

From: Eugene Cobey *RI*
To: [REDACTED]
Date: 7/6/04 1:20PM
Subject: Re: Latest PSEG letter

Kymn,

PSEG's submittal of June 25, 2004, is publicly available and can be found at accession number ML041810062 in ADAMS. If you are unable to access the document, please let me know and I will fax it to you.

I am responding to your request on Randy's behalf. Also, Dave Vito will be out of the office until next week.

If you have any questions, please let me know.

Thanks

Eugene W. Cobey, Chief
Projects Branch 3
Division of Reactor Projects
(610) 337-5171

7L

>> [REDACTED] 07/02/04 02:56PM >>>
Dave,

I hope you are doing well, enjoying the summer.

Please send me the latest letter from PSEG. I think it was faxed to Randy about a week ago. I've not been able to find it on the NRC website.

If you can, please email it. Otherwise, please fax to 908 765 9566.

Thanks much,
Kymn

CC: A. Randolph Blough; David Vito

Information in this record was deleted
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Act, exemptions *7C*
FOIA- *2005-194*

T-188

From: [REDACTED]
To: <DJV@nrc.gov>
Date: 7/2/04 2:57PM
Subject: Latest PSEG letter

Dave,

I hope you are doing well, enjoying the summer.

Please send me the latest letter from PSEG. I think it was faxed to Randy about a week ago. I've not been able to find it on the NRC website.

If you can, please email it. Otherwise, please fax to 908 765 9566.

Thanks much,
Kymn

CC: <ARB@nrc.gov>

Chris Bakken
Senior Vice President - Nuclear Operations

PSEG Nuclear LLC
P.O. Box 236, Hancocks Bridge, NJ 08038-1236
tel: 856.339.5700

June 25, 2004
LR-N04-0283

Mr. Hubert J. Miller, Regional Administrator
United States Nuclear Regulatory Commission
Region I
475 Allendale Road
King of Prussia, PA 19406-1415

**PSEG PLAN FOR IMPROVING THE WORK ENVIRONMENT
SALEM AND HOPE CREEK GENERATING STATIONS
DOCKET NOS. 50-272, 50-311 AND 50-354**

- Reference:
- 1) NRC Letter dated January 28, 2004; Work Environment For Raising and Addressing Safety Concerns at the Salem and Hope Creek Generating Stations
 - 2) PSEG Letter dated February 13, 2004; NRC Letter dated January 28, 2004; Work Environment for Raising and Addressing Safety Concerns at the Salem and Hope Creek Generating Stations
 - 3) PSEG Letter Dated February 27, 2004, PSEG Plan for Addressing and Improving the Work Environment to Encourage Identification and Resolution of Issues

Dear Mr. Miller:

In response to your letter of January 28, 2004 (Reference 1), our letter of February 27, 2004 (Reference 3) provided the plan of Public Service Enterprise Group Incorporated ("PSEG") to conduct an in-depth assessment of the work environment for raising and addressing safety concerns at the Salem and Hope Creek Generating Stations. This effort was described in further detail at a public meeting on March 18, 2004 and was completed by an Independent Assessment Team in April of 2004. The Independent Assessment Team has also reviewed available data, including NRC inspection records, to address crosscutting issues, the comprehensive survey administered by Synergy in December 2003, and the results of the assessment by the Utility Service Alliance ("USA"). The assessment also included a review of the impact on the work environment of operational decision-

making, the corporate/site interface, problem identification and resolution, including timeliness of corrective action and communication, and our work management processes. The Independent Assessment Team Report, along with the USA Assessment Report, and the executive summary of the Synergy survey, were docketed in May of 2004. The USA Assessment and the Independent Assessment Team concluded that Salem and Hope Creek were safe for continued operation, but they identified that issues needed to be addressed. The issues identified by these reports and management reviews of these reports are being used to revise our Business Plan for the remainder of 2004 and for 2005. We presented a summary of our action plans at a public meeting on June 16, 2004. During that meeting we stated that we would follow up with a written summary of our actions to improve the work environment, the identification and resolution of issues, and the work management process. This letter summarizes those actions and our commitments.

