

August 30, 2005

Mr. William Levis  
Senior Vice President and Chief Nuclear Officer  
PSEG Nuclear LLC - N09  
P. O. Box 236  
Hancocks Bridge, NJ 08038

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - SALEM  
NUCLEAR GENERATING STATION

Dear Mr. Levis:

On August 3, 2005, the NRC staff completed its performance review of the Salem Nuclear Generating Station for the first half of the calendar year 2005 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results over the previous twelve months. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility.

This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated and marked as "Exempt from Public Disclosure in Accordance with 10 CFR 2.390" will include the physical protection review and a resultant inspection plan.

Plant performance for the most recent quarter at the Salem Nuclear Generating Station Units 1 and 2 was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green).

Regarding the open substantive cross-cutting issue in the area of problem identification and resolution (PI&R), during this assessment period there were 10 inspection findings that were attributable, at least in part, to weaknesses in problem evaluation and effectiveness of corrective actions. Examples of NRC findings included several battery charger failures, recurring charging pump check valve malfunctions, and a repetitive problem with silting conditions in service water piping. The staff has noted improvement in the identification aspect of your PI&R process at the station; however, due to the number of findings related to problem evaluation and corrective action the staff continues this substantive cross-cutting issue.

In addition, as discussed in the annual assessment letter dated March 2, 2005, [ADAMS Ref. ML050610334], the staff documented a substantive cross-cutting issue in the area of safety conscious work environment (SCWE). During this assessment period, PSEG entered into a Nuclear Operating Services Contract (NOSC) with Exelon, made a number of senior management changes on site, and implemented improvement initiatives to address long-standing performance problems. While we recognize that PSEG has taken significant steps to evaluate the station's work environment and initiated actions to begin addressing deep-seated causes, it is too early to effectively assess whether or not the work environment at the station is significantly improved. As discussed in NRC correspondence and inspection reports this

assessment period, we have noted some ongoing problems with the implementation of station processes, such as work management and corrective action, causing challenges with equipment reliability. In addition, both PSEG and NRC reviews have shown that there exists a range of worker perceptions regarding the advisability of raising issues or challenging decisions in the current environment. As a result, the staff determined that the SCWE cross-cutting issue will continue, and the NRC will continue to monitor your progress. We expect that you will discuss your progress in addressing work environment issues and the effectiveness of your corrective action program during a public meeting being planned for late 2005.

The NRC plans to conduct Reactor Oversight Process baseline inspections at Salem. In addition, based on our current assessment of the work environment and the long-standing PI&R cross-cutting issue at Salem, we plan to continue the enhanced oversight as described in the renewed Reactor Oversight Process Deviation Memorandum dated July 29, 2005 [ADAMS Ref. ML052130264]. This deviation authorized the staff to provide a greater level of oversight of Salem than would typically be called for by the Licensee Response Column of the Action Matrix. The enhanced regulatory oversight established by the Deviation Memorandum will be used to monitor your progress in addressing the PI&R and SCWE cross-cutting issues. The NRC plans to continue with this heightened oversight until PSEG has concluded that substantial, sustainable progress has been made; and the NRC has completed a review, the results of which confirm PSEG's assessment results.

The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through March 31, 2007. In addition to the baseline inspection activities specified by the Reactor Oversight Process, the enclosed plan includes an inspection of the reactor vessel head replacement activities scheduled for Salem Unit 1, and augmentation of existing inspections per the Deviation Memorandum. The inspection plan is provided to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last nine months of the inspection plan are tentative and may be revised at the end-of-cycle review.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made 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 at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Mr. William Levis

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If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. Eugene Cobey at 610-337-5171 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

*/RA/*

Samuel J. Collins  
Regional Administrator

Docket Nos. 50-272 50-311  
License Nos. DPR-70, DPR-75

Enclosure: Salem Units 1 and 2 Inspection/Activity Plan

cc w/encl:

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D. Winchester, Vice President Nuclear Assessment  
M. Gallagher, Vice President, Engineering and Technical Support  
W. F. Sperry, Director Business Support  
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C. J. Fricker, Salem Plant Manager  
J. J. Keenan, Esquire  
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K. Tosch - Chief, Bureau of Nuclear Engineering, NJ Dept. of Environmental Protection  
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**SISP Review Complete: \_\_\_EWC\_\_\_ (Reviewer's Initials)**

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NAME	Bwelling/EWC	f	Ecobey/EWC		BHolian/BEH		Blough/ARB	
DATE	08/24/05		08/24/05		08/25/05		08/26/05	
OFFICE	RI/ORA							
NAME	Collins/SJC							
DATE	08/30/05							

