October 4, 2006

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

SUBJECT: SALEM GENERATING STATION- NRC MATERIAL CONTROL AND ACCOUNTING PROGRAM INSPECTION - REPORT 05000272/2006201 AND 05000311/2006201

Dear Mr. Levis:

On August 31, 2006, the U.S. Nuclear Regulatory Commission (NRC) completed a material control and accounting (MC&A) safeguards program inspection at your Salem Generating Station. The enclosed inspection report documents the inspection findings, which were discussed with Mr. Carl Fricker, Salem Plant Manager, and members of your staff during an exit meeting on that date, and in a supplemental exit meeting by telephone on September 22, 2006.

The inspection examined activities conducted under your license as they relate to safety, security, and compliance with the Commission's rules and regulations and with the conditions of your license. The inspectors reviewed selected procedures and records, observed storage of special nuclear material in the spent fuel pool, and interviewed personnel. Areas examined during the inspection included physical inventory and accounting records.

Based on the results of this inspection, the NRC has determined that one Severity Level IV violation of NRC requirements occurred. The violation is being treated as a Non-Cited Violation (NCV), consistent with Section VI.A of the Enforcement Policy. This NCV is described in the subject inspection report. If you contest the violation or significance of the violation, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001; with copies to the Regional Administrator, Region I; the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001; and the NRC Resident Inspector at the Salem Generating Station.

When separated from the Enclosure, this document is DECONTROLLED.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, will be available electronically for public inspection in the NRC Public Document Room or from the Public Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Website at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room). However, because of the security-related concerns contained in the enclosure, and in accordance with 10 CFR 2.390, this letter's enclosure will not be available for public inspection.

Should you have any questions concerning this report, please contact Martha Williams at (301) 415-7878, Dori Votolato at (301) 415-7633, or Chris Graves at (301) 415-6525.

Sincerely,

/RA/

Jeffrey Cruz, Branch Chief
Material Security Oversight Branch
Division of Security Operations
Office of Nuclear Security and Incident Response

Docket No. 50-272, 50-311
License No. DPR-70, DPR-75

Enclosure: MC&A Inspection Report 05000272/2006201, 05000311/2006201
w/Attachment: Supplemental Information

cc w/enclosure: T. Joyce, Site Vice President
C. Fricker, Plant Manager
S. Mannon, Regulatory Assurance Manager

Paul Baldauf, Assistant Director
Radiation Protection Programs
Division of Environmental Safety, Health & Analytical Programs
Dept. of Environmental Protection
P.O. Box 415
Trenton, NJ 08625-0415

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