

August 30, 2004

Mr. A. Christopher Bakken  
President and Chief Nuclear Officer  
PSEG Nuclear LLC - N09  
P. O. Box 236  
Hancocks Bridge, NJ 08038

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - HOPE CREEK  
NUCLEAR GENERATING STATION

Dear Mr. Bakken:

On August 3, 2004, the NRC staff completed its mid-cycle plant performance assessment of the Hope Creek Nuclear Generating Station. The mid-cycle review for Hope Creek involved the participation of all technical divisions in evaluating performance for the first half of the calendar year 2004 assessment cycle. The process included a review of performance indicators (PIs) for the most recent quarter and inspection results over the previous twelve months. The purpose of this letter is to inform you of our assessment of your safety performance during this period 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. This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated and marked as "Proprietary Information in accordance with 10 CFR 2.390(d)(1)" will include the physical protection review and resultant inspection plan.

Hope Creek performance for the most recent quarter was within the Regulatory Response Column of the NRC's Action Matrix based on an inspection finding in the Mitigating System Cornerstone being classified as having low to moderate safety significance (White) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). The White inspection finding, identified in the first quarter of 2004, involved inadequate maintenance on a service water traveling screen that resulted in its failure and unavailability of the A service water pump train in July 2003.

In our letter to you dated July 30, 2004, [ADAMS Ref. ML042120284] we informed you of the results of our review of the work environment at the Hope Creek station. Specifically, in that review we did not identify any serious safety violations; however, we concluded that there were numerous indications of weaknesses in corrective actions and management efforts to establish an environment where employees are consistently willing to raise safety concerns. Some PSEG staff and managers felt that the company had emphasized production to a point that negatively impacted handling of emergent equipment issues and associated operational decision making. Additionally, management had not been consistent in its support of station staff identifying concerns and providing alternate views. We found examples of unresolved conflict and poor communication between management and staff, as well as underlying staff and management frustration with poor equipment reliability. The equipment issues stemmed, in part, from

weaknesses in implementation of station processes, such as work management and corrective action. Based upon these results, our mid-cycle assessment has concluded that a substantive cross-cutting issue in safety conscious work environment (SCWE) exists at the Hope Creek station.

In addition, as discussed in the last three assessment letters dated March 3, 2003, August 27, 2003, and March 3, 2004, [ADAMS Refs. ML030620772, ML032390424, and ML040630856, respectively] the staff identified a substantive cross-cutting issue in the area of problem identification and resolution (PI&R). The staff determined that the cross-cutting issue continued through the first half of calendar year 2004 based on the continuation of inspection findings and documented shortcomings within the PI&R area. During the assessment period, there were 13 inspection findings, six of which occurred in the last six months, that were attributable, at least in part, to shortcomings in the PI&R area. These shortcomings, which involved problem identification, problem evaluation, and effectiveness of corrective action, continued to allow problems to recur and longstanding problems to go uncorrected. A few noteworthy examples included PSEG personnel not identifying the full extent of drywell piping insulation deficiencies and an inadequate evaluation of as-found conditions; inadequacies in the evaluation and short-term corrective actions for degraded service water piping supports; and an inadequate evaluation and insufficient corrective actions for a degraded service water strainer.

We recognize that PSEG has taken significant steps to evaluate the station's work environment and to initiate actions to address work environment issues and corrective action effectiveness. As mentioned in our letter dated July 30, 2004, we expect that you will discuss your progress in improving the work environment and the effectiveness of your corrective action program in the public meeting planned for late 2004.

We plan to conduct Reactor Oversight Process baseline inspections at Hope Creek, as well as to perform a supplemental inspection into the White inspection finding in September 2004. Further, in order to provide an appropriate level of NRC oversight for your facility, in view of the substantive cross-cutting issue in SCWE and the longstanding cross-cutting issue in PI&R, the NRC's Executive Director for Operations approved a deviation from the NRC's Action Matrix on August 23, 2004 [ADAMS Ref. ML042290139]. This deviation authorized the staff to provide a greater level of oversight for the Hope Creek station than would typically be called for by the Regulatory Response Column of the Action Matrix including: (1) conduct of periodic management meetings and site visits; (2) elevation of the level of NRC management involvement in meetings, site visits, and correspondence; (3) establishment of an internal NRC coordination team, involving regional and headquarters experts in reactor oversight, SCWE and related performance attributes, to coordinate NRC review efforts and assist in evaluation of licensee self-assessment efforts; (4) review of PSEG's detailed improvement plans to identify SCWE and related performance attributes for further NRC inspection; and (5) enhancement of existing baseline inspections by adjusting inspection scope, as necessary, to verify the effectiveness of licensee improvement efforts in these areas. The NRC plans to continue with this heightened oversight until PSEG has concluded that substantial, sustainable progress has been made; and the NRC has completed a review, the results of which confirm PSEG's assessment results.

The enclosed inspection plan details the inspection, less those related to physical protection, scheduled through March 31, 2006. The inspection plan is provided to minimize the resource

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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 end-of-cycle review meeting.

