Appendix C

August 23, 1996

Memorandum To: Commissioner Dicus

From: Terence L. Chan

SUBJECT: COURTESY VISIT BY PUBLIC SERVICE ELECTRIC AND GAS CO. (PSE&G)

You will be visiting with Messrs. E. James Ferland, Chairman of the Board, President and CEO, and Leon R. Eliason, Nucl. Business Unit and Chief Nuclear Officer of the Public Service Electric and Gas Co. on Monday, August 26, 1996, at 9:30 a.m.. PSE&G is the licensee for the Salem Nuclear Generating Station and the Hope Creek Generating Station. Salem is a two-unit Westinghouse PWR site; Hope Creek is a single unit General Electric BWR site.

This will be a courtesy visit. Consequently they will likely discuss with you current activities at the plant, organizational changes, and problems and how they're being handled.

[redacted]

Salem

Salem has had a number of significant operability issues and has been shut down since mid-1995. Both plants are under Confirmatory Action Letters which means the plants must satisfy certain specified conditions prior to restart. *Commission action is not required in this case, as it is for Millstone*. The latest SALP ratings for Salem, the

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period for which ended November 1994, was SALP 3 in Operations and Maintenance, SALP 2 in Engineering, and SALP 1 in Plant Support. Salem also does not have an enviable enforcement history, having been assessed a $600k civil penalty in October 1995 for numerous instances of inadequate corrective action, inadequate controls related to plant modifications, and failure to comply with their Technical Specifications.

Other Items of Interest

All four steam generators in Unit 1 are being replaced during this shutdown. The steam generators from the unfinished Seabrook Station Unit 2 are being used. Anticipated completion of the SG replacement project is January 1997, with startup of the unit in the second quarter of 1997.

Salem completed their Licensing Basis Conformance Project on August 9, 1996. A number of deficiencies which required corrective action were identified. However, most were inconsistencies in design basis documentation. Only a limited number of corrective actions were considered needed for restart.

PSE&G is considering merging with PECO Energy Co., the other major owner of Salem. Both companies own 42.59% of the Salem station. The new company would be stand-alone entity, separate from PSE&G and PECO. PECO operates the Limerick 1&2 plants and the Peach Bottom 1&2 plants. In addition, the remaining minority owners of Salem, Atlantic Energy, Inc. and Delmarva Power and Light announce their merger on August 12, 1996.