

March 3, 2003

Mr. Harold W. Keiser
Chief Nuclear Officer and President
PSEG LLC - N09
P. O. Box 236
Hancocks Bridge, NJ 08038

SUBJECT: ANNUAL ASSESSMENT LETTER - HOPE CREEK NUCLEAR GENERATING
STATION (Report 50-354/2003-001)

Dear Mr. Keiser:

On February 6, 2003, the NRC staff completed its end-of-cycle plant performance assessment of Hope Creek. The end-of-cycle review for Hope Creek involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2002. The purpose of this letter is to inform you of our assessment of your safety performance during this period 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, Hope Creek operated in a manner that preserved public health and safety and met all cornerstone objectives. Plant performance for the most recent quarter and during the previous three quarters 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 indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct only baseline inspections at your facility through March 31, 2004.

Additionally, the staff has identified a substantive cross-cutting issue in the area of problem identification and resolution (PI&R), particularly regarding ineffective problem evaluations and untimely, ineffective corrective actions. Numerous inspection findings documented shortcomings within the problem identification and resolution area, and these shortcomings enabled problems to recur and longstanding problems to go uncorrected. The most noteworthy examples included an inservice test failure of a standby liquid control (SLC) pump in October 2002, which represented a repetition of a similar test failure of the other SLC pump in March 2002, and a February 2002 incident on the standby service water (SW) pump, which represented a recurrence of a similar February 2001 standby SW pump event. Further, there were multiple occasions in which problems were not promptly identified.

We also note that the same overall corrective action program is concurrently implemented at both Hope Creek and Salem, and that both stations have experienced an adverse PI&R trend. This appears to indicate that program improvements to address these trends will need to be broadly based and site-wide to improve PI&R performance at Hope Creek, as well as at Salem Units 1 and 2. We plan to closely monitor your performance in the PI&R area.

The enclosed inspection plan details the inspections scheduled through March 31, 2004. 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 on-site. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last six months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

As you are aware, since the terrorist attacks on September 11, 2001, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness. 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 2003, we plan to continue these inspections, conduct portions of the security baseline inspection program, as well as perform additional inspections to evaluate your compliance with new requirements that may be ordered. Based on our final determinations in this regard, we will notify you of any inspection plan changes.

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 Public Electronic Reading Room).

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

Sincerely,

/RA/

Glenn Meyer, Chief
Projects Branch 3
Division of Reactor Projects

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

Enclosure: Hope Creek Inspection/ Activity Plan

Mr. Harold W. Keiser

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cc w/encl:

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Consumer Advocate, Office of Consumer Advocate

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M. Wetterhahn, Esquire

N. Cohen, Coordinator - Unplug Salem Campaign

E. Gbur, Coordinator - Jersey Shore Nuclear Watch

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State of New Jersey

State of Delaware

Mr. Harold W. Keiser

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|--------|---------------|--|--------------------|--|--------------|---------------|--|
| OFFICE | R1/DRP | | R1/DRP | | R1/DRP | R1/DRP | |
| NAME | SBarber /GSB/ | | JSchoppy /GSB for/ | | GMeyer /GWM/ | ABlough /ARB/ | |
| DATE | 02/28/03 | | 02/28/03 | | 02/28/03 | 02/28/03 | |

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Hope Creek
Inspection / Activity Plan
12/29/2002 - 03/27/2004