In accordance with 10 CFR 2.390 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 Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Eugene Cobey of my staff at (610) 337-5171 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

*/RA/*

Samuel J. Collins  
Regional Administrator

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

Enclosure: Hope Creek Generating Station Inspection / Activity Plan

Mr. A. Christopher Bakken

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cc w/encl:

M. Brothers, Vice President - Site Operations

J. T. Carlin, Vice President Nuclear Assessment

D. F. Garchow, Vice President, Engineering and Technical Support

W. F. Sperry, Director Business Support

S. Mannon, Manager - Nuclear Safety and Licensing

J. A. Hutton, Hope Creek Plant Manager

R. Kankus, Joint Owner Affairs

J. J. Keenan, Esquire

M. Wetterhahn, Esquire

Consumer Advocate, Office of Consumer Advocate

F. Pompper, Chief of Police and Emergency Management Coordinator

J. Lipoti Ph.D., Assistant Director of Radiation Programs, State of New Jersey

H. Otto, Ph.D., DNREC Division of Water Resources, State of Delaware

N. Cohen, Coordinator - Unplug Salem Campaign

W. Costanzo, Technical Advisor - Jersey Shore Nuclear Watch

E. Zobian, Coordinator - Jersey Shore Anti Nuclear Alliance

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R. Laufer, NRR

D. Collins, PM, NRR

DRS Director, Region I

C. O'Daniell, DRP

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OFFICE	RI/DRP		RI/DRP		RI/DRP		RI/RA	
NAME	MGray/ <b>EWC for</b>		ECobey/ <b>EWC</b>		ABlough/ <b>ARB</b>		SCollins/ <b>SJC</b>	
DATE	08/27/04		08/27/04		08/27/04		08/30/04	

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**Hope Creek**  
**Inspection / Activity Plan**  
**07/01/2004 - 03/31/2006**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>7111121 - SSDI</b>		<b>8</b>			
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
	<b>7111111B - LO REQUALIFICATION PROGRAM</b>		<b>4</b>			
1	IP 7111111B	Licensed Operator Requalification Program		08/30/2004	09/03/2004	Baseline Inspections
1	IP 7111111B	Licensed Operator Requalification Program		09/06/2004	09/10/2004	Baseline Inspections
	<b>71111.05 - TRIENNIAL FIRE PROTECTION INSPECTION</b>		<b>3</b>			
1	IP 7111105T	Fire Protection		09/13/2004	09/17/2004	Baseline Inspections
1	IP 7111105T	Fire Protection		10/04/2004	10/08/2004	Baseline Inspections
	<b>SUPL - SUPPLEMENTAL INSPECTION OF SW ISSUE</b>		<b>1</b>			
1	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		09/20/2004	09/24/2004	Supplemental Program
	<b>7111108G - INSERVICE INSPECTION</b>		<b>1</b>			
1	IP 7111108G	Inservice Inspection Activities - BWR		11/15/2004	11/19/2004	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		11/15/2004	11/19/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		11/15/2004	11/19/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		11/15/2004	11/19/2004	Baseline Inspections
	<b>7111404 - EP PIS AND E-PLAN CHANGE REVIEWS</b>		<b>1</b>			
1	IP 7111404	Emergency Action Level and Emergency Plan Changes		12/13/2004	12/17/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		12/13/2004	12/17/2004	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
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
	<b>7111117B - MODS &amp; 50.59</b>		<b>5</b>			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		02/14/2005	02/18/2005	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		02/14/2005	02/18/2005	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
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
	<b>7112203 - PUB RAD SAFETY - REMP</b>		<b>1</b>			
1	IP 7112203	Radiological Environmental Monitoring Program		06/20/2005	06/24/2005	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**  
**07/01/2004 - 03/31/2006**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
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
	<b>71114</b>	<b>- EP PROGRAM INSP &amp; PI VERIFICATION</b>	<b>1</b>			
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
1	IP 71151	Performance Indicator Verification		08/29/2005	09/02/2005	Baseline Inspections
	<b>11/20EXM</b>	<b>- OPERATOR LICENSING INITIAL EXAM</b>	<b>3</b>			
1	U01586	HOPE CREEK INITIAL EXAM (1/06)		10/17/2005	10/21/2005	Not Applicable
1	U01586	HOPE CREEK INITIAL EXAM (1/06)		11/14/2005	11/18/2005	Not Applicable
	<b>7111111B</b>	<b>- LSRO PROG INSPECTION</b>	<b>1</b>			
1	IP 7111111B	Licensed Operator Requalification Program		10/24/2005	10/28/2005	Baseline Inspections
	<b>7112201</b>	<b>- PUB RAD SAFETY - RETS</b>	<b>1</b>			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		11/14/2005	11/18/2005	Baseline Inspections
	<b>71152B</b>	<b>- PROBLEM IDENTIFICATION AND RESOLUTION</b>	<b>1</b>			
1	IP 71152B	Identification and Resolution of Problems		11/28/2005	12/02/2005	Baseline Inspections
1	IP 71152B	Identification and Resolution of Problems		12/12/2005	12/16/2005	Baseline Inspections
	<b>7112202</b>	<b>- PUB RAD SAFETY - RADWASTE</b>	<b>1</b>			
1	IP 7112202	Radioactive Material Processing and Transportation		12/05/2005	12/16/2005	Baseline Inspections
	<b>7111112B</b>	<b>- MAINTENANCE RULE</b>	<b>1</b>			
1	IP 7111112B	Maintenance Effectiveness		01/16/2006	01/20/2006	Baseline Inspections
	<b>HEATSINK</b>	<b>- HEAT SINK</b>	<b>2</b>			
1	IP 7111107B	Heat Sink Performance		03/13/2006	03/17/2006	Baseline Inspections