



Salem Hope Creek
GENERATING STATIONS

PSEG Nuclear LLC

NRC's Annual Assessment Meeting

Bridgeport Holiday Inn

June 8, 2005



Introduction

Frank Cassidy

President & COO

PSEG Power

Agenda

Frank Cassidy

Introduction

William Levis

Chief Nuclear Officer Overview

Dennis Winchester

Work Environment

George Barnes

**Problem Identification &
Resolution**

Tom Joyce

Human Performance

Michael Gallagher

**Engineering Support of
Operational & Technical
Decision Making**

William Levis

Conclusion

Corporate Commitment

Salem/Hope Creek Remains Important to PSEG and the Public

- Continue to safely operate Salem/Hope Creek
- Governance structure and oversight
- Commitment to a safety conscious work environment at Salem/Hope Creek



Chief Nuclear Officer Overview

William Levis

Senior Vice President & CNO

PSEG Nuclear, LLC

Chief Nuclear Officer Overview

Salem and Hope Creek are being operated safely

We believe we are on track to improve performance

Our road map for success is the Exelon Management Model

We agree problem identification/resolution and the work environment are key issues for Salem and Hope Creek

The Management Model

Playbook for driving standardization

- Clearly defines roles and responsibilities
- Provides a standard approach to running the business
- Aligns different parts of the business and eliminates localized differences

Performance assessment & continuous improvement tool

- Establishes processes for continuous assessment and improvement
- Documents progress and change

Proven approach to achieving and sustaining positive change

What Does The Model Do?

The Management Model builds a culture of Accountability

- Names, dates and specifics
- We hold each other accountable for our commitments

Detail

- Analysis, planning, reporting

Rooting Out Issues

- Intrusive management engagement

What's Different This Time?

Exelon has been through major performance turnarounds and has the tools and experience to be successful

- Management Model is a proven tool to help us attain sustained, high-level performance

Consistent Leadership

- Direction not tied to a person, but to a performance model

Critical Mass

- Experienced personnel in key positions, deep bench strength



Work Environment

Dennis Winchester

Vice President – Nuclear Assessment

PSEG Nuclear, LLC

Work Environment

Executive Review Board (ERB)

Synergy Survey Results

SCWE Metrics

Executive Review Board (ERB)

- We are continuing to use the process
- Corrective action program utilized to identify and address missed ERBs

Work Environment

Synergy Survey

- Conducted the second survey in January 2005
- Results reflect that the Synergy SCWE metrics have remained steady or improved
- Areas for improvement were identified
- Overall SCWE has improved since the December 2003 survey placing Salem & Hope Creek Stations in the 2nd Quartile of the commercial nuclear power sites in Synergy's industry database

