

August 11, 1999

Mr. Harold W. Keiser
President and Chief Nuclear Officer
PSEG Nuclear LLC
Post Office Box 236
Hancocks Bridge, NJ 08038

SUBJECT: NRC INSPECTION REPORT 50-354/99-04

Dear Mr. Keiser:

On July 11, 1999, the NRC completed an inspection of your Hope Creek facility. The enclosed report presents the results of that inspection. The preliminary findings were presented to PSEG Nuclear management led by Mr. Mark Bezilla in an exit meeting on July 16, 1999.

This inspection was an examination of activities conducted under your license as they related to reactor safety and compliance with the Commission's rules and regulations, and with the conditions of your license. Within these areas the inspection consisted of a selected examination of procedures and representative records, observations of activities, and interviews with personnel. Specifically, this inspection involved six weeks of resident inspection.

Also, the inspectors reviewed the performance indicators (PI) you submitted as part of the pilot program for the new regulatory oversight process and verified the data which supported the *Safety System Unavailability, Heat Removal System PI*. We noted that the Hope Creek PIs were green with the exception of white PIs for *Safety System Unavailability, Heat Removal System* and *Protected Area Security Equipment Performance Index*. We recognize that the heat removal system PI mostly reflects a reactor core isolation cooling (RCIC) system failure that occurred in 1996 and that your staff resolved the root cause of that failure in 1997. We also recognize that the security equipment PI reflects security compensatory measures implemented as part of the installation of security equipment upgrades in the fourth quarter of 1998. As such we believe that you have addressed these performance concerns, and no additional NRC inspection is planned regarding these white PIs.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be placed in the NRC Public Document Room (PDR).

Sincerely,

Original Signed By:

Glenn W. Meyer, Chief
Projects Branch 3
Division of Reactor Projects

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Docket No: 50-354

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Mr. Harold W. Keiser

2

License No: NPF-57

Enclosure: Inspection Report 50-354/99-04

cc w/encl:

L. Storz, Senior Vice President - Nuclear Operations
E. Simpson, Senior Vice President and Chief Administrative Officer
M. Bezilla, Vice President - Nuclear Operations
D. Garchow, Vice President - Technical Support
M. Trum, Vice President - Maintenance
T. O'Connor, Vice President - Plant Support
E. Salowitz, Director - Nuclear Business Support
A. F. Kirby, III, External Operations - Nuclear, Delmarva Power & Light Co.
J. McMahon, Director - QA/Nuclear Training/Emergency Preparedness
D. Powell, Director, Licensing, Regulation and Fuels
R. Kankus, Joint Owner Affairs
A. Tapert, Program Administrator
J. J. Keenan, Esquire
Consumer Advocate, Office of Consumer Advocate
W. Conklin, Public Safety Consultant, Lower Alloways Creek Township
M. Wetterhahn, Esquire
J. Guinan, NJ PIRG
State of New Jersey
State of Delaware

Mr. Harold W. Keiser

3

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