



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 - HOPE CREEK NUCLEAR GENERATING  
STATION (REPORT 05000354/2006001)

Dear Mr. Levis:

On February 7, 2006, the NRC staff completed its performance review of the Hope Creek 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, Hope Creek Nuclear Generating Station operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter 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). There was one inspection finding of low to moderate safety significance (White) that affected the first three quarters of the assessment cycle. The White inspection finding was identified in the fourth quarter of 2004 and involved inadequate evaluation and corrective action for a degraded level control valve for a moisture separator drain tank, a component in the non-safety related area of the plant, which resulted in the separation of a drain line. The staff completed a supplemental inspection in response to this inspection finding on June 23, 2005, and concluded that you adequately completed a root cause analysis of the performance deficiencies surrounding the event and identified appropriate corrective actions. The results of this inspection were documented in NRC Inspection Report 05000354/2005010, dated July 28, 2005.

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 Hope Creek 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 and the independent spent fuel storage installation. 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).

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. 50-354  
License Nos. NPF-57

ADAMS References:

NRC Inspection Report 05000354/2005010, dated July 28, 2005 [ML052090319]  
Hope Creek Mid-Cycle Assessment Letter dated August 30, 2005 [ML052420726]  
Reactor Oversight Process Deviation Memorandum dated July 29, 2005 [ML052130264]  
NRC SCWE Inspection Report dated November 10, 2005 [ML053140120]

Enclosure: Hope Creek Inspection/Activity Plan

cc w/encl:

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W. F. Sperry, Director - Finance  
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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	

**Hope Creek**  
**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
	<b>71114</b>	<b>- EXERCISE &amp; EP PI VERIFICATION</b>	<b>4</b>			
1	IP 7111401	Exercise Evaluation		03/20/2006	03/24/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		03/20/2006	03/24/2006	Baseline Inspections
	<b>7111108G</b>	<b>- INSERVICE INSPECTION</b>	<b>1</b>			
1	IP 7111108G	Inservice Inspection Activities - BWR		04/17/2006	04/21/2006	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/17/2006	04/21/2006	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		04/17/2006	04/21/2006	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/17/2006	04/21/2006	Baseline Inspections
	<b>SCWE</b>	<b>- SCWE TEAM INSPECTION (TENTATIVE)</b>	<b>6</b>			
1	IP 71152	Identification and Resolution of Problems		06/12/2006	06/23/2006	Other Routine
	<b>ISFSI</b>	<b>- ISFSI</b>	<b>2</b>			
1	IP 60854.1	Preoperational Testing of Independent Spent Fuel Storage Facility Installation at Operating I		06/01/2006	12/31/2006	Other Routine
1	IP 60855.1	Operation of an Independent Spent Fuel Storage Installation at Operating Plants		06/01/2006	12/31/2006	Other Routine
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/10/2006	07/14/2006	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		07/10/2006	07/14/2006	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/10/2006	07/14/2006	Baseline Inspections
	<b>7111111B</b>	<b>- L.O. REQUAL PROG. + P/F REVIEW</b>	<b>3</b>			
1	IP 7111111B	Licensed Operator Requalification Program		10/16/2006	10/20/2006	Baseline Inspections
1	IP 7111111B	Licensed Operator Requalification Program		10/23/2006	10/27/2006	Baseline Inspections
	<b>TRI FIRE</b>	<b>- TRIENNIAL FIRE PROTECTION INSPECTION</b>	<b>4</b>			
1	IP 7111105T	Fire Protection [Triennial]		08/28/2006	09/01/2006	Baseline Inspections
1	IP 7111105T	Fire Protection [Triennial]		09/11/2006	09/15/2006	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/25/2006	09/29/2006	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		09/25/2006	09/29/2006	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/25/2006	09/29/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/25/2006	09/29/2006	Baseline Inspections
	<b>SCWE</b>	<b>- SCWE TEAM INSPECTION (ALTERNATE)</b>	<b>6</b>			
1	IP 71152	Identification and Resolution of Problems		11/06/2006	11/14/2006	Other Routine
	<b>7111121</b>	<b>- CDBI (COMPONENT DESIGN BASES INSPECTION)</b>	<b>7</b>			
1	IP 7111121	Component Design Bases Inspection		10/30/2006	11/03/2006	Baseline Inspections
1	IP 7111121	Component Design Bases Inspection		11/13/2006	11/17/2006	Baseline Inspections
1	IP 7111121	Component Design Bases Inspection		11/27/2006	12/01/2006	Baseline Inspections

This report does not include INPO and OUTAGE activities.  
This report shows only on-site and announced inspection procedures.

**Hope Creek**  
**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
	<b>7111121 - CDBI (COMPONENT DESIGN BASES INSPECTION)</b>		<b>7</b>			
1	IP 7111121	Component Design Bases Inspection		12/04/2006	12/08/2006	Baseline Inspections
	<b>7112201 - PUB RAD SAFETY - RETS</b>		<b>1</b>			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		11/13/2006	11/17/2006	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		01/08/2007	01/12/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		01/08/2007	01/12/2007	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/08/2007	01/12/2007	Baseline Inspections
	<b>71114 - EP PRGM INSP</b>		<b>1</b>			
1	IP 7111402	Alert and Notification System Testing		04/02/2007	04/06/2007	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		04/02/2007	04/06/2007	Baseline Inspections
1	IP 7111404	Emergency Action Level and Emergency Plan Changes		04/02/2007	04/06/2007	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		04/02/2007	04/06/2007	Baseline Inspections
1	IP 71151-EP01	Drill/Exercise Performance		04/02/2007	04/06/2007	Baseline Inspections
1	IP 71151-EP02	ERO Drill Participation		04/02/2007	04/06/2007	Baseline Inspections
1	IP 71151-EP03	Alert & Notification System		04/02/2007	04/06/2007	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/09/2007	07/13/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		07/09/2007	07/13/2007	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/09/2007	07/13/2007	Baseline Inspections
	<b>711117B - MODS AND 50.59</b>		<b>3</b>			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		07/16/2007	07/20/2007	Baseline Inspections
1	IP 711117B	Permanent Plant Modifications		07/16/2007	07/20/2007	Baseline Inspections
	<b>9/24 EXM - OPERATOR LICENSING INITIAL EXAMS</b>		<b>3</b>			
1	U01661	FY07 - HOPE CREEK INITIAL OPERATOR LICENSING		08/27/2007	08/31/2007	Not Applicable
1	U01661	FY07 - HOPE CREEK INITIAL OPERATOR LICENSING		09/24/2007	10/05/2007	Not Applicable
	<b>7112203 - PUB RAD SAFETY - REMP</b>		<b>1</b>			
1	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control F		09/17/2007	09/21/2007	Baseline Inspections