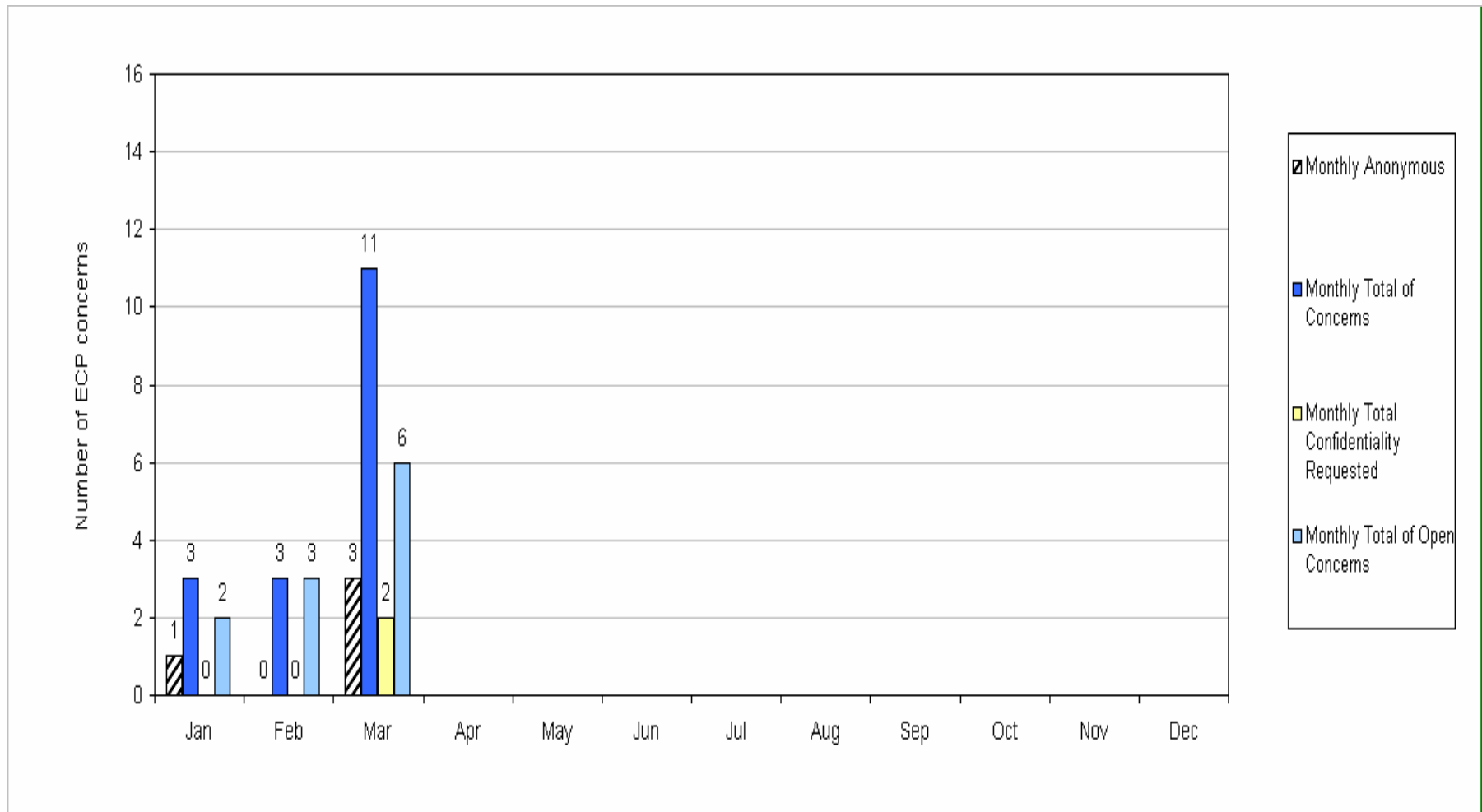
Synergy SCWE Metrics

Metric	2003 Rating	2005 Rating	Rating Change
Knowledge of Alternative Avenues	Adequate to Good	Good	+
Employee Perception of Management Commitment	Good to Very Good	Very Good	+
Supervisor Communication Effectiveness	Good to Very Good	Good to Very Good	NC
Trust and Respect Between Management & Employees	Adequate to Good	Good	+

Safety Conscious Work Environment (SCWE) Quarterly Performance

	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005
Synergy Survey Results Comparisons: 1. Knowledge of Alternative Avenues 2. Employee Perception of Management Commitment 3. Supervisor Communication Effectiveness 4. Trust & Respect Between Management & Employees	N/A	N/A	Green
SCWE Management Training Attendance	Green	Red	Green
Executive Review Board Action Approvals	Green	Green	Green
Employee Concerns Program Concerns Confidentiality/Anonymity Request	Green	Green	Red
Total Notifications Generated	Green	Green	Green
Online Corrective Maintenance Backlog	Green	Green	Red
Online Elective Maintenance Backlog	Green	Red	Red
Corrective Action Problem Resolution	Red	Green	Green
Condition Report Activities Overdue	Red	Red	Green
CR Evaluations with Due Date Extensions	Red	Red	Green

