

August 30, 2005

Mr. William Levis
Senior Vice 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. Levis:

On August 3, 2005, the NRC staff completed its performance review of the Hope Creek Nuclear Generating Station for the first half of the calendar year 2005 assessment cycle. Our technical staff reviewed 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.

This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated and marked as "Exempt from Public Disclosure in Accordance with 10 CFR 2.390" will include the physical protection review and a resultant inspection plan.

Plant performance for the most recent quarter was within the Regulatory Response Column of the NRC's Action Matrix based on one inspection finding being classified as having low to moderate safety significance (White) in the Initiating Events Cornerstone and all PIs indicating performance at a level requiring no additional NRC oversight (Green). The White inspection finding was identified in the fourth quarter of 2004 and involved inadequate evaluation and corrective action for a degraded level control valve for a moisture separator drain tank which resulted in a pipe failure in a moisture separator drain line in October 2004. The staff completed a supplemental inspection in response to this inspection finding on June 23, 2005, and concluded that you adequately completed a root cause analysis of the performance deficiencies surrounding the event and identified appropriate corrective actions. The results of this inspection were documented in NRC Inspection Report 05000354/2005010.

Regarding the open substantive cross-cutting issue in the area of problem identification and resolution (PI&R), during this assessment period there were 12 inspection findings that were attributable, at least in part, to weaknesses in problem evaluation and effectiveness of corrective actions. Examples of NRC findings included a core spray injection valve not operating properly during testing, a repetitive problem with the emergency make-up sources to a cooling system, and recurring challenges to service water strainers due to silting. The staff has noted improvement in the identification aspect of the PI&R process at the station; however, due to the number of findings related to problem evaluation and corrective action the staff continues this substantive cross-cutting issue.

In addition, as discussed in annual assessment letter dated March 2, 2005, [ADAMS Ref. ML050610334], the staff documented a substantive cross-cutting issue in the area of safety conscious work environment (SCWE). During this assessment period, PSEG entered into a Nuclear Operating Services Contract (NOSC) with Exelon, made a number of senior management changes on site, and implemented improvement initiatives to address long-standing performance problems. While we recognize that PSEG has taken significant steps to evaluate the station's work environment and initiated actions to begin addressing deep-seated causes, it is too early to effectively assess whether or not the work environment at the station is significantly improved. As discussed in NRC correspondence and inspection reports this assessment period, we have noted some ongoing problems with the implementation of station processes, such as work management and corrective action, causing challenges with equipment reliability. In addition, both PSEG and NRC reviews have shown that there exists a range of worker perceptions regarding the advisability of raising issues or challenging decisions in the current environment. As a result, the staff determined that the SCWE cross-cutting issue will continue, and the NRC will continue to monitor your progress. We expect that you will discuss your progress in addressing work environment issues and the effectiveness of your corrective action program during a public meeting being planned for late 2005.

The NRC plans to conduct Reactor Oversight Process baseline inspections at Hope Creek. In addition, based on our current assessment of the work environment and the long-standing PI&R cross-cutting issue at Hope Creek, we plan to continue the enhanced oversight as described in the renewed Reactor Oversight Process Deviation Memorandum dated July 29, 2005 [ADAMS Ref. ML052130264]. This deviation authorized the staff to provide a greater level of oversight of Hope Creek than would typically be called for by the Regulatory Response Column of the Action Matrix. The enhanced regulatory oversight established by the Deviation Memorandum will be used to monitor your progress in addressing the PI&R and SCWE cross-cutting issues. 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 inspections, less those related to physical protection, scheduled through March 31, 2007. In addition to the baseline inspection activities specified by the Reactor Oversight Process, the enclosed plan includes augmentation of existing inspections per the Deviation Memorandum. The inspection plan is provided to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last nine months of the inspection plan are tentative and may be revised at the end-of-cycle review.

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).

Mr. William Levis

3

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 Mr. Eugene Cobey 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 Nos. 50-354
License Nos. NPF-57

Enclosure: Hope Creek Inspection/Activity Plan

cc w/encl:

G. Barnes, Site Vice President
D. Winchester, Vice President - Nuclear Assessment
M. Gallagher, Vice President - Engineering and Technical Support
W. F. Sperry, Director - Business Support
D. Benyak, Director - Regulatory Assurance
M. Massaro, Hope Creek Plant Manager
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
K. Tosch - Chief, Bureau of Nuclear Engineering, NJ Dept. of Environmental Protection
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

Distribution w/encl:

- S. Collins, RA
- M. Dapas, DRA
- B. Holian, DRP
- A. Blough, DRS
- D. Lew, DRP
- E. Cobey, DRP
- B. Welling, DRP
- C. O'Daniell, DRP
- M. Gray - DRP, Senior Resident Inspector
- K. Venuto, DRP, Resident OA
- R. Lorson, DRS
- J. White, DRS
- M. Sykes, DRS
- L. Doerflein
- J. Rogge, DRS
- R. Conte, DRS
- S. Lee, RI OEDO
- D. Roberts, NRR
- D. Collins, PM, NRR
- S. Bailey, PM, NRR (Backup)
- Region I Docket Room (with concurrences)
- RidsNrrDiplipb@nrc.gov
- ROPreports@nrc.gov (**All Inspection Reports**)

