

From: Hubert J. Miller *RI*
To: Cornelius Holden; James Clifford; Jim Dyer; John Jolicoeur; Lisamarie Jarriel;
Samuel Collins
Date: 10/3/03 9:37AM
Subject: SALEM/HOPE CREEK ALLEGATION SUMMARY – SENSITIVE MATERIAL
ATTACHED

Sam, Jim, et al.

Attached is a two page summary of the Salem/Hope Creek allegation that we have received.

This should serve to guide our discussion/conference call.

Separately, I am faxing to John J. an excerpt from the the current draft allegation acknowledgement letter. I have highlighted sections to ease reading.

We will be in touch to set up a time to discuss what we have done so far and what we plan.

Hub

SENSITIVE ALLEGATIONS MATERIAL ATTACHED – SPECIAL HANDLING REQUIRED

CC: A. Randolph Blough; beh; David Vito; djh; Ernest Wilson; Glenn Meyer; jtw1;
Richard Borchardt; Thomas Bergman; W Lanning

Information in this record was deleted
in accordance with the Freedom of Information
Act, exemptions 7C
FOIA- 2005-0194

R-68

From: Hubert J. Miller ^{RT}
To: William Kane
Date: 10/6/03 3:55PM
Subject: Fwd: SALEM/HOPE CREEK ALLEGATION SUMMARY – SENSITIVE MATERIAL
ATTACHED

Bill, here is the two page summary on the Salem/Hope Creek allegation that I mentioned this afternoon. I have passed to Sam and Jim D. but have not spoken to them in detail.

The one thing new here is that the *allegor's* attorneys served papers on a number of PSEG officers today. I understand these will be publicly available documents. It is not clear whether her lawyers are going to deal with this out of the limelight. In any case, this very well may get a lot of attention from external stakeholders.

We are certainly giving it a great deal of management attention and priority internally. The two pager should provide a sense of what the issues are and how we are proceeding.

Call if you have any questions.

Hub

CC: A. Randolph Blough; djh; Ernest Wilson; Guy Caputo; Jim Dyer; jtw1; Karl Farrar; Samuel Collins; William Travers

NATURE OF ALLEGATION

- UNACCEPTABLE ENVIRONMENT AT STATION
 - PRODUCTION PRESSURES – STARTING AT CORPORATE LEVEL – ARE EXCESSIVE
 - EXAMPLES INCLUDE INAPPROPRIATE DECISIONS ON PLANT OPERATION WITH EQUIPMENT PROBLEMS UNDER PRESSURE FROM VERY SENIOR UTILITY MANAGEMENT
- EMPLOYMENT DISCRIMINATION
- SUPPRESSION OF DOCUMENTS (NOT VERY SPECIFIC)
- ALLEGER ESCALATING LEVEL OF CONCERN (E.G., DIRECT LETTER TO REG ADMIN RECOMMENDING SHUTDOWN) – ALLEGER CONTENDS THAT, TAKEN TOGETHER, DAMNING STATEMENTS BY VERY SENIOR PSEG OFFICIALS ARE COMPELLING – SUFFICIENT, IN AND OF THEMSELVES, TO MAKE CASE THAT SAFETY ENVIRONMENT IS UNACCEPTABLE
- LIKELY TO GET EXTENSIVE PUBLIC AND MEDIA ATTENTION – ALLEGER CURRENTLY IN COMMUNICATION WITH NATIONAL PUBLIC INTEREST GROUPS
- OUTSIDERS MIGHT DISMISS ALLEGATIONS AS MOTIVATED BY DISPUTE WITH COMPANY (SHE HAS FILED DISCRIMINATION CLAIMS) BUT ALLEGER APPEARS TO BE GENUINELY CONCERNED

BASIS FOR ALLEGER CONCERNS ABOUT SAFETY OF OPS

- ALLEGER WORKED DIRECTLY FOR FORMER CNO – HAD ACCESS TO VIRTUALLY ALL SITE PERSONNEL INCLUDING SENIOR EXECUTIVES
- SHARPLY-WORDED STATEMENTS OF FORMER AND CURRENT TOP LEVEL LICENSEE OFFICIALS (E.G., VP LEVEL) ABOUT SERIOUS SAFETY CULTURE PROBLEMS
- STATEMENTS ARE VERBATIM EXCERPTS FROM LENGTHY TAPE RECORDINGS
- LENGTHY CONTACT LIST OF SENIOR STAFF PERSONS (CURRENT AND FORMER PSEG EMPLOYEES) AND CONTRACTORS WITH ANECDOTAL COMMENTS

