

March 3, 2004

Mr. Roy A. Anderson
President and Chief Nuclear Officer
PSEG Nuclear LLC - N09
P. O. Box 236
Hancocks Bridge, NJ 08038

SUBJECT: ANNUAL ASSESSMENT LETTER - SALEM NUCLEAR GENERATING STATION
(REPORT 05000272/2004001 AND 05000311/2004001)

Dear Mr. Anderson:

On February 4, 2004, the NRC staff completed its end-of-cycle plant performance assessment of Salem Units 1 and 2. The review involved the participation of all technical divisions in evaluating performance for the calendar year 2003 assessment cycle. The process included a review of performance indicators (PIs) for the most recent quarter and inspection results from 2003. The purpose of this letter is to inform you of our assessment of your safety performance and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, Salem Units 1 and 2 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter at Salem Unit 1 was within the Regulatory Response Column of the NRC's Action Matrix, based on an inspection finding in the Mitigating System Cornerstone being classified as having low to moderate significance (White) and all PIs being Green. The White inspection finding involved inadequate corrective actions to prevent the recurrence of emergency diesel generator (EDG) turbocharger failures, which resulted in the 1C EDG turbocharger failure in September 2002. In a follow up inspection report dated January 30, 2004, the staff kept this White finding open until additional inspections confirm that final corrective actions have been implemented.

Plant performance for the most recent quarter at Salem Unit 2 was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs being Green.

As discussed in the annual assessment letter dated March 3, 2003, and the mid-cycle assessment letter dated August 27, 2003, the staff identified a substantive cross-cutting issue in the area of problem identification and resolution (PI&R). The cross-cutting issue involved instances of ineffective, untimely problem evaluations and corrective actions. In the most recent

annual assessment, we concluded that this substantive cross-cutting issue should remain open, based on the numerous inspection findings which indicate that weaknesses continue in this area. The weaknesses impacted equipment reliability and involved deficient determinations of root causes. For example, inspection findings included the deferred fuse uprating of control drive mechanisms, which resulted in dropping of control rods and a manual Unit 2 reactor trip; an inadequate operability evaluation of offsite power supply breakers following a Unit 1 partial loss of offsite power; insufficient evaluation of an air leak on an EDG starting air compressor; and incomplete preventive maintenance and inadequate corrective actions for the control air system. We request that you discuss this matter at our upcoming annual assessment meeting.

In a January 28, 2004 letter, we provided interim results of an ongoing NRC special review of the work environment at Salem and Hope Creek. The letter outlined areas of NRC concerns, particularly as they relate to the handling of emergent equipment issues and associated operational decision-making. The letter also requested a written response to provide a plan for an in-depth PSEG assessment of the work environment. We have received your response and are reviewing your plans. We expect to discuss this matter with you at the management meeting specified in our January 28 letter (tentatively planned for mid-March).

The enclosed inspection plan details the inspections scheduled through September 30, 2005. The inspection plan is provided to minimize the resource impact on your staff, and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. In addition to the baseline inspections at Salem through September 2005, we plan to perform a supplemental inspection on the open White inspection finding to review the corrective actions for the EDG turbocharger failure. The inspection is intended to provide assurance that the corrective actions address the root cause of the failure. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

As you are aware, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness since the terrorist attacks on September 11, 2001. We have conducted inspections to review your implementation of these requirements and have monitored your actions in response to changing threat conditions. For calendar year 2004, we plan to continue inspections of order implementation combined with newly developed portions of the security baseline inspection program.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Electronic Reading Room).