Employee Concerns Program Confidentiality/Anonymity Requests

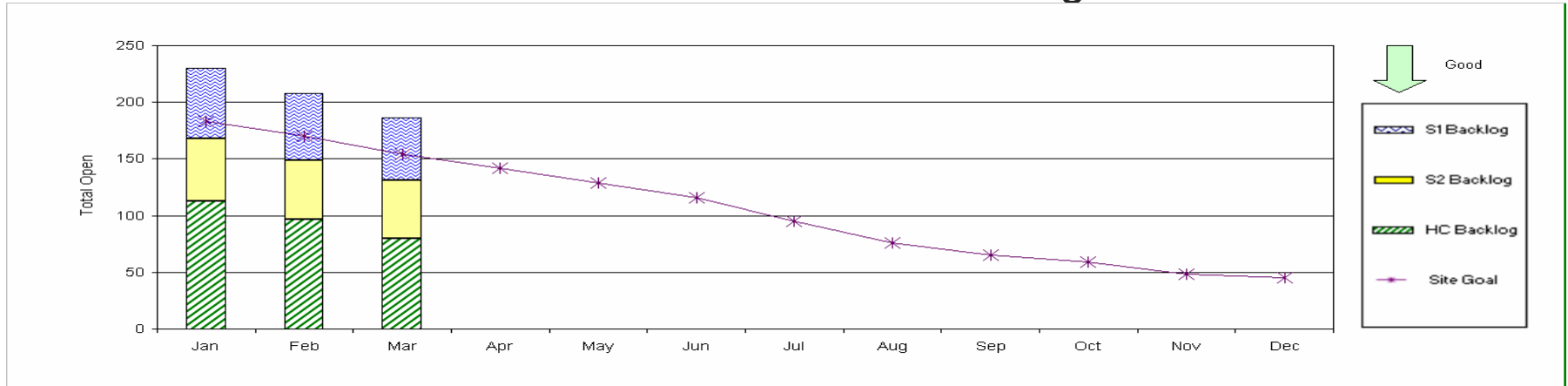


Safety Conscious Work Environment (SCWE) Quarterly Performance

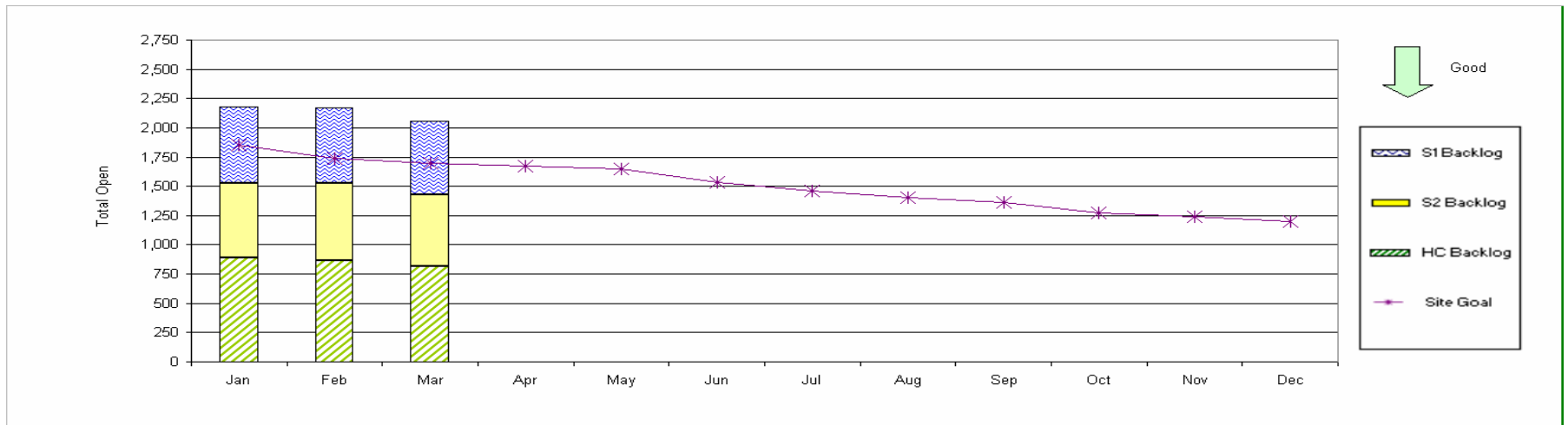
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Maintenance Backlog Trends