In the June 16, 2004 meeting we discussed a number of short-term actions we are taking in parallel with the development of our longer-term action plans. These short-term actions include completing the increased scope, duration and funding for the spring 2004 Salem Unit 1 refueling outage and planning larger increases in scope, duration and funding for the fall 2004 Hope Creek refueling outage. We will also plan a similar scope increase for the Salem 2 Spring 2005 refueling outage. Additionally, we have increased the scope of recent maintenance outages, increased corporate presence at the site, implemented critical Corrective Action Program (CAP) and Work Management Program (WMP) improvements, and improved the consistency of conservative operational decisions at both Salem and Hope Creek. In response to the Independent Assessment Team's analysis of operational events associated with unresolved conflict, we are placing increased emphasis on communicating the basis for conservative operational decisions to affected elements of PSEG Nuclear. Additionally, we are developing initiatives to reinforce management expectations regarding procedural compliance. These near-term actions are assuring the continued safe operation of Salem and Hope Creek and serving as a starting point for reinforcement of management's expectations for an improved work environment.

We have also taken a series of initiatives to assure that the corporate site interface does not adversely impact the Salem/Hope Creek work environment and that Salem/Hope Creek have sufficient resources to achieve sustained excellent performance in the long-term. These initiatives include revision of the PSEG Power Behaviors to assure the primacy of safety, alignment of Human Resources and the PSEG Finance interfaces across the PSEG Power business unit, and multiple communications improvements to assure that corporate support for continued safe and reliable operation at Salem/Hope Creek is understood and maintained throughout the organization.

PSEG recognizes that fundamental and lasting change will take time, but we are also resolved to demonstrate near-term progress. Our near-term actions that we are currently implementing and some of our future actions are focused on meeting interim objectives and demonstrating early progress. Our metrics will allow us to monitor both near-term progress and our progress towards achieving our long-term goals.

PSEG also recognizes that we must establish a manageable scope for our improvement actions. As a result of an off-site management review of the assessment and survey reports, plus inputs, where appropriate, from employees, we have focused on five Business Objectives for the remainder of 2004 and for 2005. These Business Objectives are: Safety Conscious Work Environment, Corrective Action Program, Work Management, Leadership Effectiveness, and Facilities and Housekeeping. Of these, three have the most significant and immediate impact on the work environment and on our ability to identify and resolve issues. They are: Safety Conscious Work Environment, Corrective Action Program and Work Management. Together, our action plans for these three key Business Objectives are the basis for assuring that we sustain improvement in the work environment over the long-term, while assuring continued safe and reliable operation at Salem and Hope Creek.

Current Actions – A summary of our current action plans is outlined below. As we continue to implement these plans we may identify necessary changes to improve our methods for meeting our objectives or to address emergent issues. To assure sufficiency of funding and accountability, our Corrective Action Program, Work Management Program and Safety Conscious Work Environment initiatives are being incorporated into the 2004 and 2005 PSEG Nuclear Business Plan for Salem and Hope Creek. These initiatives are in the process of translation into specific action plans that will be in effect by July 31, 2004. The objectives and key specific actions we are undertaking are set forth below:

1. **Corrective Action Program** -

- a. To improve the process for identification of issues, actions we are taking include:
 - Implemented a "Good Catch" recognition program to recognize personnel that raise significant issues
 - Implemented a two-step notification screening process to improve classification, appropriate assignment of responsibility
 - Developing a Communications Strategy to assist in the implementation of the desired improvements, to include investigating software changes to automatically provide feedback to personnel identifying issues

