

June 2, 1995

MEMORANDUM TO: File

FROM: James M. Taylor
Executive Director for Operations

SUBJECT: DROP IN VISIT - PUBLIC SERVICE ELECTRIC AND GAS (PSE&G)
SALEM UNITS 1 & 2

On May 24, 1995, at 2:00 p.m., Messrs. J. Ferland, Chief Executive Officer, and L. Eliason, Chief Nuclear Officer (CNO), of PSE&G, met with Messrs. J. Taylor, J. Milhoan, R. Zimmerman, L. Chandler, and J. Grobe of the NRC to discuss improvement efforts at Salem Units 1 and 2.

The following topics were discussed:

- PSE&G has added Dr. Forrest Remmick to the Board of Directors, and Dr. Remmick has been assigned to the Nuclear Oversight Committee. Nuclear plant status is discussed extensively at every monthly Board meeting.

- Four experienced former nuclear executives have been added to the Nuclear Safety Review Committee which reports to the Board of Directors monthly.

- In early May 1995, PSE&G submitted its Impact Plan for Sale to the staff. The Plan is promoting an integrated effort to:

- Develop improvement strategies (May)
- Implement Intervention Effort (June)
- Implement Strategies (June through September)

Facility operation will be significantly improved before refueling outage in September. Full implementation of the plan will take 12 to 18 months.

- They have put in place a core set of new managers who are acting as "change agents" to facilitate reshaping the organization. The vast majority of the staff are out of the denial mode and recognize that change is necessary to improve.

- They are "reconstituting" and improving virtually every segment of the organization and they are still recruiting for several key managers.

- One very significant effort is underway in the system engineering with a new level of commitment and accountability in system ownership. They will focus on the "System Health" of eight major systems first including CVCS, service water, feed water, steam, circulating water, diesel generators, and reactor control. These systems account for over 90 percent of the problems over the last year.

- They are planning to upgrade the feedwater control system to a digital system during the next outage.

The CNO is meeting weekly regarding implementation of the action plan and rewarding results, not activity.

Mr. Eliason committed to meet again with Mr. Taylor on the progress of his improvement efforts before the September outage. The meeting ended at 3:15 p.m. No regulatory decisions were requested or provided.

J. Knight

NRC POSITION ON SALEM - 6/23/95

The safety performance of the Salem Nuclear Generating Station was reviewed during the January 1995 Senior Management Meeting in which it was decided that NRC Senior Management Meeting should meet with the PSE&G Board of Directors. On March 21, 1995, the NRC's Executive Director for Operations, Director, Office of Nuclear Reactor Regulation and the Regional Administrator, Region I, met with the licensee's Board of Directors to communicate NRC's safety concerns regarding the performance of the Salem 1 and 2 (see attached meeting summary). The board members and company officers confirmed their commitment to improve performance of Salem Station. Since the board meeting, the licensee has revised their corrective action plans based upon their critical self assessment of their safety performance, is taking action to improve their site management team, and has established higher standards of performance and accountability for station staff, particularly licensed operators. On May 17, 1995, the licensee voluntarily shut down Unit 1 to resolve concerns with switchgear room supply fans, initiated a comprehensive multi-discipline evaluation of all outstanding maintenance issues, revised and refocused the engineering support organization, and initiated a high level review of the problems which led to the Unit 1 shutdown. These actions are indicative of the corporation's commitment to improve performance at Salem Station.

In June 1995, NRC senior managers discussed PSE&G's actions since the last SMM and concluded that licensee senior management was taking action to improve performance at Salem and that facility performance was not trending adversely nor did it warrant placement on the NRC's problem plant list. Licensee management action since the June 1995 Senior Management Meeting to keep both

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units shutdown and address material condition problems is further demonstration of PSE&G's commitment to improve the safety performance at the Salem units. These actions have been confirmed by a Confirmation of Action Letter and will be closely monitored by the NRC's Region I Administrator.