

March 3, 2004

Mr. Roy A. Anderson
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 05000354/2004001)

Dear Mr. Anderson:

On February 4, 2004, the NRC staff completed its end-of-cycle plant performance assessment of Hope Creek station. The review involved the participation of all technical divisions in evaluating performance for the calendar year 2003 assessment cycle. The process included a review of performance indicators (PIs) for the most recent quarter and inspection results from 2003. The purpose of this letter is to inform you of our assessment of your safety performance and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, Hope Creek operated in a manner that preserved public health and safety, and fully met all cornerstone objectives. Plant performance for the most recent quarter at Hope Creek 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 being Green. However, the significance of a finding on the service water traveling screens is still under review as part of the Significance Determination Process.

As discussed in the annual assessment letter dated March 3, 2003, and the mid-cycle assessment letter dated August 27, 2003, the staff identified a substantive cross-cutting issue in the area of problem identification and resolution (PI&R). The cross-cutting issue involved instances of ineffective, untimely problem evaluations and corrective actions. In the most recent annual assessment, we concluded that this substantive cross-cutting issue should remain open, based on the numerous inspection findings which indicate that weaknesses continue in this area. The weaknesses impacted equipment reliability and involved deficient problem identification, or once identified, insufficient recognition of the problem's significance. For example, inspection findings included inadequate evaluations of conditions, such as a hydraulic leak on a turbine valve, which resulted a manual reactor scram; a pressure transient during a reactor shutdown, which enabled a second pressure transient; and a coolant leak on an emergency diesel generator (EDG), which resulted in the initiation of a plant shutdown. We request that you discuss this matter at our upcoming annual assessment meeting.

In a January 28, 2004 letter, we provided interim results of an ongoing NRC special review of the work environment at Salem and Hope Creek. The letter outlined areas of NRC concerns, particularly as they relate to the handling of emergent equipment issues and associated operational decision-making. The letter also requested a written response to provide a plan for an in-depth PSEG assessment of the work environment. We have received your response and are reviewing your plans. We expect to discuss this matter with you at the management meeting specified in our January 28 letter (tentatively planned for mid-March).

The enclosed inspection plan details the inspections scheduled through September 30, 2005. The inspection plan is provided to minimize the resource impact on your staff, and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

As you are aware, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness since the terrorist attacks on September 11, 2001. We have conducted inspections to review your implementation of these requirements and have monitored your actions in response to changing threat conditions. For calendar year 2004, we plan to continue inspections of order implementation combined with newly developed portions of the security baseline inspection program.

In accordance with 10 CFR 2.790 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 Electronic Reading Room).

If circumstances arise which cause us to change the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Glenn Meyer of my staff at (610) 337-5211 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

A. Randolph Blough, Director
Division of Reactor Projects

Docket No. 50-354
License No. NPF-57

Enclosure: Hope Creek Inspection/Activity Plan

cc w/encl:

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OFFICE	RI/DRP		RI/DRP		RI/DRP			
NAME	MGray/ GWM for		GMeyer/ GWM		ABlough/ ARB			
DATE	03/03/04		03/03/04		03/03/04			

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Hope Creek
Inspection / Activity Plan
01/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	1/5EXAM - OPER LIC RETAKE EXAM		1			
1	U01596	HOPE CREEK RETAKE EXAM (1/04)		01/05/2004	01/09/2004	Not Applicable
	711112B - MAINTENANCE RULE		1			
1	IP 7111112B	Maintenance Effectiveness		01/12/2004	01/16/2004	Baseline Inspections
	711111B - LORT FOLLOW-UP SIMULATOR DEFICIENCIES		1			
1	IP 7111111B	Licensed Operator Requalification Program		02/10/2004	02/11/2004	Baseline Inspections
	7111107B - HEAT SINK		1			
1	IP 7111107B	Heat Sink Performance		02/16/2004	02/20/2004	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		02/23/2004	02/27/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		02/23/2004	02/27/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/23/2004	02/27/2004	Baseline Inspections
	7111401 - EMERGENCY PREPAREDNESS EXERCISE & PI VER		5			
1	IP 7111401	Exercise Evaluation		03/15/2004	03/19/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		03/15/2004	03/19/2004	Baseline Inspections
	71130 - SECURITY		2			
1	IP 7113001	Access Authorization		04/05/2004	04/09/2004	Baseline Inspections
1	IP 7113002	Access Control		04/05/2004	04/09/2004	Baseline Inspections
1	IP 7113008	Fitness For Duty Program		04/05/2004	04/09/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		04/05/2004	04/09/2004	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		05/17/2004	05/21/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		05/17/2004	05/21/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/17/2004	05/21/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		05/17/2004	05/21/2004	Baseline Inspections
	7111121 - SSDI		6			
1	IP 7111121	Safety System Design and Performance Capability		07/12/2004	07/16/2004	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		07/26/2004	07/30/2004	Baseline Inspections
	711111B - LO REQUALIFICATION PROGRAM		2			
1	IP 7111111B	Licensed Operator Requalification Program		08/30/2004	09/03/2004	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/25/2004	10/29/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		10/25/2004	10/29/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/25/2004	10/29/2004	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
01/01/2004 - 09/30/2005

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				Start	End	
	7111108G	- INSERVICE INSPECTION	1			
1	IP 7111108G	Inservice Inspection Activities - BWR		11/01/2004	11/05/2004	Baseline Inspections
	71111.05	- TRIENNIAL FIRE PROTECTION INSPECTION	3			
1	IP 7111105T	Fire Protection		11/29/2004	12/03/2004	Baseline Inspections
1	IP 7111105T	Fire Protection		12/13/2004	12/17/2004	Baseline Inspections
	71130	- SECURITY	4			
1	IP 7113001	Access Authorization		11/29/2004	12/03/2004	Baseline Inspections
1	IP 7113004	Equipment Performance, Testing, and Maintenance		11/29/2004	12/03/2004	Baseline Inspections
1	IP 7113005	Protective Strategy Evaluation		11/29/2004	12/03/2004	Baseline Inspections
1	IP 7113007	Security Training		11/29/2004	12/03/2004	Baseline Inspections
1	IP 7113009	Owner-Controlled Area Controls		11/29/2004	12/03/2004	Baseline Inspections
	7112203	- PUB RAD SAFETY - REMP	1			
1	IP 7112203	Radiological Environmental Monitoring Program		01/31/2005	02/04/2005	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		02/14/2005	02/18/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		02/14/2005	02/18/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/14/2005	02/18/2005	Baseline Inspections
	711117B	- MODS & 50.59	1			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		02/14/2005	02/18/2005	Baseline Inspections
1	IP 711117B	Permanent Plant Modifications		02/14/2005	02/18/2005	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		05/16/2005	05/20/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		05/16/2005	05/20/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/16/2005	05/20/2005	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/08/2005	08/12/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		08/08/2005	08/12/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/08/2005	08/12/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		08/08/2005	08/12/2005	Baseline Inspections
	71114	- EP PROGRAM INSP & PI VERIFICATION	1			
1	IP 7111402	Alert and Notification System Testing		08/29/2005	09/02/2005	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		08/29/2005	09/02/2005	Baseline Inspections
1	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/29/2005	09/02/2005	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		08/29/2005	09/02/2005	Baseline Inspections

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01/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start End		Inspection Type
1	71114 - EP PROGRAM INSP & PI VERIFICATION IP 71151	Performance Indicator Verification	1	08/29/2005	09/02/2005	Baseline Inspections

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