

January 21, 2003

I participated in a Third Step Grievance meeting on the above date.

The attached notes are from that meeting.

CH= Charlie Hassler, Union Business Agent/Leader.

TO=Tim O'Connor, Vice President-Operations, PSEG Nuclear

The notes speak for themselves. They reveal both management and Union's view of safety, leadership, mismanagement, and other concerns.

Note my highlights and comments.

After the meeting, I spoke with just the management team present, including David Braun the HR manager. I made it clear that our job as leaders is to cause a working relationship with the Union, not stonewall them so that they have to escalate everything to O'Connor/Third Step. I basically said we are accountable to make the relationship work, not blame the Union. I clearly supported key points O'Connor had made. Dave Braun seemed very uncomfortable with what I expressed.

In my February (2/05/03 I believe) 1:1 meeting with Harry I summarized the meeting. It was fresh in my mind. I told him we had to follow through on the commitments we were making to continue "mutual gains" discussions and open dialogues with the Union leadership. I reminded him that we had worked hard on this in 2002 and had taken a lot of ground, so much ground that we received a "strength" for this from INPO when we had our evaluation last summer. He retorted that we had not taken ground at all and said Hope Creek Operations (where we had taken the most ground) had not changed one bit. I was shocked that he said this since many times previously we had discussed the strides and he praised my involvement. (Someone earlier in the week had said that he feared Harry had Alzheimer's or something since he too had received "bizarre" messages from Harry). I told him I did not think getting to excellence would be possible without the Union guys clearly engaged in that too and that was management's job to lead the way. I did reiterate to him what I had said many times before: Management is not doing enough to keep people safe. I pointed out that Charlie Hassler [Union business agent and a great guy in Harry's eyes] pointed out that we award and reward unsafe behaviors and that, at times under pressure, supervisors instruct their guys to take actions that are not "conservative" for a nuclear safety or industrial safety point of view. I mentioned how Devon Price the Hope Creek Outage Manager intended to lead the spring outage without such an focus on duration/schedule (which has for a long time been the Union's complaint). Devon plans to stress being safe and doing the job right the first time.

B-204

I then brought up the precarious situation I thought the leadership team "behind the fence" was in. I drew a picture on my blue notepad of Tim O'Connor and the three directors. I pointed out that only two of the four are fully engaged. I told him I didn't think it was "boding well for the future" that two directors were allowed to continue in their present capacities, one obviously to nearly all that he is over his head, one disengaged by will. I also stressed that there was too much going on and too many important decisions to make to have all rest on O'Connor and Wagner's shoulders. He agreed. I asked for additional responsibility (INPO visit preparedness and INPO liaison) and to report directly to O'Connor. I made a case for why I thought I was best for this responsibility and reminded Harry that I had asked him about this the previous month. He did not reply.

1/21/03

Why do we remove people (w/ pay)
while under investigation?

Why keep them at home?

What

Used to be we worked during & after
fact-finders

Tim: recreate

Do we come from peo are
guilty until proven innocent?
(What msg - does it
send to send someone
home to wait it out)

(Reassign to other work; remove
a qual → what msg does
this send) ?

What is
Security's
guidance
re.
this?

All fact-finders outside the gate -
access pulled

How does change mgt. relate to all this

"We had a mistake & have to fix it somehow" CBT

Driving rain is the issue

We have emp. who will do just about anything. Dave Checkley

Tim: great staying calm.

Tim: we are clueless in not recognizing what this really is.

Schedule driven → Safety

What is the learning that should come from this? How do we get to a common understanding?

Pleasing the boss may be more imp. than safety

Yard guys might need heightened sensitivity

We awarded an unsafe behavior.
CH

People can say no. That is my
expectation.
TD

Did OCC know about this?

If you came from safety, you know the
challenges to the job.

What do you guys see as resolution?
guys discuss b4 the job

Supv. should feel conservative

How do we do work in this facility
when outside?

If you can't mitigate the hazard, don't do the job.
TD

Routine walk -

Don't do walk - that is unsafe.

I don't care about the sch.

We have work to do to
make that reality.

TD.

When we say it is unsafe, we run
into push back - DC.

We are not all on the same page.

I don't know how to get there. The
sch still floats to the top.

Ave mechanic or ED won't call

Tim. ~~as~~ Don't know
Mark.

Does the chain of command work? [NO]
TD

Nighttime is more the issue.

Tim, we are just as responsible. CH
Use OS.

Use OS - he's the man - CH

Supv. know what employees
will take a risk.

e.g. Doug Atwell

We've got to have more discussion
at lower levels.

hazardous waste mgmt training for
yard group

we gave them too much training.

