



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4005

February 1, 2008

EA-08-003

Randall K. Edington
Senior Vice President, Nuclear
Mail Station 7602
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION: INSPECTION
REPORT 05000528/2007012, 05000529/2007012, AND 05000530/2007012;
PRELIMINARY WHITE FINDING

Dear Mr. Edington:

This letter discusses a finding that appears to have low-to-moderate safety significance. As described in Section 5.7 of NRC Inspection Report 05000528/2007012, 05000529/2007012, and 05000530/2007012, weaknesses in senior operators' ability to implement Emergency Action Level 1-7 (potential loss of the reactor coolant system barrier) were identified by Palo Verde Nuclear Generating Station during emergency response organization training for operators, and the weaknesses were not corrected in a timely manner appropriate to the significance of the knowledge deficiencies. Specifically, when evaluated during training evolutions beginning in May 2007, a high percentage of senior operators incorrectly declared a general emergency for simulated plant conditions that would require only a site area emergency declaration, and corrective actions were not completed until October 2007.

The NRC determined that weaknesses associated with the senior operators' implementation of Emergency Action Level 1-7 were identified on or about May 2, 2007, during Licensed Operator Continuing Training, Cycle 3. Subsequently, the same weaknesses were observed during an initial license examination in July 2007, and again during the subject NRC inspection in October 2007. The NRC determined that the weaknesses were not entered into the Palo Verde Nuclear Generating Station's corrective action program until August 2007, and corrective actions to address the weaknesses for on-watch senior operators were not implemented until October 2007. The NRC determined that corrective actions were implemented to correct the weaknesses of those senior operators and senior operator candidates whose implementation of Emergency Action Level 1-7 were specifically evaluated; however, actions to ensure the correct implementation of Emergency Action Level 1-7 by all on-shift senior operators were not performed in a timely manner when the weakness was identified (reference NRC Manual Chapter 0609, Appendix B, Section 5.0).

This finding was assessed based on the best available information, including influential assumptions, using the applicable significance determination process and was preliminarily determined to be a White finding. The final resolution of this finding will convey the increment in the importance to safety by assigning the corresponding color, i.e., (WHITE) a finding with some increased importance to safety, which may require additional NRC inspection. The finding has a low-to-moderate safety significance because the identified senior operator performance weakness in implementing an emergency action level was associated with risk significant planning standard 10 CFR 50.47(b)(4). Part 50.47(b)(4) is a risk significant planning standard as described in Manual Chapter 0612, Appendix B, Section 2.0. The performance deficiency constituted a planning standard functional failure because Palo Verde Nuclear Generating Station failed to correct a performance deficiency associated with a risk significant planning standard within a time appropriate to its significance.

The finding is also an apparent violation of NRC requirements 10 CFR 50.54(q) and 10 CFR Part 50, Appendix E, IV.F.2.g., and is being considered for escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is available on the NRC's Web site at www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html.

The apparent violation and underlying performance deficiency was discussed during a conference call between Messrs. S. Bauer, Department Leader, Regulatory Affairs; E. O'Neil, Department Leader, Emergency Preparedness; and R. Lantz, Chief, Operations Branch, NRC Region IV, on January 9, 2008.

Before we make a final decision on this matter, we are providing you an opportunity, (1) to present to the NRC at a Regulatory Conference your perspectives on the facts and assumptions used by the NRC to arrive at the finding and its significance, or (2) submit your position on the finding to the NRC in writing. If you request a Regulatory Conference, it should be held within 30 days of the receipt of this letter and we encourage you to submit supporting documentation at least one week prior to the conference in an effort to make the conference more efficient and effective. If a Regulatory Conference is held, it will be open for public observation. If you decide to submit only a written response, such submittal should be sent to the NRC within 30 days of receiving this letter.

Please contact Mr. Ryan E. Lantz, Chief, Operations Branch, Division of Reactor Safety, at (817) 860-8159, within 10 business days of the date of this letter to notify the NRC of your intentions. If we have not heard from you within 10 days, we will continue with our significance determination and enforcement decision, and you will be advised by separate correspondence of the results of our deliberations on this matter.

Since the NRC has not made a final determination in this matter, no Notice of Violation is being issued for this inspection finding at this time. In addition, please be advised that the number and characterization of apparent violations described in the subject inspection report may change as a result of further NRC review.

Randall K. Edington

- 3 -

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site (the Public Electronic Reading Room).

Sincerely,

/RA/

Roy J. Caniano, Director
Division of Reactor Safety

Dockets: 50-528; 50-529; 50-530
Licenses: NPF-41; NPF-51; NPF-74

cc:
Steve Olea
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Douglas K. Porter, Senior Counsel
Southern California Edison Company
Law Department, Generation Resources
P.O. Box 800
Rosemead, CA 91770

Chairman
Maricopa County Board of Supervisors
301 W. Jefferson, 10th Floor
Phoenix, AZ 85003

Aubrey V. Godwin, Director
Arizona Radiation Regulatory Agency
4814 South 40 Street
Phoenix, AZ 85040

Scott Bauer, Director
Regulatory Affairs
Palo Verde Nuclear Generating Station
Mail Station 7636
P.O. Box 52034
Phoenix, AZ 85072-2034

Randall K. Edington

- 4 -

Mr. Dwight C. Mims
Vice President, Regulatory Affairs and
Performance Improvement
Palo Verde Nuclear Generating Station
Mail Station 7636
P.O. Box 52034
Phoenix, AZ 85072-2034

Jeffrey T. Weikert
Assistant General Counsel
El Paso Electric Company
Mail Location 167
123 W. Mills
El Paso, TX 79901

Eric J. Tharp
Director of Generation
Los Angeles Department of Water & Power
Southern California Public Power Authority
P.O. Box 51111, Room 1255
Los Angeles, CA 90051-5700

John Taylor
Public Service Company of New Mexico
2401 Aztec NE, MS Z110
Albuquerque, NM 87107-4224

Geoffrey M. Cook
Southern California Edison Company
5000 Pacific Coast Hwy, Bldg. D21
San Clemente, CA 92672

Robert Henry
Salt River Project
6504 East Thomas Road
Scottsdale, AZ 85251

Brian Almon
Public Utility Commission
William B. Travis Building
P.O. Box 13326
1701 North Congress Avenue
Austin, TX 78701-3326

Karen O' Regan
Environmental Program Manager
City of Phoenix
Office of Environmental Programs
200 West Washington Street
Phoenix, AZ 85003

Randall K. Edington

- 5 -

Matthew Benac
Assistant Vice President
Nuclear & Generation Services
El Paso Electric Company
340 East Palm Lane, Suite 310
Phoenix, AZ 85004

Chief, Radiological Emergency Preparedness Section
National Preparedness Directorate
Technological Hazards Division
Department of Homeland Security
1111 Broadway, Suite 1200
Oakland, CA 94607-4052