Corrective Maintenance Backlog



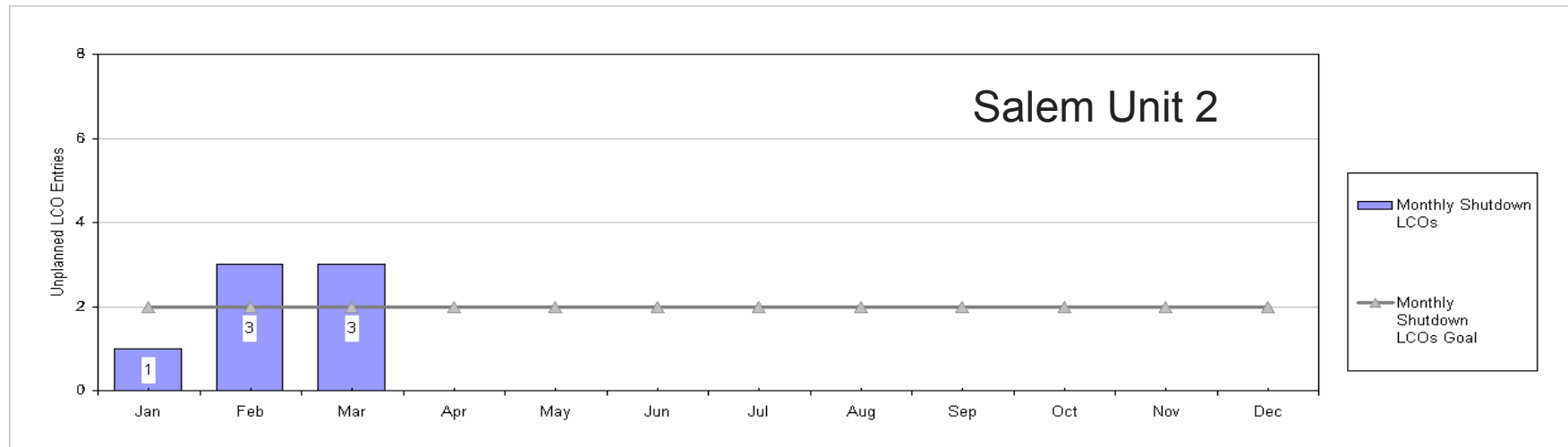
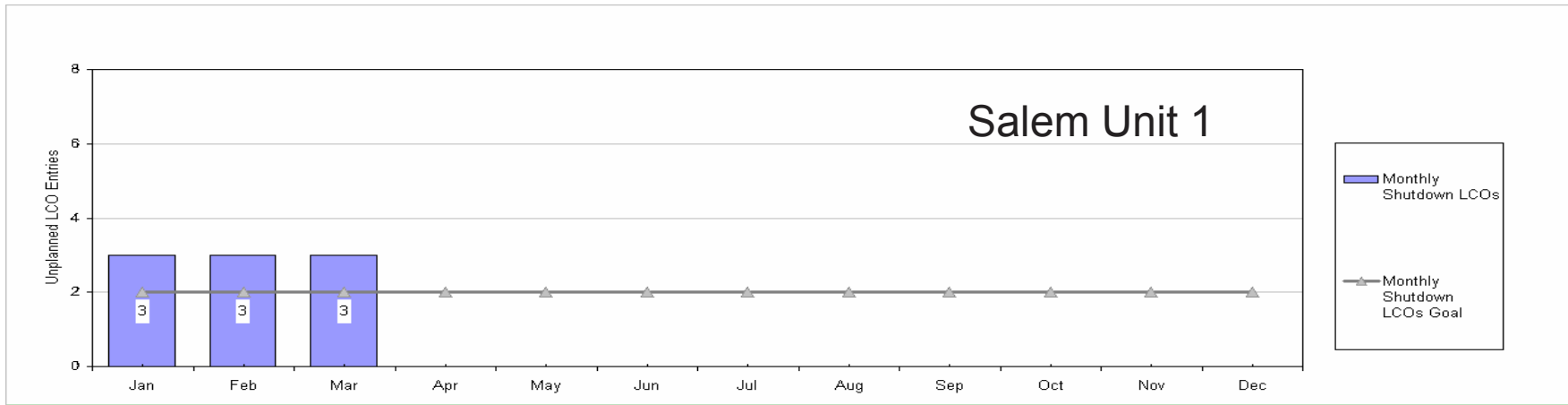
Elective Maintenance Backlog



