



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

March 2, 2006

Mr. William Levis
Senior Vice 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 05000272/2006001 AND 05000311/2006001)

Dear Mr. Levis:

On February 7, 2006, the NRC staff completed its performance review of the Salem Nuclear Generating Station. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2005. 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 physical protection information. A separate letter designated and marked as "Official Use Only - Security Information" will include the physical protection review and resultant inspection plan.

Overall, Salem Nuclear Generating Station 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, 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).

In our mid-cycle assessment letter dated August 30, 2005, we advised you that, while improvement was noted in problem identification, a substantive cross-cutting issue in the area of problem identification and resolution (PI&R) continued due to weaknesses in problem evaluation and effectiveness of corrective actions. The end-of-cycle assessment of this cross-cutting issue included a review of inspection results over the twelve month period, January 1 through December 31, 2005. During this period, we observed improvement in the effectiveness of corrective actions. With regard to problem evaluation, the NRC continued to identify some findings that lacked thorough evaluation. However, our recent inspection of your corrective action program in December 2005, determined that your corrective action program self-assessment identified the need for further improvement in this area, and that you are taking timely action to address the deficiencies. Additionally, we observed an improving trend, in that the underlying PI&R performance issues associated with findings this assessment period occurred, for the most part, early in the assessment period. Based on the progress and the ongoing corrective actions that you implemented during the assessment period, we have concluded that this cross-cutting issue is closed. The NRC notes that sustained progress will

require continued station focus to reinforce standards required for effective problem resolution. We will continue to monitor your performance in this area during NRC baseline inspections.

The station also has a substantive cross-cutting issue in the area of safety conscious work environment (SCWE). During this assessment period, PSEG implemented a Nuclear Operating Services Contract (NOSC) with Exelon, made a number of senior management changes on site, and implemented improvement initiatives to address long-standing performance problems. Early in the period, PSEG's inconsistent use of the Executive Review Board process, numerous management changes, and PSEG staff uncertainty related to the implementation of the NOSC and the pending merger between Exelon and PSEG, contributed to a range of worker perceptions regarding the advisability of raising issues or challenging decisions. During this assessment period, PSEG has taken significant steps to evaluate the station's work environment and initiated actions to address the causes.

In September 2005, the NRC completed a SCWE team inspection at the site, which determined that progress has been made in addressing work environment problems. Notwithstanding, the SCWE inspection team noted some issues that require additional action and focused attention. We understand that you have initiated actions to monitor your progress, in that you have recently conducted a safety culture survey and plan a peer assessment of the SCWE in April, 2006. As indicated in the NRC's Reactor Oversight Process (ROP) Deviation Memorandum, the NRC will evaluate the SCWE substantive cross-cutting issue for closure after you provide the results of an assessment that concludes that substantial, sustainable progress has been made, and the NRC has completed a review which confirms these results.

In summary, the Salem Nuclear Generating Station has operated safely and is in the Licensee Response Column of the NRC's Action Matrix. The long-standing substantive cross-cutting issue in PI&R has been closed, and the substantive cross-cutting issue in SCWE remains open. Additionally, an ROP Deviation Memorandum remains in effect for this station.

The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through September 30, 2007. In addition to the baseline inspection activities specified by the Reactor Oversight Process, the enclosed plan includes inspections of the SCWE. 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).

W. Levis

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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 Mr. Mel Gray at 610-337-5209 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

ADAMS References:

Salem Mid-Cycle Assessment Letter dated August 30, 2005 [ML052420725]
Reactor Oversight Process Deviation Memorandum dated July 29, 2005 [ML052130264]
NRC SCWE Inspection Report dated November 10, 2005 [ML053140120]

Enclosure: Salem Units 1 and 2 Inspection/Activity Plan

cc w/encl:

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W. F. Sperry, Director - Finance
D. Benyak, Director - Regulatory Assurance
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SISP Review Complete: MXG (Reviewer's Initials)

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OFFICE	RI/DRP	RI/DRP	RI/DRS	RI/DRP
NAME	BWelling/BDW	MGray/MG	ABlough/ARB	BHolian/BEH
DATE	03/01/06	03/01/06	03/01/06	03/01/06