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**Salem**  
**Inspection / Activity Plan**  
**08/01/2005 - 03/31/2007**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>7111111B - LO REQUAL PROGRAM INSPECTION</b>		<b>3</b>			
1,2	IP 7111111B	Licensed Operator Requalification Program		09/12/2005	09/16/2005	Baseline Inspections
1,2	IP 7111111B	Licensed Operator Requalification Program		09/19/2005	09/23/2005	Baseline Inspections
	<b>SCWE - SCWE TEAM INSPECTION</b>		<b>5</b>			
1,2	IP 71152	Identification and Resolution of Problems		09/26/2005	09/30/2005	Other Routine
	<b>71007 - SALEM U1 RX HEAD REPLACEMENT ACTIVITIES</b>		<b>1</b>			
1	IP 71007	Reactor Vessel Head Replacement Inspection		09/11/2005	11/30/2005	Other Routine
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
1	IP 71007	Reactor Vessel Head Replacement Inspection		10/17/2005	10/21/2005	Other Routine
1,2	IP 7112101	Access Control to Radiologically Significant Areas		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		10/17/2005	10/21/2005	Baseline Inspections
	<b>7111108P - INSERVICE INSPECTION - U1</b>		<b>2</b>			
1	IP 2515/160	Pzr Pene Nozzles & Stm Space Piping Connections in U.S. PWRs [NRC Bulletin 2004-01]		10/17/2005	10/21/2005	Safety Issues
1	IP 7111108P	Inservice Inspection Activities - PWR		10/17/2005	10/21/2005	Baseline Inspections
1	IP 7111108P	Inservice Inspection Activities - PWR		10/24/2005	10/28/2005	Baseline Inspections
	<b>7112202 - PUB RAD SAFETY - RADWASTE</b>		<b>1</b>			
1,2	IP 7112202	Radioactive Material Processing and Transportation		12/05/2005	12/16/2005	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		12/05/2005	12/16/2005	Baseline Inspections
	<b>7111112B - MAINTENANCE RULE</b>		<b>1</b>			
1,2	IP 7111112B	Maintenance Effectiveness		01/09/2006	01/13/2006	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		01/09/2006	01/13/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		01/09/2006	01/13/2006	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/09/2006	01/13/2006	Baseline Inspections
	<b>7111121 - SSD&amp;PC</b>		<b>6</b>			
1,2	IP 7111121	Safety System Design and Performance Capability		01/09/2006	01/13/2006	Baseline Inspections
1,2	IP 7111121	Safety System Design and Performance Capability		01/23/2006	01/27/2006	Baseline Inspections
1,2	IP 7111121	Safety System Design and Performance Capability		02/06/2006	02/10/2006	Baseline Inspections
1,2	IP 7111121	Safety System Design and Performance Capability		02/13/2006	02/17/2006	Baseline Inspections
	<b>7112201 - PUB RAD SAFETY - RETS</b>		<b>1</b>			
1,2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		02/06/2006	02/10/2006	Baseline Inspections
	<b>TRI FIRE - TRIENNIAL FIRE PROTECTION INSPECTION</b>		<b>3</b>			
1,2	IP 7111105T	Fire Protection [Triennial]		03/13/2006	03/17/2006	Baseline Inspections

This report does not include INPO and OUTAGE activities.  
This report shows only on-site and announced inspection procedures.

**Salem**  
**Inspection / Activity Plan**  
**08/01/2005 - 03/31/2007**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>TRI FIRE</b>	<b>- TRIENNIAL FIRE PROTECTION INSPECTION</b>	<b>3</b>			
1,2	IP 7111105T	Fire Protection [Triennial]		03/27/2006	03/31/2006	Baseline Inspections
	<b>7111401</b>	<b>- EXERCISE &amp; EP PI VERIFICATION</b>	<b>5</b>			
1,2	IP 7111401	Exercise Evaluation		03/20/2006	03/24/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		03/20/2006	03/24/2006	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		05/08/2006	05/12/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		05/08/2006	05/12/2006	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/08/2006	05/12/2006	Baseline Inspections
	<b>7111107B</b>	<b>- HEAT SINK</b>	<b>2</b>			
1,2	IP 7111107B	Heat Sink Performance		08/14/2006	08/18/2006	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		10/16/2006	10/20/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		10/16/2006	10/20/2006	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/16/2006	10/20/2006	Baseline Inspections
	<b>7111108P</b>	<b>- INSERVICE INSPECTION - UNIT 2</b>	<b>1</b>			
2	IP 7111108P	Inservice Inspection Activities - PWR		10/23/2006	10/27/2006	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		02/05/2007	02/09/2007	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		02/05/2007	02/09/2007	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/05/2007	02/09/2007	Baseline Inspections
	<b>7111117B</b>	<b>- MODS AND 50.59</b>	<b>3</b>			
1,2	IP 71111102	Evaluation of Changes, Tests, or Experiments		02/05/2007	02/09/2007	Baseline Inspections
1,2	IP 7111117B	Permanent Plant Modifications		02/05/2007	02/09/2007	Baseline Inspections
	<b>71152B</b>	<b>- PI&amp;R</b>	<b>4</b>			
1,2	IP 71152B	Identification and Resolution of Problems		03/05/2007	03/09/2007	Baseline Inspections
1,2	IP 71152B	Identification and Resolution of Problems		03/19/2007	03/23/2007	Baseline Inspections