December 1, 1997

EA 97-144

Mr. Leon R. Eliason
Chief Nuclear Officer and President
Nuclear Business Unit
Public Services Electric and Gas Company
P.O. Box 236
Hancocks Bridge, New Jersey 08038

SUBJECT: NRC MAINTENANCE RULE TEAM INSPECTION REPORT NO. 50-272/97-81; 50-311/97-81 & 50-354/97-81

Dear Mr. Eliason:

This refers to the team inspection conducted on August 25 - 29, 1997 at the Salem and Hope Creek Nuclear Generating Stations. The inspectors reviewed the implementation of Salem's maintenance rule program under 10 CFR 50.65. Also reviewed in conjunction with this effort, were the corrective actions that had been taken regarding inspection findings, including two apparent violations, identified during the previously conducted Hope Creek maintenance rule baseline inspection. The enclosed report presents the results of this combined inspection effort.

The inspection team determined that the maintenance rule was effectively being met at Salem. Scoping, goal setting, and performance monitoring were conservatively addressed in all instances for those structures, systems, and components (SSCs) reviewed by the team. Operators, engineers, and managers were generally knowledgeable of the maintenance rule program requirements. It was evident that considerable effort had been expended to correct self-identified program weaknesses.

As noted in NRC Inspection Report (IR) No. 50-354/97-80, "Hope Creek Maintenance Rule Team Inspection," Salem and Hope Creek operate under the same maintenance rule program. Following the Hope Creek maintenance rule inspection, the NRC deferred a predecisional enforcement conference pending the results of the Salem maintenance rule inspection, including a review of the implemented corrective actions regarding the Hope Creek inspection findings. The team determined that significant progress had been made in correcting the previously identified concerns and that all areas of the maintenance rule programs at Salem and Hope Creek were in compliance.

Nonetheless, we have concluded that the two apparent violations identified during the initial Hope Creek inspection remain apparent violations. The first apparent violation involved the failure to include appropriate systems, components and functions within the scope of the rule. The second apparent violation involved the failure to establish adequate performance criteria commensurate with safety for a number of systems, components and functions. The circumstances surrounding these apparent violations, the significance of

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the issues, and the need for lasting and effective corrective action were discussed with members of your staff at the inspection meetings on February 28, 1997, and August 29, 1997. As a result it may not be necessary to conduct a predecisional enforcement conference in order to enable the NRC to make an enforcement decision. However, a Notice of Violation is not presently being issued for these inspection findings. Before the NRC makes its enforcement decision, we are providing you an opportunity to either (1) respond to the apparent violations addressed in this inspection report within 30 days of the date of this letter or (2) request a predecisional enforcement conference. Please contact me at 610-337-5359 within 7 days of the date of this letter to notify the NRC of your intended response.

If your choose to respond in writing, your response should be clearly marked as a "Response to Apparent Violations in Inspection Report 50-354/97-80" and should include for each apparent violation: (1) the reason for the apparent violation , or if contested, the basis for disputing the apparent violation, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response should be submitted under oath or affirmation and may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision or schedule a predecisional enforcement conference.

In addition, please be advised that the number and characterization of apparent violations described in Inspection Report No. 50-354/97-80 may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on these matters.

Also, two non-cited violations were identified for a minor FSAR inconsistency and for inadequate operational procedures for the bypassed and inoperable status indication system. These concerns had been previously identified as unresolved items during IR No. 50-354/97-80. These violations are not being cited because of their minor safety significance and your subsequent corrective actions.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room.

Sincerely,

ORIGINAL SIGNED BY:

James T. Wiggins, Director
Division of Reactor Safety

Docket No. 50-272; 50-311; 50-354

Enclosure: NRC Inspection Report No. 50-272/97-81; 50-311/97-81; 50-354/97-81

cc w/encl:
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E. Simpson, Senior Vice President - Nuclear Engineering
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A. Tapert, Program Administrator
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* I do not agree with Severity Level III determination.

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