- Improving the use of operating experience and lessons learned to improve the application of in-house and industry lessons learned
- b. To improve the definition, understanding, and expectations for organizational ownership and responsibility for identification and resolution of issues, our actions include:
 - Developed an initial new suite of Corrective Action Program performance indicators to improve the monitoring of the organization's performance in implementing the program
 - Refocusing the Corrective Action Review Board to include Corrective Action Program oversight to improve the oversight of overall program health
 - Consolidating and prioritizing the Condition Report backlog to facilitate more efficient resolution of the issues in the backlog in the appropriate sequence
 - Improving the links between the Corrective Action Program and other processes to improve the tracking of Corrective Action Program actions
- c. To improve the resolution of issues, with particular emphasis on timeliness and effectiveness of closure, our actions include:
 - Implemented a Corrective Action Closure Board to review the completeness of the corrective actions and their effectiveness in addressing the causal factors, as an interim measure
 - Revising the grading of Root Cause Evaluations and Apparent Cause Evaluations to improve the feedback and lessons learned to facilitate improving the evaluations
 - Performing internal and external assessments of the Corrective Action Program progress as a monitoring tool to augment the performance indicators
 - Implementing a consistent Corrective Action Program trending process to improve the information available for in-house lessons learned
- d. To ensure the capability of personnel to identify, assess, and resolve issues, our actions include:
 - Developing and implementing an integrated Corrective Action Program training program using the Systematic Approach to Training to improve organizational understanding of the Corrective Action Program elements and improve Corrective Action Program performance
 - Improving Corrective Action Program procedures and tools by implementing program enhancements such as a help line, a Corrective Action Program mailbox to capture program improvement suggestions and a program handbook to facilitate the understanding and use of the Corrective Action Program

Metrics are currently being used that will provide an objective basis for measuring effectiveness of the Corrective Action Program and the above-described improvements. As indicated below, selected Corrective Action Program performance indicators that relate to Safety Conscious Work Environment criteria will be published on a periodic basis.

2. Work Management Program --

- a. To improve management alignment, prioritization, support for and awareness of the workweek schedule, actions we are taking include:
 - Established Work Management oversight groups to improve monitoring of program performance
 - Completed a Work Management Picture of Excellence with key attributes to define the overall future program health that is to be achieved and help organizational understanding of this goal
 - Developed an initial suite of Work Management performance indicators to improve the monitoring of the organization's performance in implementing the program
 - Finalizing the Work Management gap analysis to establish a baseline for the program
 - Implementing a consistent trending process to improve the information available for in-house lessons learned
- b. To improve the discipline of the workweek process regarding planning efficiency, schedule adherence, and management of Limiting Conditions for Operation windows, actions we are taking include:
 - Rescreened backlogs to be consistent with AP-928 to characterize the backlog contents consistent with industry standards
 - Develop a site-wide utilization strategy to optimize maintenance resource allocation during outages
 - Implement a consistent Work Management prioritization scheme to improve organizational alignment in supporting the Work Management Program
- c. To improve the program implementation process, actions we are taking include:
 - Reviewing the Preventive Maintenance strategy by performing system reviews at Hope Creek and Salem
 - Improving the scheduling of Preventive Maintenance to reduce the number of items that are scheduled in the grace period

- Developing and implementing the Work It Now Team backlog reduction strategy
 - Realigning the three-year matrix of Preventive Maintenance activities to establish the long-term implementation of the program
- d. Use communication and training strategies to support Work Management improvements, including:
- Developing an integrated site-wide Work Management training program to help improve the understanding and organizational support of the program

Metrics are currently being used that will provide an objective basis for measuring effectiveness of the Work Management process and the above-described improvements. The result of these efforts and improvements in CAP should improve the Preventative Maintenance Program, reduce maintenance backlogs and address long-standing equipment issues. As indicated below, selected Work Management Program performance indicators that relate to Safety Conscious Work Environment criteria will be published on a periodic basis. Additionally, we are assigning a high priority to improve the feedback provided by our Quality Assurance organization to further assure effective improvement in our Corrective Action Program and Work Management Program. These actions are organized by the four pillars of a Safety Conscious Work Environment as identified in the NRC Policy Statement of 1996.