Safety Conscious Work Environment (SCWE) Quarterly Performance

	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005
Salem Unit 1 Repeat Maintenance Issues	Green	Red	Green
Salem Unit 2 Repeat Maintenance Issues	Green	Red	Green
Hope Creek Repeat Maintenance Issues	Green	Red	Green
Salem Unit 1 Operational Challenges	Green	Green	Green
Salem Unit 2 Operational Challenges	Green	Green	Green
Hope Creek Operational Challenges	Red	Red	Green
Salem Unit 1 Unplanned Shutdown Limiting Condition of Operation Entries	Red	Red	Red
Salem Unit 1 Unplanned Non-Shutdown Limiting Condition of Operation Entries	Green	Green	Green
Salem Unit 2 Unplanned Shutdown Limiting Condition of Operation Entries	Green	Green	Red
Salem Unit 2 Unplanned Non-Shutdown Limiting Condition of Operation Entries	Green	Green	Red
Hope Creek Unplanned Shutdown Limiting Condition of Operation Entries	Red	Green	Green
Hope Creek Unplanned Non-Shutdown Limiting Condition of Operation Entries	Green	Green	Green

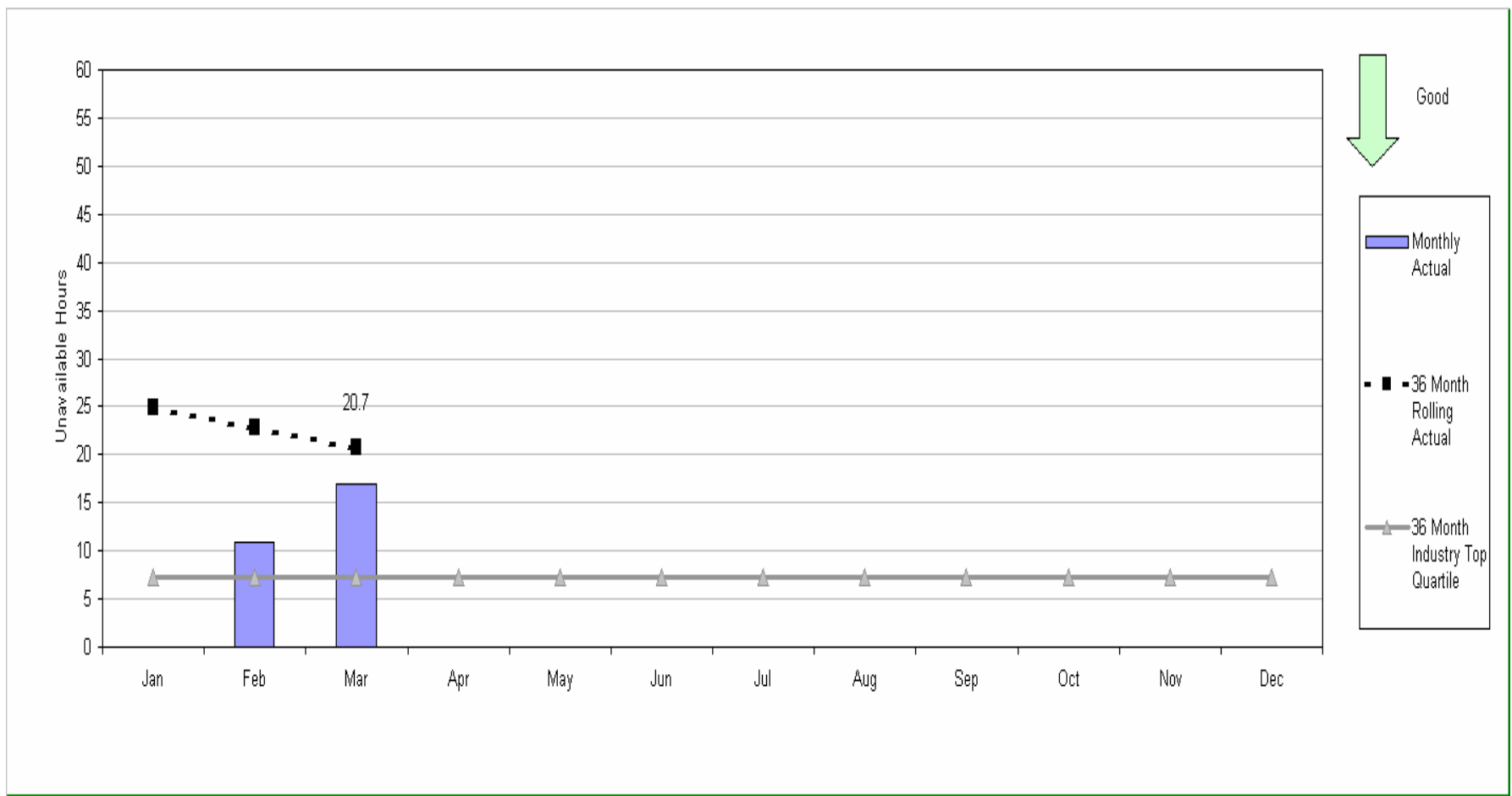
Unplanned Shutdown Limiting Condition of Operation Entries



