

SALEM & HOPE CREEK STRATEGY

Overview - PSEG's performance at Salem and Hope Creek merits heightened NRC awareness and oversight, based on the numerous plant level events (see attached listing), the continuation of the substantive cross-cutting issue for problem identification and resolution, and multiple indications of poor performance, including allegations. This paper addresses the range of regulatory oversight actions.

Planned Regulatory Reviews - The ongoing regulatory review process will include the following actions:

1. High priority allegation review - both OI and regional staff have placed top priority on vigorously pursuing interviews for followup on the recent allegation
2. Senior Management site visit - tentative for December 9 & 10, delayed to avoid Salem Unit 2 outage and counterpart meeting
3. 3rd Quarter Assessment - expanded ROP assessment of Salem & HC over the previous 12 months similar to Mid-cycle and EOC
4. Periodic status reviews - Branch 3 to provide status reports and briefings of plant concerns and allegation progress, weekly to DRP Director and biweekly to regional management
5. Expanded staff resources - Ted Wingfield has joined Branch 3 as a reactor engineer to address regional staff needs

Completed Regulatory Actions -

Given the heightened awareness of Salem and Hope Creek, the following actions have already been taken to address performance concerns:

1. Substantive cross-cutting issue (Problem Identification & Resolution) - In the last two assessments, NRC has established PI&R cross-cutting issues at Salem and Hope Creek, has communicated this message forcefully to PSEG management, and has emphasized PI&R aspects in all inspections.
2. Regional management site visits - A high frequency of site visits has been maintained, including three site visits within the last 12 months. The recent interactions have emphasized conveying regional concerns to new PSEG site management.

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Act, exemptions 7C
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3. High inspection resource expenditure - Salem has the highest inspection hours within CY 2003 of any Region I site. Numerous event followup inspections have occurred, including a special inspection of the July 29 Salem Unit 1 load reject event. In addition, the region supplemented resident resources to address the Hope Creek 500 kV fault scram and the Salem aux feedwater test failure. Further, the region has resisted any effort to combine the Hope Creek and Salem resident offices; staffing continues to be four resident inspectors.

Planned Inspections - The non-routine inspections scheduled over the next 12 months include the following:

- Salem EDG Supplemental Inspection - October 20, 2003
- Salem Special Inspection (Load Reject Event) - November 3, 2003
- Hope Creek PI&R Team Inspection - November 17, 2003
- Salem SSDI Team Inspection - February 23, 2004
- EP Exercise Evaluation - March 8, 2004
- Hope Creek SSDI Team Inspection - July 12, 2004

Attachments:

1. Plant-level Events Listing
2. RA notes on allegation

October 22, 2003

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2003 Salem & Hope Creek Plant-level Events

Salem - Shutdown due to Feed Reg Valve Malfunction; October 15, 2003

- Shutdown from full power due to loose part jammed in feedwater regulating valve
- Atypical shutdown using feed pump speed performed smoothly

Hope Creek - Scram due to EHC leak; October 3, 2003

- Oil leak from #4 CIV significant enough to merit scram per AOP; done promptly
- Weak reactor level control post-scram; Low level (expected), then high level and then low level. Workaround for operators due to poor feedwater heater design.

Hope Creek Scram & Salem Shutdowns - Salting of 500 kV Switchyard; Sept. 19, 2003

- Fault on Salem- Hope Creek tie line caused partial LOOP at Hope Creek and scram due to loss of 2 feed pumps
- Dual Salem unit shutdowns on discovery of salt contamination in switchyard

Salem - Load Reject due to Output Breaker Fault; July 29, 2003

- Unit 1 trip on generator/turbine trip following 500 kV switchyard actions
- Loss of one offsite power feed to units; all 3 Unit 1 vital busses transferred to EDGs
- Weak evaluation of electrical problems; slow understanding, incomplete review

Salem - 2PR3 - RCS Depressurization; April 17, 2003:

- Inadequate configuration control of pressurizer spray (2PR3) isolation for packing adjustment
- RCS pressure reduced 90# due to pressurizer spray while manual isolation was inadvertently opened
- Ineffective communications with aux operator
- Poor questioning attitude by main control room for multiple indications of improper actions

Salem U2 - Manual Reactor Trip due to Grassing; March 29, 2003

- 3 of 6 U-2 circulators secured for grassing impact. Worst grassing in over ten years. U-1 was already at reduced power prior to the event and U-1 did not require any circulators secured for broken screen shear pins.

Hope Creek - Low Power Excursion; March 17, 2003:

- Shutting down with stuck open turbine bypass valve in non-routine process
- First indications of improper EHC operation rationalized
- RCS pressure dropped, level dropped, influx of cold water increased power
- Event not written up for 1 ½ days; SORC recognized significance, not Ops

Salem - Loss of Station Air; February 25, 2003

- Unnecessarily planned to remove all three station air compressors from service
- Control air low pressure transient initiated by a configuration control error that caused a high lube oil trip on the running station air compressor
- Letdown abnormally isolated and relief to the PRT occurred; incomplete PM in air supply panel for affected letdown isolation AOV
- Large air leak challenged backup air system; leak existed since August 2001 with no plans to repair

October 3, 2003

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 AND 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 ~~AND~~ 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 ~~AND~~ WE UNDERSTAND ALSO WITH INPO ~~AND~~
- ~~REDACTED SECTION~~
- 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]

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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:
 - o SPECIAL NRC SCWE INSPECTION
 - o ORDER TO DO A THIRD-PARTY ASSESSMENT

- GIVEN NATURE OF ALLEGATION AND LEVEL OF INDIVIDUALS, REFERRAL IS NOT APPROPRIATE

OCTOBER 15 UPDATE ON SALEM/HOPE CREEK ALLEGATION

UPDATE ON OI INTERVIEWS

- OI has interviewed 4 of the key senior managers the allegor pointed to. Overall, while acknowledging there has clearly been increased emphasis and attention to economics, the senior officials interviewed said in no case has production overridden safety. A few were adamant that the allegor's portrayal of an "unsafe" situation is off base. There have been some mixed stories on specific incidents that the allegor has cited in registering her concerns, however, and OI is pursuing these disparities with staff assistance.
- While senior officials say that decisions on plant operations are being made on safety grounds, overall, a couple have registered concerns of their own about the environment. One former senior manager said he is considering an employment discrimination case himself, feeling he was let go for having regularly challenged top level management decisions.
- OI has begun review of an extensive investigation performed by Winston and Straun at PSEG's behest in response to previous allegor complaints. The investigation concluded that -- while there management issues surfaced in their interviews -- there was not a "chilled environment" and the allegor was not discriminated against.

ALLEGOR STATUS

- The allegor served a civil suit on top PSEG officers on October 10.
- The allegor continues to contact Region I and OI with information and concerns expressed to her by staff (some of whom are still on site).

OFFSITE STAKEHOLDERS

- Congressman Lobiondo's staff approached NRC with general questions about this situation indicating information on the allegor's concerns are becoming more widely known.

PSEG ACTIONS

- PSEG continues to make management changes at the station. For example [REDACTED] has brought in a new [REDACTED] and a new Hope Creek [REDACTED]

NRC ACTIONS

- The staff and OI are continuing to pursue this matter as a matter of top priority.
- The staff continues to believe, notwithstanding performance issues which we have been pursuing, the three station units are safely operating.