

March 3, 2003

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

SUBJECT: ANNUAL ASSESSMENT LETTER - SALEM NUCLEAR GENERATING STATION
(Report 50-272/2003-001, 50-311/2003-001)

Dear Mr. Keiser:

On February 6, 2003, the NRC staff completed its end-of-cycle plant performance assessment of Salem Unit 1 & 2. The end-of-cycle review for Salem Unit 1 & 2 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, Salem Unit 1 & 2 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent two 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.

While plant performance for the two most recent quarters was within the Licensee Response Column, there were safety significant performance indicators during the first two quarters of the assessment cycle. At Salem Unit 1, plant performance for the first and second quarters of 2002 was within the Regulatory Response Column of the NRC's Action Matrix based on a White PI for unplanned power changes, which indicated a level of performance requiring additional NRC oversight. A supplemental inspection was performed to review your evaluations of these unplanned power changes and we found that your corrective actions appeared appropriate.

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 repetitive emergency diesel generator (EDG) problems involving fuel oil leaks and the fatigue-induced failure of an EDG turbocharger, the failure of a charging pump by a known problem due to inadequate preventive maintenance, an inadvertent carbon dioxide

actuation in an EDG room due to a degraded EDG cylinder isolation valve, and the June 2002 failure of an air-operated service water valve following corrective actions for a similar January 2001 failure.

We also note that the same overall corrective action program is concurrently implemented at both Salem and Hope Creek, 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 Salem Units 1 and 2, as well as at Hope Creek. 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 onsite. 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 Glenn Meyer 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 No. 50-272; 50-311
License No. DPR-70; DPR-75

Enclosure: Salem Unit 1 & 2 Inspection/Activity Plan

Mr. Harold W. Keiser

3

cc w/encl:

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NAME	GSBarber /GSB/		DJOrr /GSB for/		GWMeyer /GWM/		ARBlough /ARB/
DATE	03/03/03		03/03/03		03/03/03		03/03/03

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Salem
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	
	7111105T - FIRE PROTECTION		5			
1, 2	IP 7111105T	Fire Protection		02/10/2003	02/14/2003	Baseline Inspections
1, 2	IP 7111105T	Fire Protection		02/24/2003	02/28/2003	Baseline Inspections
	7111111B - L.O.REQUALIFICATION PROGRAM		3			
1, 2	IP 7111111B	Licensed Operator Requalification		09/08/2003	09/12/2003	Baseline Inspections
	7111117B - MODS & 50.59		3			
1, 2	IP 71111102	Evaluation of Changes, Tests, or Experiments		01/13/2003	01/17/2003	Baseline Inspections
1, 2	IP 7111117B	Permanent Plant Modifications		01/13/2003	01/17/2003	Baseline Inspections
	7112203 - PUB RAD SAFETY - REMP		1			
1, 2	IP 7112203	Radiological Environmental Monitoring Program		02/10/2003	02/14/2003	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		02/24/2003	02/28/2003	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		02/24/2003	02/28/2003	Baseline Inspections
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/24/2003	02/28/2003	Baseline Inspections
	71152B - PROBLEM IDENTIFICATION AND RESOLUTION		4			
1, 2	IP 71152B	Identification and Resolution of Problems		03/10/2003	03/14/2003	Baseline Inspections
1, 2	IP 71152B	Identification and Resolution of Problems		03/24/2003	03/28/2003	Baseline Inspections
	5/5 WEXM - WRITTEN RETAKE SRO SALEM INITIAL EXAM		2			
1	U01556	SALEM 1&2 RETAKE EXAM (5/2003)		05/05/2003	05/09/2003	Not Applicable
	71121 - OCC RAD SAFETY		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		07/07/2003	07/11/2003	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		07/07/2003	07/11/2003	Baseline Inspections
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/07/2003	07/11/2003	Baseline Inspections
	7113003 - RESPONSE TO CONTINGENCIES		2			
1, 2	IP 7113003	Response to Contingency Events (Protective Strategy and Implementation of Protective Strategy)		09/08/2003	09/12/2003	Baseline Inspections
	71122.01 - PUB RAD SAFETY - RETS		1			
1, 2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		09/29/2003	10/03/2003	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2	IP 7112101	Access Control to Radiologically Significant Areas		10/06/2003	10/10/2003	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		10/06/2003	10/10/2003	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/06/2003	10/10/2003	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		10/06/2003	10/10/2003	Baseline Inspections
	7111108 - INSERVICE INSPECTION - UNIT 2		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		10/06/2003	10/10/2003	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
12/29/2002 - 03/27/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7111108 - INSERVICE INSPECTION - UNIT 2		1			
2	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)		10/14/2003	10/17/2003	Safety Issues
	71114 - EP PRGM REVIEW & EP PI VERIFICATION		1			
1, 2	IP 7111402	Alert and Notification System Testing		12/07/2003	12/11/2003	Baseline Inspections
1, 2	IP 7111403	Emergency Response Organization Augmentation Testing		12/07/2003	12/11/2003	Baseline Inspections
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		12/07/2003	12/11/2003	Baseline Inspections
1, 2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		12/07/2003	12/11/2003	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		12/07/2003	12/11/2003	Baseline Inspections
	71122.02 - RADWASTE		1			
1, 2	IP 7112202	Radioactive Material Processing and Transportation		12/08/2003	12/12/2003	Baseline Inspections
	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
	7111121 - SSDI		6			
1, 2	IP 7111121	Safety System Design and Performance Capability		03/08/2004	03/12/2004	Baseline Inspections
1, 2	IP 7111121	Safety System Design and Performance Capability		03/22/2004	03/26/2004	Baseline Inspections
	7111401 - EXERCISE EVALUATION & EP PI VERIFICATION		5			
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