

From: David Vito *rv*
 To: A. Randolph Blough; Brian Holian; Daniel Orr; Ernest Wilson; Eugene Cobey; Scott Barber
 Date: 12/3/04 9:16AM
 Subject: Fwd: Re:UCS ltr - - ucs issues for tomorrow's meeting - - Action requested

- SENSITIVE "POTENTIAL" ALLEGATION INFORMATION -
 - PROTECT ACCORDINGLY -

Allegation or RA Action Item?? We need to make a decision on this today. If it is to be an allegation, we need to get it in the system so that we can ARB it next Wednesday. If not, we need to get an RA Action Item number assigned so that it can be responded to by 12/28/04.

Gene — please get back to me on this by lunch time today, if at all possible. I guess the simplest way to look at it is... If you believe we have the answers and can easily respond to the UCS 11/29/04 letter by 12/28/04, then it should be made an RA Action Item. If there are aspects of the letter that need more review/assessment in order to develop an appropriate answer, then we probably should put it in the Allegation process.:

The following reflects the feedback I have received on this over the last 36 hours or so:

1) On Tuesday, I presented the information (the 11/29/04 UCS letter) to Lisa Jarriel and Andrea Kock, the Allegation folks in HQ, because of their participation in the meeting last night. They got back to me Wednesday afternoon and indicated that it was their opinion that the letter should be put in the allegation process because it wasn't clear to them that we knew of the "precursor" Notification that may have forewarned PSEG of the event, and they also weren't sure whether the SIT review could provide a response to the assertion that PSEG management was not responsive of the desire of Operations personnel to respond cautiously to the event, and not rush to restart. I told them (Andrea) that I would take their suggestion under advisement, because: 1) while I wasn't absolutely sure, it was my belief that the SIT was following the "precursor" Notification, even before we were informed about it by [REDACTED] for UCS, and 2) that the SIT should have interviewed enough folks related to the event to render a judgement as to how it was approached from an SCWE standpoint.

2) Dan Holody spoke with me about this yesterday morning, and we both agreed that if DRP/DRS could not readily answer the issues noted in item 1) above, we should probably put this in the allegation system, to give ourselves time to get our ducks in a row and provide an appropriate response.

2) Steve Pindale stopped in yesterday afternoon to inform me that the SIT was quickly on top of the "precursor" Notification, and that PSEG's response to it (or lack thereof) had become of a focal point of their findings. Steve did not provide any commentary about whether the SIT had received any feedback from Operations personnel who were interviewed, about negative PSEG management feedback to Operations personnel responding to the event, or about a rush to restart.

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For additional information, [REDACTED] did provide essentially the same assertions to us, in less detail, immediately following the 10/10 event. Basically, [REDACTED] indicated that the event, and PSEG's response to it, showed that they haven't made any progress in the SCWE area. [REDACTED] also mentioned a potential "precursor" Notification, but in less detail than provided by UCS on 11/29/04. We ARB'd the information [REDACTED] provided, and decided to respond to it via a Status Letter under RI-2003-A-0110, since the allegation file has not been closed yet (due to the H&I and [REDACTED] issues still under review), and PSEG is still in the early stages of recovery from the SCWE findings. The text from the RI-2003-A-0110 Status Letter of 11/12/04, that relates to the SCWE and Notification aspects of [REDACTED] comments is as follows:

"We acknowledge that the aftermath of the Hope Creek event provides PSEG with an opportunity to demonstrate whether progress has been made in the SCWE area. The NRC is closely watching their corrective actions. Salem and Hope Creek are in a period of transition. As you understand, problems in the SCWE area are not often resolved quickly, and progress can be difficult to discern, particularly in the

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initial stages of recovery. From the NRC's previous experience with other facilities with similar problems, in the early recovery period, it is not uncommon for there to be continuing issues in the SCWE area, and some continued skepticism from staff about progress. We acknowledge your comments and will consider them as we monitor PSEG's performance and their efforts to improve the SCWE at Salem and Hope Creek."

"With regard to the NRC follow up of the Hope Creek event, as you are aware, an NRC Special Inspection Team (SIT) was established and dispatched to the site. The SIT is focusing on evaluating PSEG's analysis of the cause(s) for the pipe failure, evaluating the equipment and human performance issues that complicated the response to the steam leak and assessing the adequacy of PSEG's root cause evaluation and associated corrective actions. The SIT review includes an assessment of Notifications related to the event, including those you have mentioned, and PSEG's plans for corrective action. The SIT review also includes interviews with pertinent personnel."

We have received no negative feedback from [REDACTED] with regard to the content of the 11/12/04 RI-2003-A-0110 Status Letter.

CC: Daniel Holody; Lawrence Doerflein; Leanne Harrison; Sharon Johnson; Stephen Pindale