



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

February 20, 1997

PDR  
PER D. MOSSBURG

The Honorable Joseph R. Biden, Jr.  
United States Senate  
Washington, D.C. 20510

Dear Senator Biden:

I am responding to your letters of January 13 and January 30, 1997, in which you request that the full Commission vote to determine whether the Salem 2 nuclear power plant should be permitted to resume operations. Because of my own past involvement with Public Service Electric and Gas (PSE&G), I have chosen not to participate in the Commission decision with respect to your request.

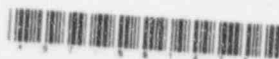
As you are aware, the NRC Senior Management Meetings are held twice a year for the purpose of reviewing plant performance and identifying those facilities that require additional inspection and regulatory attention by the NRC staff. The last meeting was held in January 1997. On January 29, 1997, the NRC staff briefed the Commission on the results of the recent Senior Management Meeting.

At the Commission meeting, the staff emphasized that Salem's efforts to improve its performance are correctly targeted and that they are satisfied with PSE&G's overall approach. However, for the first time, Salem 1 and 2 were added by the staff to the NRC Watch List as Category 2 facilities, thereby identifying them as plants that have weaknesses that warrant increased NRC attention from both headquarters and the regional office. The basis for placing Salem on the Watch List has been articulated in the staff's letter to PSE&G (enclosed).

At this time, the Commission does not believe that the problems remaining to be addressed at the Salem units warrant their categorization as Category 3 facilities requiring Commission approval before they can restart. However, the potential restart of plants such as the Salem units is governed by an established NRC review process which requires continual communications between the staff and the Commission prior to any restart. This process ensures that the Commission will remain fully informed in a timely manner of staff determinations with respect to restart of the Salem units.

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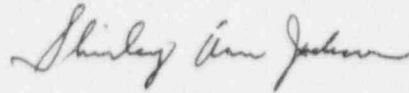
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I assure you that the Commission will continue reviewing licensee performance at the Salem facilities, including their continued improvement and their progress under the NRC restart review process, and will take the necessary steps to provide adequate protection of public health and safety.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, reading "Shirley Ann Jackson".

Shirley Ann Jackson

Enclosure:  
As stated



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

January 27, 1997

Mr. E. James Ferland  
Chief Executive Officer  
Public Service Electric  
and Gas Company  
80 Park Plaza  
Newark, NJ 07101

Dear Mr. Ferland:

On January 14, 15, and 17, 1997, NRC senior managers met to evaluate the nuclear safety performance of operating reactors, fuel facilities, and other material licensees. The NRC conducts this meeting semiannually to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention. At the January 1997 Senior Management Meeting (SMM), the Salem and Hope Creek Generating Stations were discussed.

In our letter of January 29, 1996, James M. Taylor, the former NRC Executive Director for Operations, advised you that at the January 17-18, 1996 SMM, NRC senior managers concluded that recent trends in performance at Hope Creek raised sufficient concerns that we believed it would be appropriate to meet with you to discuss these concerns. In that letter we also stated that resolution of our performance concerns at Salem remained to be demonstrated through sustained and reliable operations.

At the January 1997, SMM the discussion regarding Hope Creek considered the additional insights gained from our monitoring of plant performance since the January 1996 SMM. Based on these discussions it was concluded that the corrective actions you are taking have been effective in addressing our concerns regarding adverse trends in performance at Hope Creek. A summary of NRC discussions related to Hope Creek follows:

Steps taken by management to address both human performance and equipment issues over the past year have resulted in an overall improvement in plant operations.

Management has consistently exhibited a conservative approach to decision making. Progress has been made in communicating higher standards and lowering significantly the threshold for identification of problems. Numerous staffing changes and an extensive training and requalification initiative have led to improved control of plant activities by operators. This is significant since the negative trend discussed in the January 1996 SMM was most notably evidenced by several significant events where operators failed to properly control plant evolutions. Overall personnel error rates have declined significantly.

The station is well along in addressing previously identified problems with technical specification and surveillance procedure discrepancies. Overall material condition of the plant is good as illustrated by

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improved plant operating performance. This improvement stemmed, to a large degree, from work accomplished during an extended outage completed in early 1996. Maintenance and engineering backlogs are well understood and prioritized but they constitute a continuing challenge to the station. Continuing attention is also needed to improve operator staffing levels which were reduced somewhat during the station's operator requalification initiative.

The senior managers also discussed the Salem facility. As described in more detail in the following paragraphs, Salem was designated as a Category 2 plant, not due to any performance problems or decline during this evaluation period, but due to a change in senior management judgement as described in the fourth paragraph below. A summary of NRC discussions related to Salem follows:

Both Units 1 and 2 were shut down to address significant equipment and human performance problems in mid-1995. An NRC Confirmatory Action Letter issued at that time established actions required before restart of the Units.

A strong management team has been assembled by PSE&G; it has been in place for most of the outage. A much lower problem reporting threshold has been established and management has been aggressive in addressing root causes. Significant staffing changes have been made. Operations and maintenance staffs have completed extensive training and requalification programs to both reinforce fundamental skills and establish higher safety standards. Steps have been taken to strengthen station self assessment, corrective action and work control processes. As a result, the number and significance of personnel errors have declined. Operators have demonstrated improved ownership of the plant and conservative decision making.

The outage scope has been extensive. Numerous plant components have been refurbished or replaced with more reliable equipment in both safety-related and balance-of-plant systems. Operator work-arounds are being addressed. A comprehensive, pre-startup test program is underway to assure repair work has been effective. Engineering organizations are providing stronger support on equipment and design issues as evidenced by completion of a recent licensing basis conformance review.

The senior managers thoroughly discussed current activities at Salem and the basis for past SMM decisions. The conclusion was that the scope and depth of the problems that existed at Salem prior to the dual unit shutdown warranted categorizing it as a Category 2 facility indicating need for increased NRC attention. Past decisions regarding Salem's status were influenced by current licensee management's recognition of problems and efforts being made to address them. As a practical matter, given the extent of these problems and the scope of activities, the agency increased its attention to Salem and applied resources commensurate with a plant in a Category 2, status. As a consequence,

E. James Ferland

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senior managers reviewed Salem performance using the Category 2 plant removal matrix. The managers concluded, notwithstanding the significant steps being taken and results achieved to date, Salem would not be removed from Category 2 status if it had previously been categorized as such. A key consideration in the removal matrix is assessment of plant and integrated station performance at power which has yet to occur.

In summary, the decision was made to recognize that Salem should have been placed on the watch list previously and that it would not have been removed at this point. As such, Salem is being classified as a Category 2 facility at this time. This classification is not intended to suggest that licensee actions underway at Salem to achieve needed improvements are incorrectly targeted. NRC is satisfied with the overall approach and will be monitoring closely the progress to achieve the planned improvements.

An NRC Commission meeting, open to the public, has been scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on January 29, 1997, at 10:00 a.m. to review the results of the latest meeting of NRC senior managers. Mr. Hubert Miller, the Region I Regional Administrator, has discussed the bases for our conclusions with regard to Hope Creek and Salem with members of your staff.

If you have any questions regarding this matter, do not hesitate to call me.

Sincerely,

Original signed by:

Hugh L. Thompson, Jr.  
Acting Executive Director  
for Operations

Docket Nos.: 50-272  
50-311  
50-354

cc: See next page



Mr. E. James Ferland  
Public Service Electric & Gas  
Company

Salem Nuclear Generating Station,  
Units 1 and 2  
Hope Creek Generating Station

cc:

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