Mr. Roy Anderson

3

If circumstances arise which cause us to change the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Glenn Meyer of my staff at (610) 337-5211 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

A. Randolph Blough, Director
Division of Reactor Projects

Docket Nos. 50-272, 50-311
License Nos. DPR-70, DPR-75

Enclosure: Salem Units 1 and 2 Inspection/Activity Plan

Mr. Roy Anderson

4

cc w/encl:

C. Bakken, Senior Vice President Site Operations

M. Brothers, Vice President - Operations

J. T. Carlin, Vice President Nuclear Assurance

D. F. Garchow, Vice President, Engineering and Technical Support

W. F. Sperry, Director Business Support

S. Mannon, Manager - Licensing

C. J. Fricker, Salem Plant Manager

R. Kankus, Joint Owner Affairs

J. J. Keenan, Esquire

Consumer Advocate, Office of Consumer Advocate

F. Pompper, Chief of Police and Emergency Management Coordinator

M. Wetterhahn, Esquire

J. Lipoti Ph.D., Assistant Director of Radiation Programs, State of New Jersey

H. Otto, Ph.D., DNREC Division of Water Resources, State of Delaware

N. Cohen, Coordinator - Unplug Salem Campaign

W. Costanzo, Technical Advisor - Jersey Shore Nuclear Watch

E. Zobian, Coordinator - Jersey Shore Anti Nuclear Alliance

Institute of Nuclear Power Operations (INPO)

Distribution w/encl: Via E-Mail

Region I Docket Room (with concurrences)

H. Miller, RA

J. Wiggins, DRA

G. Meyer, DRP

S. Barber, DRP

D. Orr, DRP - NRC Resident Inspector

J. Jolicoeur, OEDO

D. Roberts, NRR

R. Fretz, PM, NRR

G. Wunder, NRR

C. O'Daniell, DRP

N. Sheehan, PAO

W. Lanning, DRS

R. Crlenjak, DRS

R. Conte, DRS

J. White, DRS

R. Lorson, DRS

J. Rogge, DRS

L. Doerflein, DRS

RidsNrrDipmlipb

DOCUMENT NAME: G:\BRANCH3\ROP4 Annual Assess Ltrs\Salem AA Letter.wpd

After declaring this document "An Official Agency Record" it **will** be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	RI/DRP		RI/DRP		RI/DRP			
NAME	DOrr/ GWM for		GMeyer/ GWM		ABlough/ ARB			
DATE	03/03/04		03/03/04		03/03/04			

OFFICIAL RECORD COPY

Salem
Inspection / Activity Plan
01/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	711112B	- MAINTENANCE RULE	1			
1, 2	IP 711112B	Maintenance Effectiveness		01/12/2004	01/16/2004	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		01/12/2004	01/16/2004	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		01/12/2004	01/16/2004	Baseline Inspections
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/12/2004	01/16/2004	Baseline Inspections
	711111B	- LORT FOLLOW-UP SIMULAOTR DEFICIENCIES	1			
1, 2	IP 711111B	Licensed Operator Requalification Program		02/10/2004	02/11/2004	Baseline Inspections
1, 2	IP 711111B	Licensed Operator Requalification Program		03/04/2004	03/04/2004	Baseline Inspections
	711121	- SSDI	7			
1, 2	IP 711121	Safety System Design and Performance Capability		02/23/2004	02/27/2004	Baseline Inspections
1, 2	IP 711121	Safety System Design and Performance Capability		03/08/2004	03/12/2004	Baseline Inspections
	6/7 EXM	- OPERATOR LICENSING INITIAL EXAMS	4			
1	U01519	SALEM UNITS 1&2 INITIAL EXAM (3/8-12/04)		05/10/2004	05/14/2004	Not Applicable
1	U01519	SALEM UNITS 1&2 INITIAL EXAM (3/8-12/04)		06/07/2004	06/11/2004	Not Applicable
	7111401	- EXERCISE EVALUATION & EP PI VERIFICATION	8			
1, 2	IP 7111401	Exercise Evaluation		03/15/2004	03/19/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		03/15/2004	03/19/2004	Baseline Inspections
	711108P	- INSERVICE INSPECTION - UNIT 1	3			
1	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)		04/05/2004	04/09/2004	Safety Issues
1	IP 2515/152	Reactor Pressure Vessel Lower Head Penetration Nozzles (NRC Bulletin 2003-02)		04/05/2004	04/09/2004	Safety Issues
1	IP 7111108P	Inservice Inspection Activities - PWR		04/05/2004	04/09/2004	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/05/2004	04/09/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		04/05/2004	04/09/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/05/2004	04/09/2004	Baseline Inspections
	71130	- SECURITY	2			
1, 2	IP 7113001	Access Authorization		04/05/2004	04/09/2004	Baseline Inspections
1, 2	IP 7113002	Access Control		04/05/2004	04/09/2004	Baseline Inspections
1, 2	IP 7113008	Fitness For Duty Program		04/05/2004	04/09/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		04/05/2004	04/09/2004	Baseline Inspections
	95001	- EDG SUPPLEMENTAL - EDG	1			
1, 2	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		05/03/2004	05/07/2004	Supplemental Program

