Violation 50-528/529/530/96-08-01
Page 2

Should you have any further questions, please contact Ms. Angela K. Krainik at (602) 393-5421.

Sincerely,

James M. Levine for WLS

WLS/AKK/DRL/pv

Enclosures

1. Restatement of Notice of Violation
2. Reply to Notice of Violation

cc: L. J. Callan
C. R. Thomas
K. E. Johnston
K. E. Perkins



ENCLOSURE 1

RESTATEMENT OF NOTICE OF VIOLATION 50-528/529/530/96-08-01

NRC INSPECTION CONDUCTED MAY 13 THROUGH

MAY 17, 1996

INSPECTION REPORT No. 50-528/529/530/96-08

RESTATEMENT OF NOTICE OF VIOLATION 50-528/529/530/96-08-01

During an NRC inspection conducted on May 13-17, 1996, three examples of a violation of NRC requirements were identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," (60 FR 34381; June 30, 1995)(sic), the violation is listed below:

Paragraph 2.E. of the Facility Operating License NPF-41 for Palo Verde Nuclear Generating Station requires the licensee to fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans, including all amendments to those plans made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55, and pursuant to the authority of 10 CFR 50.90 and 10 CFR 50.54 (p).

- Paragraph 1.3.1 of the licensee physical security plan requires the access authorization program to meet the requirements of Regulatory Guide 5.66.
- Regulatory Guide 5.66, under Clarification to the Guidelines, paragraph 2, states that, while it is permissible to grant temporary unescorted access for 180 days, a licensee cannot grant back-to-back temporary unescorted access.
- Paragraph 3.11.1 of Procedure 20AC-0SK07 states "A temporary authorization for unescorted access to the Protected/Vital areas of PVNGS may be granted for a single 180-day period pending completion or collection of information required for permanent authorization."
- Paragraph 3.7.4 of Procedure 20AC-0SK07 states "In determining whether an individual is trustworthy and reliable, specific consideration must be given to any of the following which is revealed in the security screening process: Willful omission or falsification of material information submitted in support of employment or request for unescorted access authorization."
- Paragraph 3.1 of Licensee Procedure 20DP-0SK18 requires that the request for unescorted access be signed by only certain responsible individuals prior to issuing a badge/keycard.
- Paragraph 3.2.1.8 of the Licensee Procedure 20AC-0SK07 states "The individuals reputation for emotional stability, reliability, and trustworthiness shall be examined through contacts with at least two references supplied by the individual requesting access and at least two additional references developed during the background investigation."



Contrary to the above: (1) On October 18, 1995, the licensee incorrectly granted back-to-back temporary unescorted access to an individual who may have willfully omitted or falsified information. This individual was previously granted temporary unescorted access between July 14 and August 9, 1994. (2) During a review of access authorization records, the licensee discovered and reported an incident where an employee was granted unescorted access and his background screening records did not indicate a developed reference. A developed reference was, subsequently, contacted and the employee was again allowed unescorted access. (3) A safeguards event report dated March 14, 1996, indicated that an employee had been granted unescorted access and issued a badge prior to getting an authorized signature on the access authorization documents. A similar violation was identified in NRC Inspection Report 50-528/95-11; 50-529/95-11; 50-530/95-11.

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



ENCLOSURE 2

REPLY TO NOTICE OF VIOLATION 50-528/529/530/96-08-01

NRC INSPECTION CONDUCTED MAY 13 THROUGH

MAY 17, 1996

INSPECTION REPORT Nos. 50-528/529/530/96-08



REPLY TO NOTICE OF VIOLATION 50-528/529/530/96-08-01

Reason For The Violation

- Temporary Unescorted Access (back-to-back)

The violation occurred due to a screening analyst failing to verify that the previous full background investigation had been completed. The verification should have been accomplished by reviewing the individual's screening file to ensure the required elements were completed prior to granting unescorted access.

- Developed Reference Form

On March 18, 1996, a screening analyst conducting a secondary review of the individual's file could not locate a developed reference form for the temporary unescorted access granted on September 26, 1995. The analyst suspended the individual's unescorted access and logged the incident in accordance with 10 CFR 73.71. During the subsequent investigation of the incident, it was discovered that a developed reference had been contacted and documented prior to granting unescorted access on September 26, 1995. The developed reference was re-contacted and stated that he remembered answering the reference questions. The developed reference form was re-created on March 22, 1996. At this time, the incident was not classified as a violation, and the 10 CFR 73.71 event was de-classified. The investigation revealed that the original developed reference form had been lost, and that the developed reference, in fact, had been contacted prior to granting unescorted access.

- Authorization Signature

On 03/13/96, the Authority for Unescorted Access to Protected/Vital Areas (AVA) form was completed except for the authorization signature. This form was passed from one access authorization section employee to another in a stack of paperwork that was completed except for the final review. The employee receiving the paperwork was a temporary access authorization employee who misunderstood and thought that the only thing that needed to be accomplished was a check of the review that had been accomplished by the previous access authorization employee. This temporary access authorization employee was not fully aware of the 1995 corrective action to perform a final review of the AVA, and the contract employee's access was granted.

Corrective Steps That Have Been Taken and Results Achieved

- Temporary Unescorted Access (back-to-back)

The individual's unescorted access was suspended, the event was logged in accordance with 10 CFR 73.71, and an investigation was initiated in accordance with the PVNGS incident investigation program. The temporary access authorization screener was counseled on the correct way to complete the final review and instructed that any outstanding or unresolved issues would be brought to the access control section leader or designee for final disposition. No other incidents have occurred.



- Developed Reference Form

If it is identified that a developed reference form is missing or lost, the same process as described in the reason for the violation will be followed. The individual's access will be removed, the event will be logged in accordance with 10 CFR 73.71, and a developed reference will be contacted. Additionally, the access authorization personnel were re-instructed on the importance of maintaining documentation required for granting unescorted access.

- Authorization Signature

The access control section leader re-emphasized the importance of attention to detail, and the temporary access authorization employee was instructed on the proper verification process prior to activation of unescorted access.

Corrective Steps That Will Be Taken To Avoid Further Violations

- Temporary Unescorted Access (back-to-back)

Based on the corrective steps that have been taken, no further action is required.

- Developed Reference Form

Based on the corrective steps that have been taken, no further action is required.

- Authorization Signature

Based on the corrective steps that have been taken, no further action is required.



Date When Full Compliance Will Be Achieved

- Temporary Unescorted Access (back-to-back)

Full compliance was achieved on October 25, 1995, when the individual's unescorted access was removed.

- Developed Reference Form

Full compliance was achieved on March 22, 1996, when the developed reference form was re-created.

- Authorization Signature

Full compliance was achieved on March 14, 1996, when the final authorization signature was obtained on the AVA form.