3. Safety Conscious Work Environment -

- a. Pillar 1 – To improve the Willingness of Employees to Raise Concerns, actions we are taking include:
- Implementing a Safety Conscious Work Environment organization with capabilities to diagnose, intervene in, and assist the line organization with resolution of concerns
 - Developing and implementing of a comprehensive Safety Conscious Work Environment training program for management, supervision, and employees
 - Implementing an effective communication program for PSEG corporate and the Salem/Hope Creek site to assure that Safety Conscious Work Environment improvement initiatives are understood and owned by the organization
- b. Pillar 2 – To improve the Effectiveness of Policies and Procedures for Resolution of Issues, our actions include:
- Implementing the improvements in CAP described above
 - Developing and implementing an issues management program

- Reviewing and modifying the incentive programs, to include a "Good Catch" program, mentioned above in the Corrective Action Program actions, to support Safety Conscious Work Environment improvements
 - Reviewing and revising, as appropriate, HR processes to assure alignment with Safety Conscious Work Environment principles
- c. Pillar 3 – To improve the Effective Alternative Mechanisms for Resolution of Concerns, we are enhancing key elements of the Employee Concerns Program, including:
- Augmenting staffing of the Employee Concerns Program to ensure sufficient resources
 - Realigning and refocusing to achieve independence of the reporting relationship from the line organization
 - Incorporation of industry best practice tools for investigation and resolution of concerns
- d. Pillar 4 – To improve the Management Effectiveness in Detecting and Preventing Retaliation and Chilling Effect, our actions include:
- Established an Executive Review Board to review PSEG Nuclear and Salem/Hope Creek contractor adverse personnel actions to preclude retaliation and/or chilling effect
 - Establishing a People Team to provide an effective mechanism for timely and comprehensive response to events that could involve elements of retaliation or chilling effect

Our actions provide a comprehensive basis for improving these three key Business Objectives, which will address long-standing equipment issues. We will monitor our progress carefully and will adjust our actions periodically to reflect the results of our efforts and to continue to make needed improvements.

Commitments

We will conduct the next cultural survey after the Hope Creek refueling outage, which is scheduled for the fall of 2004. We will periodically resurvey our organization during the next four years thereafter. After we and the NRC have analyzed the results of the 2004 survey, we plan to meet with you at a public meeting. We anticipate this meeting would occur during the second quarter of 2005.

The following metrics will be implemented, monitored, and published quarterly to objectively measure the effectiveness of the above-described Safety Conscious Work Environment improvements at Salem and Hope Creek. We may need to

Mr. Hubert J. Miller
LR-N04-0283

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6/25/04

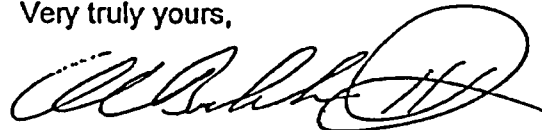
modify these metrics in order to meet a future need for monitoring performance. If that need arises we will notify the NRC of the change and the basis for the change. The metrics are as follows:

1. Survey Results of Employee's Perception of Management Commitment
2. Executive Review Board Action Approvals Without Comment
3. Survey Results of Employees' Perception of Supervisor Communication Effectiveness
4. ECP Concerns Confidentiality/Anonymity Request
5. Survey Results of Trust Between Management and Employees
6. Total Notifications Generated
7. Nuclear Condition Reports (NUCRs) Operations Overdue
8. Open NUCR Evaluations with Due Date Extensions
9. Repeat Nuclear Safety Related Notifications
10. Safety System Unavailability
11. Unplanned Limiting Condition of Operation (LCO) Entries
12. Unplanned Operational Challenges
13. SCWE Management Training Completion
14. Knowledge of Alternate Avenues
15. Corrective Maintenance Backlog
16. Elective Maintenance Backlog
17. Corrective Action Problem Resolution

* * *

PSEG submits that the actions outlined above will assure continued safe and reliable operation of Salem and Hope Creek, improvement of the Salem and Hope Creek work environments, and achievement of sustained excellent performance over the long term. If you have any questions or comments, please do not hesitate to call me.

Very truly yours,



A. Christopher Bakken, III
Senior Vice President,
Nuclear Operations

Mr. Hubert J. Miller
LR-N04-0283

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6/25/04

C Mr. H. Miller, Administrator - Region I
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USNRC Senior Resident Inspector – Salem (X24)

USNRC Senior Resident Inspector – Hope Creek (X24)

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Transmit to: Dr. N. K. Harvin

Fax No: 609-398-7765

From: D. Vito

Number of Pages (including the fax cover sheet): 7

Date and Time Sent: 2:50 p.m. 7/30/04

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