



A Letter From Roy Anderson

President and CNO

July 22, 2003

Healthy organizations distribute work, so that no one individual gets too much of the burden. For three months I have watched as too few folks pick up the bulk of the work whenever and wherever an emergent issue arises at the station. I could be wrong, but it seems to me that the same people are contacted regardless of the problem, or the station, and this simply is not right.

I also believe healthy organizations have at their heart a strong succession planning process to ensure their future. The fact that the CNO position was not filled from within is a sign that succession planning needs our attention.

With these two issues in mind, I'm pleased to make the first announcements in our reorganization.

Tim O'Connor will be the new Vice President, Site Operations. The position of VP, Site Operations is responsible for the tactical side of our business - the day-to-day operation of the units. In this position, Tim is responsible to ensure our work is properly distributed and completed.

From a succession planning perspective, the VP, Site Operations is where I believe the future CNO should be groomed. With this in mind, I need to have someone in the wings now (as we said in Wisconsin - if I get hit by the proverbial beer truck, we know what we will do) and I don't believe we have a ready - now candidate should something happen to me. I will continue to look outside the organization for a replacement. Until I find a candidate, I'm pleased that Tim has agreed to fill the position. When a candidate is hired, Tim will begin a rotational assignment at INPO for two years and our new person will become the VP Site Operations. These moves are all part of succession planning, preparing us, and our senior leadership team, for what comes down the road.

Dave Garchow will be the new Vice President Engineering and Technical Support. In our senior leadership team, Dave has the longest history with the company. His corporate memory will serve us well as he not only manages our design basis, but also keeps our focus on the projects that secure our future.

John Carlin will fill the new position of Vice President, Nuclear Assessment. I believe the biggest challenge whenever you are talking about assessment is how the message lands, which is why I am pleased John will be leading this new organization. John is one of the strongest communicators within my senior leadership team. These skills will be an asset to his team and our organization.

Finally, Wade Sperry will continue transitioning into the Director Business Support position currently held by Mike Freidlander, allowing us to focus Mike's attention on the longer term financial issues associated with the stations.

Over the next few years, we have to convince investors that spending well over half a billion dollars on our power plants is a wise investment. I believe how we manage that investment, while keeping our focus on our daily operation, will go a long way to ensuring that these plants continue to pay our mortgages, pensions and children's education for a long time to come. With so much at stake, I'm counting on your full support as we transition into the new structure.

Regards

A handwritten signature in black ink, appearing to be 'Roy Anderson', written in a cursive style.

PS There have been more than 2000 hits on our web page today, and I thank you all for checking it out and participating in the process. We've also had a few questions on the hotline, and we'll be getting those answers out shortly. I also appreciate those who left their names, so I can get back to you directly.



PSEG
Nuclear LLC

B-186

Questions and Answers - as rumors and questions are received through the rumor hotline or e-mail, they will be posted here along with their answers.

This website was designed to assist you through the restructuring process, and your feedback is important. You can forward feedback through the links provided on the reorganization site.

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Frank Cassidy letter

Nuclear Organization Changes

Our recent consolidation of the Fossil Operations MAST organization was an important step in helping us to realize our Vision - 'to be recognized as the best run energy business wherever we compete.' I feel strongly that implementing these changes will make Fossil Operations more efficient and a stronger competitor.

Now, it's time to look at the Nuclear side of our business. The PSEG Nuclear Senior Leadership Team (SLT) has begun to make changes and implement business decisions designed to take us to the next level of performance at Salem and Hope Creek.

After celebrating its fifth consecutive year of outstanding operating performance, it's time to refocus our energies from the tactical to a more strategic approach to running the facility. We're very good at managing day-to-day issues at the plants. We've proven that with our long-term performance record. But with the new challenges facing our nuclear business - including dry cask storage, power uprates, steam generator and reactor head replacement - it's critical that we balance daily operations with more strategic planning and direction.

As part of that effort, we're re-examining our Nuclear organization structure and the talent we have at the helm. Our goal is to create an organization that is tactically poised for station-accountable operations but also strategically aligned to ensure the longevity of the assets.

You will be hearing more about the Nuclear reorganization in the days and weeks to come. Rest assured that Roy Anderson, his PSEG Nuclear SLT and I are determined to design an organization structure that will successfully take us into the future and to staff it with the strongest possible talent who can help us transform Power into a 'best in class' business.

Thank you in advance for your patience throughout this important effort. We have a well-defined process to help make this come to pass as quickly and efficiently as possible. And we will continue to keep you informed every step of the way.

-----Original Message-----

From: Nancy K Rutigliano [<mailto:NKRutigliano@duke-energy.com>]

Sent: Wednesday, July 23, 2003 3:42 PM

To: james.clancy@pseg.com

Subject: checking in

How's it going, Jim?

Hope you are doing well....and that you fare well during the reorg.
I appreciate you forwarding Roy's letters...they give me good insight.
Send what you can re. the reorg. I'm interested!