ASSESSMENT OF PLANT SAFETY

- REGION I HAS HAD HEIGHTENED CONCERN ABOUT SALEM/HOPE CREEK FOR THE PAST SEVERAL YEARS. A MUCH HIGHER THAN NORMAL NUMBER OF EVENTS AND PERFORMANCE PROBLEMS HAVE GIVEN RISE TO THIS CONCERN. THESE ARE DOCUMENTED AND EVIDENCED BY CROSS CUTTING ISSUE
- PSEG MANAGEMENT HAS, IN MANY INSTANCES, BEEN DEFENSIVE WITH NRC (WE UNDERSTAND ALSO WITH INPO)
- [REDACTED]
- HAVE PICKED UP SOME STRONG VIEWS FROM STATION STAFF IN MANAGEMENT SITE VISITS
- TURNOVER OF STATION STAFF IS HIGH (E.G., MUCH HIGHER THAN NORMAL LICENSED OPERATOR ATTRITION)

BUT

- REGION HAS, FOR SOME TIME, PROVIDED HEIGHTENED ATTENTION TO PLANT
- MUCH HIGHER THAN NORMAL AMOUNT OF INSPECTION (NUMBER OF INSPECTION HOURS, SPECIAL INSPECTIONS, ETC.)

- FOUR FULL TIME RESIDENT INSPECTORS ASSIGNED TO STAFF. REG DID NOT BACK DOWN FROM TWO-SITE LEVEL OF INSPECTION WHEN LICENSE "MERGED OPERATIONS"
- NUMBER OF EXTENSIVE SENIOR REGIONAL MANAGEMENT SITE REVIEWS PERFORMED OVER THE PAST YEAR
- CONCERNS REGISTERED WITH COMPANY APPEAR TO HAVE SOME IMPACT – NEW SENIOR MANAGEMENT TEAM INSTALLED AND ORGANIZATIONAL CHANGES MADE TO INCREASE DEPTH OF MANAGEMENT TEAM
- FROM STAFF INSPECTIONS AND REVIEWS TO DATE, NO SINGLE EVENT OR PLANT ACTIVITY POSES OVERALL, UNDUE RISK TO SAFETY (STILL ASSESSING)
- STATEMENTS BY SENIOR OFFICIALS ARE VERY POSSIBLY NOT AS SERIOUS AS THEY APPEAR ON THE SURFACE – THEY MAY HAVE BEEN JUST PART OF VERY "LOOSE TALK"....SEVERE OVERSTATEMENTS NOT REFLECTING THE TRUE FEELING OF PEOPLE ABOUT OVERALL SAFETY (HOWEVER GIVEN NUMBER AND NATURE OF THE STATEMENTS, THEY CANNOT BE IGNORED AND WE CANNOT COMPLETELY RULE OUT LATER CONCLUDING SIGNIFICANT SAFETY CULTURE PROBLEM EXISTS)

PLANT STATUS

- ALL UNITS RETURNED TO FULL POWER FOLLOWING HURRICANE RELATED SHUTDOWN

NRC ACTIONS TO DATE

- LENGTHY INTERVIEW WITH ALLEGER
- REVIEW OF DOCUMENTS AND TAPES PROVIDED BY ALLEGER
- OI INTERVIEW WITH KEY OFFICIAL [REDACTED] ex 7c

APPROACH GOING FORWARD

- WHILE STAFF DOES NOT SEE NEED FOR IMMEDIATE, EXTREME ACTION (E.G., SHUTDOWN), FOLLOWUP INTERVIEWS AND ASSESSMENT OF ALLEGATION IN ALL ITS COMPLEX ASPECTS MUST PROCEED WITH HIGHEST PRIORITY
- RAPID OI/STAFF INTERVIEW OF SELECTED KEY COMPANY OFFICIALS QUOTED BY ALLEGER (3 FORMER/ 1 CURRENT)
- SUBSEQUENT, WIDER INTERVIEWS OF CROSS SECTION OF STATION PERSONNEL (E.G., ALL SHIFT MANAGERS)
- ALLEGATION FOLLOWUP WILL BE DONE IN CONTEXT OF ALREADY HIGH LEVEL OF REGIONAL OVERSIGHT AND INSPECTION (E.G., FOLLOW THROUGH ON PLAN TO HAVE REGIONAL SEN MANAGEMENT AT EXIT MTG FOR "LOSS OF POWER" SPECIAL INSPECTION)
- QUESTIONS ABOUT BROADER, SAFETY CULTURE INSPECTION(S) TO BE CONSIDERED ON CONTINUING BASIS AS WE PROCEED IN STEP WISE FASHION WITH CURRENT PLANNED INTERVIEWS – CONSIDERING SECY-98-176 SRM (PROPOSED OPTIONS FOR ASSESSING A LICENSEE'S SAFETY CONSCIOUS WORK ENVIRONMENT), THESE OPTIONS INCLUDE:
 - SPECIAL NRC SCWE INSPECTION
 - ORDER TO DO A THIRD-PARTY ASSESSMENT
- GIVEN NATURE OF ALLEGATION AND LEVEL OF INDIVIDUALS, REFERRAL IS NOT APPROPRIATE