Safety Conscious Work Environment (SCWE) Quarterly Performance

	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005
Salem Unit 1 Emergency Diesel Generator Unavailability	Red	Red	Red
Salem Unit 2 Emergency Diesel Generator Unavailability	Green	Red	Green
Hope Creek Emergency Diesel Generator Unavailability	Red	Red	Red
Salem Unit 1 Auxiliary Feedwater System Unavailability	Red	Red	Red
Salem Unit 2 Auxiliary Feedwater System Unavailability	Red	Red	Red
Hope Creek Residual Heat Removal System Unavailability	Green	Green	Green
Salem Unit 1 Chemical Volume Control and Safety Injection System Unavailability	Red	Red	Red
Salem Unit 2 Chemical Volume Control and Safety Injection System Unavailability	Red	Red	Red
Hope Creek High Pressure Injection and Reactor Core Isolation Cooling System Unavailability	Green	Green	Green

Salem Unit 2 Chemical Volume Control and Safety Injection System Unavailability





Problem Identification & Resolution

George Barnes

Hope Creek Site Vice President

PSEG Nuclear, LLC

Problem Identification & Resolution

Corrective Action Program Performance Gaps

- Department level engagement
- Identification of issues
- Management controls
- Corrective actions

Problem Identification & Resolution

Corrective Action Program Improvements

- Organizational changes
- Improved standards
- Management controls implemented
- Process changes

Problem Identification & Resolution

Work Management Performance Gaps

- Technical Specification work window management
- Management oversight
- Safety system unavailability
- Teamwork

Problem Resolution & Identification

Work Management Improvements

- Organizational changes
- Management controls implemented
- Management engagement



Human Performance

Tom Joyce

Salem Site Vice President

PSEG Nuclear, LLC

What our corrective action program tells us

- Procedure adherence
- Reinforce standards and expectations to modify behaviors
- Supervisor effectiveness

Human Performance Improvements

- Management reinforcement of expected performance
- Individual accountability



Engineering Support of Operational & Technical Decision Making

Michael Gallagher

**Vice President – Engineering &
Technical Support**

PSEG Nuclear, LLC

Engineering Support of Operational & Technical Decision Making

Improved Operational and Technical Decision Making Process Implemented

Continued Focus on Rigor Warranted



Conclusion

William Levis

Senior Vice President & CNO

PSEG Nuclear, LLC

Conclusion

We are on track to improve performance

We will stay the course through the Management Model

Some early signs of cultural change are evident

***Safe Operation Of Our Facilities Is Our
Top Priority***