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Salem
Inspection / Activity Plan
01/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	End	Inspection Type
	7111107B - HEAT SINK		1			
1, 2	IP 7111107B	Heat Sink Performance		08/16/2004	08/20/2004	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		08/23/2004	08/27/2004	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		08/23/2004	08/27/2004	Baseline Inspections
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/23/2004	08/27/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		08/23/2004	08/27/2004	Baseline Inspections
	71130 - SECURITY		4			
1, 2	IP 7113001	Access Authorization		11/29/2004	12/03/2004	Baseline Inspections
1, 2	IP 7113004	Equipment Performance, Testing, and Maintenance		11/29/2004	12/03/2004	Baseline Inspections
1, 2	IP 7113005	Protective Strategy Evaluation		11/29/2004	12/03/2004	Baseline Inspections
1, 2	IP 7113007	Security Training		11/29/2004	12/03/2004	Baseline Inspections
1, 2	IP 7113009	Owner-Controlled Area Controls		11/29/2004	12/03/2004	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		01/10/2005	01/14/2005	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		01/10/2005	01/14/2005	Baseline Inspections
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/10/2005	01/14/2005	Baseline Inspections
	7112203 - PUB RAD SAFETY - REMP		1			
1, 2	IP 7112203	Radiological Environmental Monitoring Program		01/31/2005	02/04/2005	Baseline Inspections
	71152B - PROBLEM IDENTIFICATION AND RESOLUTION		1			
1, 2	IP 71152B	Identification and Resolution of Problems		02/28/2005	03/04/2005	Baseline Inspections
1, 2	IP 71152B	Identification and Resolution of Problems		03/14/2005	03/18/2005	Baseline Inspections
	7111117B - MODS & 50.59		1			
1, 2	IP 7111102	Evaluation of Changes, Tests, or Experiments		02/14/2005	02/18/2005	Baseline Inspections
1, 2	IP 7111117B	Permanent Plant Modifications		02/14/2005	02/18/2005	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2	IP 71007	Reactor Vessel Head Replacement Inspection		04/11/2005	04/15/2005	Other Routine
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		04/11/2005	04/15/2005	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		04/11/2005	04/15/2005	Baseline Inspections
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/11/2005	04/15/2005	Baseline Inspections
	7111108P - INSERVICE INSPECTION - U2		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		04/18/2005	04/22/2005	Baseline Inspections
	71114 - EP PROGRAM INSP & PI VERIFICATION		1			
1, 2	IP 7111402	Alert and Notification System Testing		08/29/2005	09/02/2005	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Salem
Inspection / Activity Plan
01/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	71114	- EP PROGRAM INSP & PI VERIFICATION	1			
1, 2	IP 7111403	Emergency Response Organization Augmentation Testing		08/29/2005	09/02/2005	Baseline Inspections
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/29/2005	09/02/2005	Baseline Inspections
1, 2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		08/29/2005	09/02/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		08/29/2005	09/02/2005	Baseline Inspections
	7111111B	- LO REQUAL INSPECTION	2			
1, 2	IP 7111111B	Licensed Operator Requalification Program		09/12/2005	09/16/2005	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.