

April 4, 1984

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The Honorable Richard L. Ottinger, Chairman
Subcommittee on Energy Conservation and Power
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed for your information is an announcement that the Nuclear
Regulatory Commission staff has reduced by 50 percent a proposed
civil penalty against the Arizona Public Service Company concern-
ing the Palo Verde Nuclear Generating Station.

It is planned to mail this information to the news media today,
April 4, 1984.

Sincerely,

Carlton Kammerer, Director
Office of Congressional Affairs

Enclosure:
As stated

cc: Rep. Carlos Moorhead

IDENTICAL LETTER SENT TO:
Sen. Simpson/cc: Sen. Hart
Rep. Udall/cc: Rep. Lujan
Rep. Markey/cc: Rep. Marlenee
Sen. DeConcini
Sen. Goldwater
Rep. Udall
Rep. Stump

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DATE	4/4/84						



UNITED STATES NUCLEAR REGULATORY COMMISSION

Office of Public Affairs
Washington, D.C. 20555

No. 84-44
Tel. 301/492-7715

FOR IMMEDIATE RELEASE
(Wednesday, April 4, 1984)

NRC STAFF REDUCES PROPOSED CIVIL PENALTY AGAINST ARIZONA PUBLIC SERVICE FOR PREVIOUSLY CITED QUALITY ASSURANCE VIOLATION AT PALO VERDE

The Nuclear Regulatory Commission staff has reduced by 50 percent a proposed civil penalty against the Arizona Public Service Company (APS) for violations at the Palo Verde Nuclear Generating Station that were identified during a special NRC construction assessment inspection at the plant last fall.

In an April 3 letter to APS, the NRC staff said it is imposing a \$20,000 fine for the violation, instead of the \$40,000 proposed in December, because of the company's "prompt and extensive corrective action."

Based on the results of a special team inspection conducted at Palo Verde Unit 1 between September 6 and November 1, 1983, the NRC Region V office proposed a \$40,000 civil penalty against the company on December 12 for a breakdown in its quality assurance program. Under NRC procedures, APS was given 30 days to either pay the fine or formally submit a protest. The utility filed its response on January 31, after receiving an extension of time.

Richard C. DeYoung, Director of the NRC's Office of Inspection and Enforcement in Bethesda, MD, today notified the company of his finding that the violations did occur as cited by the staff, but that the proposed fine had been reduced by 50 percent because of the prompt and extensive corrective actions identified in the company's January 31 response. As examples of the corrective actions, DeYoung cited the company's independent assessment following the NRC findings, suspension of startup work at the company's initiative, a management reorganization and the "unusually prompt and extensive" direct involvement by senior corporate management. The company now has 30 days to either pay the \$20,000 fine or request a hearing before an NRC administrative law judge.

The violation resulted from four examples of a breakdown in the quality assurance program: (1) caps had been installed on pressure sensing lines in the containment building with no procedure to assure that they would have been removed prior to operation of the reactor; (2) no record of a disconnected manual operator on a valve in the High Pressure Safety Injection System; (3) no record of a mispositioned valve indicator on a similar HPSI valve; and (4) bolts missing from the frames of six motor control centers.

In its December 12 letter, the NRC staff also proposed another \$40,000 fine against APS for improperly signed electrical installation records at the plant. The company requested and was granted an extension of time for response to that civil penalty until the NRC Office of Investigations report on the matter is released. It is not known when that report will be released. Therefore, today's action does not address that proposed fine.

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