DOCUMENT NAME: S:\ROP-6 Mid-Cycle Review\2005 Mid-Cycle Letters\Hope Creek 2005 Mid-cycle Letter.wpd

SISP Review Complete: ___EWC___ (Reviewer's Initials)

After declaring this document "An Official Agency Record" it **will** be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure

"E" = Copy with attachment/enclosure "N" = No copy

OFFICE	RI/DRP		RI/DRP		RI/DRP		RI/DRS	
NAME	Bwelling/EWC		Ecobey/EWC		Bholian/BEH		Ablough/ARB	
DATE	08/24/05		08/24/05		08/25/05		08/26/05	
OFFICE	RI/ORA							
NAME	Collins/SJC							
DATE	08/30/05							

Hope Creek
Inspection / Activity Plan
08/01/2005 - 03/31/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	11/28EXM - OPERATOR LICENSING INITIAL EXAMS		4			
1	U01586	HOPE CREEK INITIAL EXAM (1/06)		11/01/2005	11/04/2005	Not Applicable
1	U01586	HOPE CREEK INITIAL EXAM (1/06)		11/28/2005	12/02/2005	Not Applicable
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/15/2005	08/19/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		08/15/2005	08/19/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/15/2005	08/19/2005	Baseline Inspections
	SCWE - SCWE TEAM INSPECTION		5			
1	IP 71152	Identification and Resolution of Problems		09/26/2005	09/30/2005	Other Routine
	7112201 - PUB RAD SAFETY - RETS		1			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		09/26/2005	09/30/2005	Baseline Inspections
	71152B - PI&R		6			
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
	7112202 - PUB RAD SAFETY - RADWASTE		1			
1	IP 7112202	Radioactive Material Processing and Transportation		12/05/2005	12/16/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		12/05/2005	12/16/2005	Baseline Inspections
	7111112B - MAINTENANCE RULE		1			
1	IP 7111112B	Maintenance Effectiveness		01/09/2006	01/13/2006	Baseline Inspections
	7111107B - HEAT SINK		2			
1	IP 7111107B	Heat Sink Performance		02/27/2006	03/03/2006	Baseline Inspections
	71114 - EXERCISE & EP PI VERIFICATION		5			
1	IP 7111401	Exercise Evaluation		03/20/2006	03/24/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		03/20/2006	03/24/2006	Baseline Inspections
	7111108G - INSERVICE INSPECTION		1			
1	IP 7111108G	Inservice Inspection Activities - BWR		04/10/2006	04/14/2006	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/17/2006	04/21/2006	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		04/17/2006	04/21/2006	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/17/2006	04/21/2006	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/17/2006	07/21/2006	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		07/17/2006	07/21/2006	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/17/2006	07/21/2006	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
08/01/2005 - 03/31/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	TRI FIRE	- TRIENNIAL FIRE PROTECTION INSPECTION	3			
1	IP 7111105T	Fire Protection [Triennial]		08/28/2006	09/01/2006	Baseline Inspections
1	IP 7111105T	Fire Protection [Triennial]		09/11/2006	09/15/2006	Baseline Inspections
	7111111B	- LICENSED OPERATOR REQUAL PROGRAM	3			
1	IP 7111111B	Licensed Operator Requalification Program		10/28/2006	11/01/2006	Baseline Inspections
1	IP 7111111B	Licensed Operator Requalification Program		11/04/2006	11/08/2006	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/25/2006	09/29/2006	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		09/25/2006	09/29/2006	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/25/2006	09/29/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/25/2006	09/29/2006	Baseline Inspections
	7111121	- SSD&PC	6			
1	IP 7111121	Safety System Design and Performance Capability		10/30/2006	11/03/2006	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		11/13/2006	11/17/2006	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		11/27/2006	12/01/2006	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		12/04/2006	12/08/2006	Baseline Inspections
	12/10EXM	- LICENSED OPERATOR INITIAL EXAMS	3			
1	U01586	HOPE CREEK INITIAL EXAM (1/06)		11/13/2006	11/17/2006	Not Applicable
1	U01586	HOPE CREEK INITIAL EXAM (1/06)		12/10/2006	12/14/2006	Not Applicable
	7112201	- PUB RAD SAFETY - RETS	1			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		11/13/2006	11/17/2006	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		01/08/2007	01/12/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		01/08/2007	01/12/2007	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/08/2007	01/12/2007	Baseline Inspections
	7111117B	- MODS AND 50.59	3			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		02/05/2007	02/09/2007	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		02/05/2007	02/09/2007	Baseline Inspections