

February 20, 1997

EA 96-125 and 96-281

Mr. Leon R. Eliason
Chief Nuclear Officer and President
Nuclear Business Unit
Public Service Electric and Gas Company
Post Office Box 236
Hancocks Bridge, New Jersey 08038

Gentlemen:

This will acknowledge receipt of your letter dated November 22, 1996, and your bank transfer of \$150,000 in payment of the civil penalties proposed by NRC in a letter dated October 23, 1996. Your corrective actions will be examined during future inspections.

With regard to your response involving the modifications to the service water system, we understand that the original safety evaluation was revised when you determined that the flow balancing could not be completed to support your restart schedule. Following your decision to defer the flow balance testing, your staff chose to impose an administrative requirement more stringent than that required by technical specifications, rather than perform the necessary testing to ensure system functionality and fully resolve any potential unreviewed safety questions. Our conclusion remains that this is not in accordance with the requirements of 10 CFR 50.59.

Sincerely,

James Lieberman, Director
Office of Enforcement

Docket No. 50-354
License No. NPF-57

cc: H. Miller, RI

DISTRIBUTION:

JLieberman, OE
Enforcement Specialist
Regional Enforcement Coordinator
Day File
EA File

*must for H. Miller
see Dan H. Miller*

PDR	NUDOCS	OE:DD <i>must</i>	RA:RI	D:OE <i>J</i>
<u>YES</u>	<u>YES</u>	MSatorius	HMiller	JLieberman
NO	NO	2/18/97	2/18/97	2/18/97

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