

February 17, 2005

Mr. William Levis
Senior Vice President and Chief Nuclear Officer
PSEG Nuclear LLC - N09
P. O. Box 236
Hancocks Bridge, NJ 08038

SUBJECT: SALEM AND HOPE CREEK GENERATING STATIONS - EXECUTIVE REVIEW
BOARD COMMITMENTS

Dear Mr. Levis:

This letter responds to your letter of January 31, 2005, and requests additional information regarding your implementation of the Executive Review Board (ERB) for personnel actions at the Salem and Hope Creek Generating Stations. The NRC is concerned with PSEG's inconsistent implementation of the ERB process because of the potential to adversely impact the work environment at the stations.

In a January 28, 2004 letter to PSEG, NRC published interim results from its review of work environment issues at the Salem and Hope Creek Generating Stations. During subsequent public meetings with the NRC in March and June 2004, PSEG described its plan to address the work environment issues at the stations. PSEG further described this plan and committed to taking a number of actions to improve the work environment at the stations in a June 25, 2004 letter to the NRC.

In that letter, PSEG stated that an ERB had been established to review PSEG and contractor personnel actions to preclude retaliation and/or chilling effect at the stations. This action was taken to improve management effectiveness in detecting and preventing retaliation and the creation of a chilling effect. In addition, in this letter PSEG committed to providing to the NRC, on a quarterly basis, selected performance metrics related to safety conscious work environment. These metrics include a metric on ERB effectiveness. On July 30, 2004, in a letter to PSEG, NRC published the final results from its review of work environment issues at the stations and acknowledged that PSEG's June 25, 2004 letter appeared to address the key findings of both the NRC and PSEG assessments.

In December 2004, PSEG announced that it had entered into a Nuclear Operating Services Contract (NOSC) with Exelon to provide management services for plant operations at the Salem and Hope Creek Generating Stations. Prior to implementation of the NOSC on January 17, 2005, PSEG, in cooperation with Exelon, identified a number of personnel changes that would be necessary to implement the Exelon management model at the stations.

While onsite on January 7, 2005, an NRC Region I manager learned that the initial set of personnel actions associated with the NOSC had not been reviewed by the ERB. NRC management requested that PSEG explain why the personnel actions had been taken without

being reviewed by the ERB. The NRC also requested that PSEG describe what actions they intended to take in order to accomplish the intended function of the ERB. During follow-up discussions with PSEG management, the NRC learned that several other personnel actions, not associated with implementation of the NOSC, had also occurred without being subjected to the ERB process.

In a letter dated January 31, 2005, PSEG notified the NRC of its intent to commission an independent review of those personnel actions related to the implementation of the NOSC to ensure that they complied with 10 CFR Part 50.7. While the NRC acknowledges PSEG's intention to perform this review, the NRC continues to have concerns associated with PSEG's lapses in implementing the ERB process for personnel actions at the stations. The NRC requests a written response within 30 days to the items in the enclosure to this letter. If you have any questions on this matter, please contact Mr. Eugene Cobey of my staff at 610-337-5171.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be 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). 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 basis for your claim of withholding (e.g., provide the information required by 10 CFR 2.390(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/

A. Randolph Blough, Director
Division of Reactor Projects

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

Enclosure: Executive Review Board (ERB) Commitment

cc w/encl:

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T. Joyce, Vice President - Salem

G. Barnes, Vice President - Hope Creek

M. Gallagher, Vice President, Engineering and Technical Support

W. F. Sperry, Director Business Support

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C. J. Fricker, Salem Plant Manager

R. Kankus, Joint Owner Affairs

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*** Received concurrence (w/comments) via VTC on 02/16/05. Comments addressed (ARB).

Executive Review Board (ERB) Commitment

The NRC is aware that PSEG has not consistently implemented the ERB process for PSEG and contractor personnel actions at the Salem and Hope Creek Generating Stations. In order to assess the impact on the work environment at the stations, the NRC requests a written response within 30 days to address the following items.

1. Provide the results of the independent review of personnel actions not subjected to the ERB process as described in PSEG's letter to the NRC dated January 31, 2005.
2. Provide the results of the investigation into the cause(s) for the lapses in implementing the ERB process for personnel actions taken at the stations.
3. Describe the corrective actions that PSEG plans to implement, or has taken, to correct the issue. Include the schedule for completion for those actions not already completed.
4. Provide an assessment of impact on the work environment at the stations and describe how the assessment was performed.
5. Describe the actions that PSEG plans to implement, or has taken, to mitigate any impact on the work environment at the stations.

Enclosure