



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PA 19406-1415

March 3, 2008

Mr. William Levis
President and Chief Nuclear Officer
PSEG Nuclear LLC
80 Park Plaza, T4B
Newark, NJ 07102

SUBJECT: ANNUAL ASSESSMENT LETTER - SALEM NUCLEAR GENERATING STATION,
UNIT NOS. 1 AND 2 (05000272/2008001 AND 05000311/2008001)

Dear Mr. Levis:

On February 12, 2008, the NRC staff completed its performance review of Salem Nuclear Generating Station (Salem), Units 1 and 2. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2007. 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.

This performance review and enclosed inspection plan do not include security information. A separate letter designated and marked as "Official Use Only--Security Information" will include the Security cornerstone review and resultant inspection plan.

Overall, Salem Unit 1 operated in manner that preserved public health and safety and met all cornerstone objectives with moderate degradation in safety performance for the Mitigating Systems cornerstone. Specifically, Unit 1's performance for the fourth quarter was within the Degraded Cornerstone column of the NRC's Action matrix based on a Yellow performance indicator for the Emergency Power Mitigating Systems Performance Index. The Yellow performance indicator was the result of three emergency diesel generator failures in the last three years. As a result of the Yellow performance indicator, the NRC will provide additional regulatory oversight to include a supplemental inspection using Inspection Procedure 95002, "Inspection For One Degraded Cornerstone Or Any Three White Inputs In a Strategic Performance Area," when your staff notifies us of your readiness for this inspection. This inspection is conducted to provide assurance that the root and contributing causes for the risk significant performance issues are understood, to independently assess the extent of condition, to independently determine if safety culture components contributed to the performance issues, and to provide assurance that the corrective actions are sufficient to prevent recurrence. In 2008, we also plan to conduct reactor oversight process baseline inspections at Unit 1.

Overall, Salem Unit 2 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, 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 in 2008, we plan to conduct reactor oversight process baseline inspections at Unit 2. We also plan to conduct an inspection of the Unit 2 steam generator

replacement scheduled for the Spring 2008 refueling outage. In our mid-cycle assessment letter dated August 31, 2007, we advised you of a substantive cross-cutting issue with procedural compliance. We were concerned, at that time, that your actions had not proven effective in substantially mitigating this longstanding cross-cutting theme. In the mid-cycle assessment letter, we stated that the substantive cross-cutting issue would be cleared when PSEG demonstrated sustainable performance improvement as evidenced by effective implementation of an appropriate corrective action plan that resulted in no safety significant inspection findings and a notable reduction in the overall number of inspection findings with the same causal factor.

During this assessment period, we noted that you completed a root cause evaluation and identified appropriate corrective actions to address procedural compliance issues. These actions included reinforcing standards through management observations and personal accountability. Nonetheless, we concluded that you did not meet the criteria for clearing the substantive cross-cutting issue. Specifically, you have not demonstrated sustainable performance improvement because there has not been a notable reduction in inspection findings with this causal factor. We also noted that your root cause evaluation was completed in December 2007, and that some of your corrective actions are still in progress. As such, the NRC will maintain this substantive cross cutting issue open.

We will monitor your progress in this area through the baseline inspection program, including a problem identification and resolution inspection sample to review your progress in this area during the second quarter of 2008, in accordance with Inspection Procedure 71152, "Identification and Resolution of Problems." The criteria for clearing this substantive cross-cutting issue remains as stated in the mid-cycle assessment letter. Because this is the second consecutive assessment letter that identifies the same substantive cross-cutting issue, we request that you discuss your progress in addressing procedural compliance at the upcoming annual assessment public meeting.

The staff also identified that there were four inspection findings for the current assessment period with a documented cross-cutting aspect of complete, accurate and up-to-date procedures (H.2(c)). Unlike the long standing cross cutting theme in procedural compliance, this cross-cutting theme in procedure adequacy was newly identified. The staff determined that a substantive cross-cutting issue did not exist because you identified the problem with procedure adequacy, recognized that this problem affected multiple areas and developed comprehensive corrective actions. These corrective actions, which have been appropriately scheduled or completed, include implementing dynamic learning activities designed to reinforce standards for accuracy and completeness in procedures; incorporating procedure reviews into the work week management process; and revising as necessary all procedures required to support the upcoming refueling outage.

The enclosed inspection plan details the inspections, except those related to security, scheduled through June 30, 2009. The inspection plan is provided to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last nine months of the inspection plan are tentative and may be revised at the mid-cycle review.

In accordance with 10 CFR 2.390 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 that cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Arthur Burritt at 610-337-5069 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Samuel J. Collins
Regional Administrator

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

Enclosure: Salem Nuclear Generating Station Inspection/ Activity Plan

cc w/encl:

T. Joyce, Senior Vice President, Operations
R. Braun, Site Vice President
K. Chambliss, Vice President, Nuclear Oversight
B. Clark, Director of Finance
G. Gellrich, Salem Plant Manager
J. Keenan, General Solicitor, PSEG
M. Wetterhahn, Esquire, Winston and Strawn, LLP
L. Peterson, Chief of Police and Emergency Management Coordinator
P. Baldauf, Assistant Director, NJ Radiation Protection Programs
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H. Otto, Ph.D., Administrator, DE Interagency Programs, DNREC Div of Water Resources
Consumer Advocate, Office of Consumer Advocate, Commonwealth of Pennsylvania
N. Cohen, Coordinator - Unplug Salem Campaign
E. Zobian, Coordinator - Jersey Shore Anti Nuclear Alliance
Institute of Nuclear Power Operations (INPO)