| Unit Number | Inspection Activity | Title | No. of Staff on Site | Planned Dates | | Inspection Type |
|----------------|---------------------|--|-------------------------|---------------|------------|----------------------|
| | | | | Start | End | |
| | 71121 | - OCC RAD SAFETY | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 01/06/2003 | 01/10/2003 | Baseline Inspections |
| 1 | IP 7112102 | ALARA Planning and Controls | | 01/06/2003 | 01/10/2003 | Baseline Inspections |
| 1 | IP 7112103 | Radiation Monitoring Instrumentation and Protective Equipment | | 01/06/2003 | 01/10/2003 | Baseline Inspections |
| | 711117B | - MODS | 3 | | | |
| 1 | IP 7111102 | Evaluation of Changes, Tests, or Experiments | | 01/13/2003 | 01/17/2003 | Baseline Inspections |
| 1 | IP 711117B | Permanent Plant Modifications | | 01/13/2003 | 01/17/2003 | Baseline Inspections |
| | 3/17 EXM | - OPERATOR LICENSING LSRO INTIAL EXAMS | 3 | | | |
| 1 | U01494 | HOPE CREEK LSRO INITIAL EXAM (3/17/03) | | 02/02/2003 | 02/07/2003 | Not Applicable |
| 1 | U01494 | HOPE CREEK LSRO INITIAL EXAM (3/17/03) | | 03/17/2003 | 03/21/2003 | Not Applicable |
| | 7112203 | - PUB RAD SAFETY - REMP | 1 | | | |
| 1 | IP 7112203 | Radiological Environmental Monitoring Program | | 02/10/2003 | 02/14/2003 | Baseline Inspections |
| | 711111B | - L.O. REQUALIFICAITON PROGRAM (LSRO) | 2 | | | |
| 1 | IP 711111B | Licensed Operator Requalification | | 02/03/2003 | 02/06/2003 | Baseline Inspections |
| 1 | IP 711111B | Licensed Operator Requalification | | 11/11/2003 | 11/13/2003 | Baseline Inspections |
| | 7111108 | - INSERVICE INSPECTION | 1 | | | |
| 1 | IP 7111108G | Inservice Inspection Activities - BWR | | 04/21/2003 | 04/25/2003 | Baseline Inspections |
| | 71121 | - OCC RAD SAFETY | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 04/21/2003 | 04/25/2003 | Baseline Inspections |
| 1 | IP 7112102 | ALARA Planning and Controls | | 04/21/2003 | 04/25/2003 | Baseline Inspections |
| 1 | IP 7112103 | Radiation Monitoring Instrumentation and Protective Equipment | | 04/21/2003 | 04/25/2003 | Baseline Inspections |
| | 6/16 EXM | - OPERATOR LICENSING INITIAL EXAMS | 4 | | | |
| 1 | U01499 | HOPE CREEK INITIAL EXAM (6/17/03) | | 05/19/2003 | 05/23/2003 | Not Applicable |
| 1 | U01499 | HOPE CREEK INITIAL EXAM (6/17/03) | | 06/16/2003 | 06/20/2003 | Not Applicable |
| | 71121 | - OCC RAD SAFETY | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 08/18/2003 | 08/22/2003 | Baseline Inspections |
| 1 | IP 7112102 | ALARA Planning and Controls | | 08/18/2003 | 08/22/2003 | Baseline Inspections |
| 1 | IP 7112103 | Radiation Monitoring Instrumentation and Protective Equipment | | 08/18/2003 | 08/22/2003 | Baseline Inspections |
| 1 | IP 71151 | Performance Indicator Verification | | 08/18/2003 | 08/22/2003 | Baseline Inspections |
| | 7113003 | - RESPONSE TO CONTINGENCIES | 2 | | | |
| 1 | IP 7113003 | Response to Contingency Events (Protective Strategy and Implementation of Protective Strategie | | 09/08/2003 | 09/12/2003 | Baseline Inspections |
| | 71152B | - PROBLEM IDENTIFICATION AND RESOLUTION | 4 | | | |
| 1 | IP 71152B | Identification and Resolution of Problems | | 11/17/2003 | 11/21/2003 | Baseline Inspections |
| 1 | IP 71152B | Identification and Resolution of Problems | | 12/08/2003 | 12/12/2003 | Baseline Inspections |

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

Hope Creek
Inspection / Activity Plan
12/29/2002 - 03/27/2004

| Unit Number | Inspection Activity | Title | No. of Staff on Site | Planned Dates | | Inspection Type |
|----------------|---------------------|--|-------------------------|---------------|------------|----------------------|
| | | | | Start | End | |
| | 711111B | - L.O. REQUALIFICATION PROGRAM | 1 | | | |
| 1 | IP 711111B | Licensed Operator Requalification | | 11/11/2003 | 11/12/2003 | Baseline Inspections |
| | 7112201 | - PUB RAD SAFETY - RETS | 1 | | | |
| 1 | IP 7112201 | Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems | | 11/17/2003 | 11/21/2003 | Baseline Inspections |
| | 71114 | - EP PROGRAM INSP & PI VERIFICATION | 1 | | | |
| 1 | IP 7111402 | Alert and Notification System Testing | | 12/07/2003 | 12/11/2003 | Baseline Inspections |
| 1 | IP 7111403 | Emergency Response Organization Augmentation Testing | | 12/07/2003 | 12/11/2003 | Baseline Inspections |
| 1 | IP 7111404 | Emergency Action Level and Emergency Plan Changes | | 12/07/2003 | 12/11/2003 | Baseline Inspections |
| 1 | IP 7111405 | Correction of Emergency Preparedness Weaknesses and Deficiencies | | 12/07/2003 | 12/11/2003 | Baseline Inspections |
| 1 | IP 71151 | Performance Indicator Verification | | 12/07/2003 | 12/11/2003 | Baseline Inspections |
| | 71122.02 | - RADWASTE | 1 | | | |
| 1 | IP 7112202 | Radioactive Material Processing and Transportation | | 12/15/2003 | 12/19/2003 | Baseline Inspections |
| | 711112B | - MAINTENANCE RULE | 1 | | | |
| 1 | IP 711112B | Maintenance Effectiveness | | 01/12/2004 | 01/16/2004 | Baseline Inspections |
| | 71121 | - OCC RAD SAFETY | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 02/23/2004 | 02/27/2004 | Baseline Inspections |
| 1 | IP 7112102 | ALARA Planning and Controls | | 02/23/2004 | 02/27/2004 | Baseline Inspections |
| 1 | IP 7112103 | Radiation Monitoring Instrumentation and Protective Equipment | | 02/23/2004 | 02/27/2004 | Baseline Inspections |
| | 7111107B | - HEAT SINK | 1 | | | |
| 1 | IP 7111107B | Heat Sink Performance | | 03/01/2004 | 03/05/2004 | Baseline Inspections |