



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

July 24, 1998

Central Files  
50-272/311

Mr. E. James Ferland  
Chief Executive Officer  
Public Service Electric  
and Gas Company  
80 Park Plaza  
Newark, NJ 07101

Dear Mr. Ferland:

On July 14 and 15, 1998, the NRC senior managers met to evaluate the nuclear safety performance of operating reactors, fuel cycle facilities, and other materials licensees. The NRC conducts this meeting periodically to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention or if it is trending adversely and requires steps be taken to communicate concerns to the utility's president or board of directors. At the July 1998 Senior Management Meeting (SMM), the Salem Generating Station was discussed.

On the basis of our discussions, we concluded that Salem Units 1 & 2 have demonstrated sustained improvement sufficient to warrant their removal from the NRC Watch List category that requires increased attention from both NRC headquarters and Region I. Plants removed from the Watch List have taken effective actions to correct identified problems and implemented programs for improved performance. A summary of NRC discussions related to Salem Units 1 and 2 follows:

The NRC's inspection program and overview activities have determined that licensee management has substantially corrected the weaknesses and underlying root causes that led to previous performance problems at the Salem Generating Station. The NRC senior managers considered the Watch List removal matrix in determining the appropriate agency response to the identified performance concerns. The senior managers noted Salem met all the criteria for removal from the Watch List, including the demonstration of sustained successful plant performance. Startup and subsequent operation of Unit 1 have been successful and operational performance of Unit 2 has continued to be good. Also, the senior managers noted that plant material condition, safety culture, and management oversight and effectiveness had substantially improved. The Salem management team set high standards for performance at the site and provided the resources necessary to improve operational performance. This team also successfully instituted robust safety oversight and self-assessment at the site.

While the maintenance backlog remains high, the site management team has demonstrated an understanding of its individual and cumulative effects and is effectively managing the prioritization and resolution of backlog items. Steps have been taken to improve station work control processes. The senior managers also discussed

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engineering performance at Salem and concluded that, while it is dealing with the large backlogs that resulted from discovery efforts during the outage, the engineering organization is providing good support to the station.


In summary, licensee actions have been effective in improving the operational safety performance of Salem Units 1 & 2. Therefore, the NRC has determined that an enhanced level of regulatory monitoring is no longer warranted.

An NRC Commission Meeting, open to the public, is scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on July 29, 1998, to review the results of the latest meeting of NRC senior managers.

Mr. Hubert Miller, the Region I Regional Administrator, has discussed our conclusions with regard to Salem Units 1 & 2 with members of your staff.

If you have any questions regarding this matter, do not hesitate to call me.

Sincerely,

  
L. Joseph Callan  
Executive Director  
for Operations

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cc: See next page

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Original signed by:

L. Joseph Callan  
Executive Director  
for Operations

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DATE	07/ /98	07/21/98	07/21/98	07/23/98	

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Mr. E. James Ferland

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In summary, the senior managers concluded that Salem management has taken effective action to correct their identified problems and to implement programs for improved performance. As a result, no further agency level attention was deemed necessary beyond that provided by the regional office to ensure improvement continues. As such, Salem was designated a Category I facility.

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If you have any questions regarding this matter, do not hesitate to call me at (301) 415-1700.

Sincerely,

L. Joseph Callan  
Executive Director  
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Salem Nuclear Generating Station,  
Units 1 and 2

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