Salem
Inspection / Activity Plan
01/01/2008 - 06/30/2009

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	7112201 - PUB RAD SAFETY - RETS		1			
1,2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		01/07/2008	01/11/2008	Baseline Inspections
	S/G - U2 S/G REPLACEMENT		2			
2	IP 50001	Steam Generator Replacement Inspection		01/07/2008	04/25/2008	Other Routine
	TI-172 - TI-172 RCS DISSIMILIAR METAL WELDS		1			
2	IP 2515/172	Reactor Coolant System Dissimilar Metal Butt Welds		03/17/2008	03/21/2008	Generic Safety Inspecti
	7111108P - U2 INSERVICE INSPECTION		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		03/17/2008	03/28/2008	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2	IP 50001	Steam Generator Replacement Inspection		04/07/2008	04/11/2008	Other Routine
1,2	IP 7112101	Access Control to Radiologically Significant Areas		04/07/2008	04/11/2008	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		04/07/2008	04/11/2008	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/07/2008	04/11/2008	Baseline Inspections
2	IP 50001	Steam Generator Replacement Inspection		04/21/2008	04/25/2008	Other Routine
1,2	IP 7112101	Access Control to Radiologically Significant Areas		04/21/2008	04/25/2008	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		04/21/2008	04/25/2008	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/21/2008	04/25/2008	Baseline Inspections
	08/25EXM - INITIAL OPERATOR LICENSING EXAM		4			
1	U01686	FY08 - SALEM 1 & 2 INITIAL OPERATOR EXAM		07/21/2008	07/25/2008	Not Applicable
1	U01686	FY08 - SALEM 1 & 2 INITIAL OPERATOR EXAM		08/25/2008	08/29/2008	Not Applicable
	S/G - U2 S/G REPLACEMENT CONTINUED		2			
2	IP 50001	Steam Generator Replacement Inspection		04/26/2008	05/09/2008	Other Routine
	EP - EP EXERCISE EVALUATION		4			
1,2	IP 7111401	Exercise Evaluation		05/19/2008	05/23/2008	EP Baseline Inspection
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		05/19/2008	05/23/2008	EP Baseline Inspection
1,2	IP 71151-EP01	Drill/Exercise Performance		05/19/2008	05/23/2008	Baseline Inspections
1,2	IP 71151-EP02	ERO Drill Participation		05/19/2008	05/23/2008	Baseline Inspections
1,2	IP 71151-EP03	Alert & Notification System		05/19/2008	05/23/2008	Baseline Inspections
	7111121 - CDBI		6			
1,2	IP 7111121	Component Design Bases Inspection		07/14/2008	07/18/2008	Baseline Inspections
1,2	IP 7111121	Component Design Bases Inspection		07/28/2008	08/01/2008	Baseline Inspections
1,2	IP 7111121	Component Design Bases Inspection		08/04/2008	08/08/2008	Baseline Inspections
	TI 171 - TI 171		3			
1,2	IP 2515/171	Verification of Site Specific Implementation Of B.5.b Phase 2 & 3 Mitigating Strategies		09/08/2008	09/12/2008	Generic Safety Inspecti

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This report shows only on-site and announced inspection procedures.

Salem
Inspection / Activity Plan
01/01/2008 - 06/30/2009

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	71121	- OCC RAD SAFETY	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		09/15/2008	09/19/2008	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		09/15/2008	09/19/2008	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/15/2008	09/19/2008	Baseline Inspections
1,2	IP 71151-OR01	Occupational Exposure Control Effectiveness		09/15/2008	09/19/2008	Baseline Inspections
1,2	IP 71151-PR01	RETS/ODCM Radiological Effluent		09/15/2008	09/19/2008	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		10/20/2008	10/24/2008	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		10/20/2008	10/24/2008	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/20/2008	10/24/2008	Baseline Inspections
	TI-172	- TI-172 RCS DISSIMILIAR METAL WELDS	1			
1	IP 2515/172	Reactor Coolant System Dissimilar Metal Butt Welds		10/20/2008	10/24/2008	Generic Safety Inspecti
	711108	- U1 INSERVICE INSPECTION	1			
1	IP 7111108P	Inservice Inspection Activities - PWR		10/20/2008	10/31/2008	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		01/12/2009	01/16/2009	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		01/12/2009	01/16/2009	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/12/2009	01/16/2009	Baseline Inspections
	TRI FIRE	- TRIENNIAL FIRE PROTECTION INSPECTION	3			
1,2	IP 7111105T	Fire Protection [Triennial]		01/26/2009	01/30/2009	Baseline Inspections
1,2	IP 7111105T	Fire Protection [Triennial]		02/09/2009	02/13/2009	Baseline Inspections
	EP PROGR	- EP PROGRAM INSPECTION	2			
1,2	IP 7111402	Alert and Notification System Testing		03/22/2009	03/28/2009	EP Baseline Inspection
1,2	IP 7111403	Emergency Response Organization Augmentation Testing		03/22/2009	03/28/2009	EP Baseline Inspection
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		03/22/2009	03/28/2009	EP Baseline Inspection
1,2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		03/22/2009	03/28/2009	EP Baseline Inspection
1,2	IP 71151	Performance Indicator Verification		03/22/2009	03/28/2009	Baseline Inspections
	7112203	- PUB RAD SAFETY - REMP	1			
1,2	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control Program		04/27/2009	05/01/2009	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		05/18/2009	05/22/2009	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		05/18/2009	05/22/2009	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/18/2009	05/22/2009	Baseline Inspections
	71152B	- PI&R BIENNIAL TEAM	4			
1,2	IP 71152B	Identification and Resolution of Problems		06/22/2009	06/26/2009	Baseline Inspections

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