

January 28, 2004

Mr. E. J. Ferland
Chairman, President and Chief Executive Officer
Public Service Enterprise Group
80 Park Plaza
P.O. Box 570
Newark, New Jersey 07101

**SUBJECT: WORK ENVIRONMENT FOR RAISING AND ADDRESSING SAFETY
CONCERNS AT THE SALEM AND HOPE CREEK GENERATING STATIONS**

Dear Mr. Ferland:

In late 2003, we initiated a special review at the Hope Creek and Salem Generating Stations to assess the environment for raising and addressing safety issues. This letter provides interim results of that ongoing review. We undertook the review in light of information received in various allegations and inspections over the past few years. Previous inspections included both baseline and special inspections following up on plant events. While to this point, we have not identified any serious safety violations, collectively, information gathered has led to concerns about the stations' work environment, particularly as it relates to the handling of emergent equipment issues and associated operational decision making. Concerns regarding the stations' ability to effectively address potential safety issues have been documented in inspection reports and periodic assessment letters. For example, a substantive cross cutting issue was identified in the problem identification and resolution area in both the last annual and mid-cycle performance review letters dated March 3 and August 27, 2003, respectively.

The ongoing special review has included in-depth interviews of numerous current and former Salem/Hope Creek employees, at various levels of the organization. Our interviews have sought to understand the extent to which a safety conscious work environment exists at the stations. Our review has accumulated information about a number of events which, to varying degrees, call into question the openness of management to concerns and alternative views, strength of communications, and effectiveness of the stations' corrective action and feedback processes. Several events involved disagreements or differing perspectives of operators and senior managers on plant operating decisions, particularly as they might impact on continuing plant operation and outage schedules. At a minimum, interviews to date at Hope Creek and Salem have raised questions about whether management has fully assessed and addressed the negative impact such disagreements have had on station personnel.

Our reviews are not yet complete but we consider it important to provide our perspective at this time on what we have found and to request that you initiate your own review. If left unresolved, negative outfall from events relayed to us can create an unacceptable, chilled environment for raising issues and making appropriate operational decisions. We recognize that virtually all plants, including those with strong safety performance, operate with aggressive schedules. Schedule pressure does not, by itself, lead to safety concerns. However, we consider it important for you to take action to thoroughly understand what "messages" the staffs at Salem and Hope Creek have taken from various events over the past few years and address any

situations that significantly detract from maintenance of a strong safety conscious work environment.

We understand steps have been taken to realign management responsibilities in an attempt to better support the separate activities of Hope Creek and Salem and to improve implementation of your corrective action program, overall. While some interviewees have indicated that these steps may be leading to some change under new management, it is vital to assess the climate at the station, address the current impact of previous unresolved conflict, and take steps to assure the staffs at Salem and Hope Creek are willing to participate.

In summary, we request that you conduct your own in-depth assessment. Previous surveys conducted or directed by PSEG might form part of such an assessment. We ask that you provide your plan of action for addressing this matter to the NRC within 30 days of the date of this letter. Approximately two weeks after we receive your action plan, we would like to meet with you to discuss this matter in more detail, so that we may plan for appropriate NRC monitoring and follow up.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction. If personal privacy information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the personal privacy-related information and a redacted copy of your response that deletes the personal privacy-related information. Identify the particular portions of the response in question which, if disclosed, would create an unwarranted invasion of personal privacy, identify the individual whose privacy would be invaded in each instance, describe the nature of the privacy invasion, and indicate why, considering the public interest in the matter, the invasion of privacy is unwarranted. If you request withholding on any other grounds, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., provide the information required by 10 CFR 2.790(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

Sincerely,

/RA/

Hubert J. Miller
Regional Administrator

Docket Nos.: 50-272; 50-311; 50-354
License Nos.: DPR-70; DPR-75; NPF-57

cc:

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* concurrence via e-mail from J. Luehman, OE.