RI/RA	
SCollins/SJC	
03/02/06	

Salem
Inspection / Activity Plan
03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	711112B - MAINTENANCE RULE		2			
1,2	IP 711112B	Maintenance Effectiveness		02/27/2006	03/03/2006	Baseline Inspections
	TRI FIRE - TRIENNIAL FIRE PROTECTION INSPECTION		4			
1,2	IP 7111105T	Fire Protection [Triennial]		03/13/2006	03/17/2006	Baseline Inspections
1,2	IP 7111105T	Fire Protection [Triennial]		03/27/2006	03/31/2006	Baseline Inspections
	7111401 - EXERCISE & EP PI VERIFICATION		4			
1,2	IP 7111401	Exercise Evaluation		03/20/2006	03/24/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		03/20/2006	03/24/2006	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		05/08/2006	05/12/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		05/08/2006	05/12/2006	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/08/2006	05/12/2006	Baseline Inspections
	SCWE - SCWE TEAM INSPECTION (TENTATIVE)		6			
1,2	IP 71152	Identification and Resolution of Problems		06/12/2006	06/23/2006	Other Routine
	7111107B - HEAT SINK		2			
1,2	IP 7111107B	Heat Sink Performance		06/12/2006	06/16/2006	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		10/16/2006	10/20/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		10/16/2006	10/20/2006	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/16/2006	10/20/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		10/16/2006	10/20/2006	Baseline Inspections
	7111108P - INSERVICE INSPECTION - UNIT 2		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		10/23/2006	11/09/2006	Baseline Inspections
	SCWE - SCWE TEAM INSPECTION (ALTERNATE)		6			
1,2	IP 71152	Identification and Resolution of Problems		11/06/2006	11/14/2006	Other Routine
	12/11EXM - OPERATOR LICENSING INITIAL EXAMS		3			
1	U01663	FY07-SALEM INITIAL OPERATOR EXAM		11/20/2006	11/22/2006	Not Applicable
1	U01663	FY07-SALEM INITIAL OPERATOR EXAM		12/11/2006	12/15/2006	Not Applicable
	71121 - OCC RAD SAFETY		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		02/05/2007	02/09/2007	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		02/05/2007	02/09/2007	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/05/2007	02/09/2007	Baseline Inspections
	71152B - PI&R		4			
1,2	IP 71152B	Identification and Resolution of Problems		03/05/2007	03/09/2007	Baseline Inspections
1,2	IP 71152B	Identification and Resolution of Problems		03/19/2007	03/23/2007	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
03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	71114	- EP PRGM INSP	1			
1,2	IP 7111402	Alert and Notification System Testing		04/02/2007	04/06/2007	Baseline Inspections
1,2	IP 7111403	Emergency Response Organization Augmentation Testing		04/02/2007	04/06/2007	Baseline Inspections
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		04/02/2007	04/06/2007	Baseline Inspections
1,2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		04/02/2007	04/06/2007	Baseline Inspections
1,2	IP 71151-EP01	Drill/Exercise Performance		04/02/2007	04/06/2007	Baseline Inspections
1,2	IP 71151-EP02	ERO Drill Participation		04/02/2007	04/06/2007	Baseline Inspections
1,2	IP 71151-EP03	Alert & Notification System		04/02/2007	04/06/2007	Baseline Inspections
	7111108P	- SALEM UNIT 1 IN SERVICE INSPECTION	1			
1	IP 7111108P	Inservice Inspection Activities - PWR		04/16/2007	04/20/2007	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		04/23/2007	04/27/2007	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		04/23/2007	04/27/2007	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/23/2007	04/27/2007	Baseline Inspections
	7111111B	- L.O. REQUAL. PROG. + P/F REVIEW	3			
1,2	IP 7111111B	Licensed Operator Requalification Program		08/06/2007	08/10/2007	Baseline Inspections
1,2	IP 7111111B	Licensed Operator Requalification Program		08/13/2007	08/17/2007	Baseline Inspections
	7111117B	- MODS AND 50.59	3			
1,2	IP 7111102	Evaluation of Changes, Tests, or Experiments		07/16/2007	07/20/2007	Baseline Inspections
1,2	IP 7111117B	Permanent Plant Modifications		07/16/2007	07/20/2007	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		08/20/2007	08/24/2007	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		08/20/2007	08/24/2007	Baseline Inspections
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/20/2007	08/24/2007	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		08/20/2007	08/24/2007	Baseline Inspections
	7112203	- PUB RAD SAFETY - REMP	1			
1,2	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control F		09/17/2007	09/21/2007	Baseline Inspections