* union wasn't involved is the issue
not partnership - not notified

~~there is no training program for yard workers
they don't get 35¢ extra~~

2002-5B

losing welders - why?
bring in contractors

Where are they going?
one site philo - more work, less contractors

handle
with
Mark
attends
this

Ct wants us to look at project work
for us first, outside second

haven't had any talks w/ me about
this

2002-59

not letting pco come back
on ~~the~~ restricted duty

i continue to keep bringing
here + nothing happens.

Why not determine what
constitutes being able to
be brought up back
on restricted duty?

TD

[Tim - after call w/ Cassidy/break,
less listening]

generate some sort of a matrix
- Yes
Cit, TZ
(TG no)

thought it was end date
DC

applied only to Nuclear
need Power guidelines

can standards be different at Nuclear
Tim. yes Cit no

define acceptable activities that
engages the person vs.
made up stuff

T.O.

I'll look at it - Ckt

We'll take a shot at it
Can't guarantee anything

Give me a possible solution + too often more
T.O.

I'd be willing to work on that w/ you.

WALLS

FFD → do we send automatically
or discretion ↳ when injured
↳ when error

he reported
his error to
CL

↳ inconsistent
lose credibility

remits neg - didn't bring him back

Inform temp nrc workers of Ftt policy

Disability

Marty Halony —
harassment?
ALARA?

time periods are way too long

1st & 2nd step needs to be dialogue
not one way comm.

try to settle at lower levels

stewards in fact finders — let them
ask clarifying qs

all goes to brawn

no resolution at lower level

we drag out the process

"Use the whole time allotted"

seems last 3 yrs.

Fire Retardant Clothing

Inconsistent

We're not going back on what we
agreed to —

Dave C.

Who should be at
this mtg?

Johanna → x 363

why do we need l. training?

1. we don't value step 1+2

2. step 3 is means of
comm / est. dialogue

3.

what's not being done because
we're not doing this

we don't honor step 1+2.

1. we don't value safety as they see it.

same as Safety Council. same they tell

2. lack of true dialogue.

3. troubling

we become a joke.

Jim: i didn't know about this.

we make matters worse by what
we are doing.

"That wasn't handled
well by me."

Matt Hassler re- Salem NEDs

~~CRS~~

CRS - Stein in
the game

how do you replicate
your leadership

for

- by questioning
- by demanding excellence
- by speaking up
- by checking/observing

Meeting



Personal presence sends a message

Do not accept a delegated approach.

Jack → too

1:30

Expectations

1. Managers —

Safety Councils

MS

LW

LW



"Clancy, James"
<James.Clancy@pseg.
com>

To: "NKRutigliano@duke-energy.com" <NKRutigliano@duke-energy.com>
cc:
Subject: Reorganization Update 072303

07/23/2003 04:15 PM

Reorganization Update

Selection Team for Round 1 Group 1 Managers Assembled

The selection team for the Round 1 Group 1 Manager positions will meet on Thursday to review the candidates for those positions and make selections. The team consists of:

- Roy Anderson's direct reports

- John Carlin
- Dave Garchow
- Tim O'Connor
- Wade Sperry
- Mike Friedlander

- Gene Stanley, Chair of PSEG Nuclear's NRB

The team's charter is to make final selection on the Group 1 Manager Positions posted in Round 1. The team will present their selection recommendations to a review team consisting of Roy Anderson and Frank Cassidy, along with a representative of Human Resources and Legal. The consulting firm of Scott Madden and Associates has also been retained to assist with the entire process. This firm was used successfully during the Fossil Reorganization and a representative of their organization will also participate in each phase of the process.

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Supervisor Postings Close

Manager Change Management Integration Begins

Announce G1 Supervisors

August 18 - August 27 (2 Weeks)

Announce G2/3 Supervisors

Staff Postings

August 29 - September 12 (2 Weeks)

Announce Staff

September 15

New Organization becomes effective

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"Clancy, James"
<James.Clancy@pseg.
com>

To: "NKRutigliano@duke-energy.com" <NKRutigliano@duke-energy.com>
cc:
Subject: schedule

07/23/2003 04:13 PM

RESTRUCTURING SCHEDULE

Subject to Change

July 21 - July 25

Manager / Superintendent Meeting

All Manager / Superintendent Postings Begin

July 23, 4pm - Group 1 (G1) Manager Postings Close

July 25, 4pm - All Other Manager / Superintendent Postings Close

July 28 - August 1

G1 Managers Announced

G1 Superintendent and G2/3 Managers Review Process

August 4 - August 8

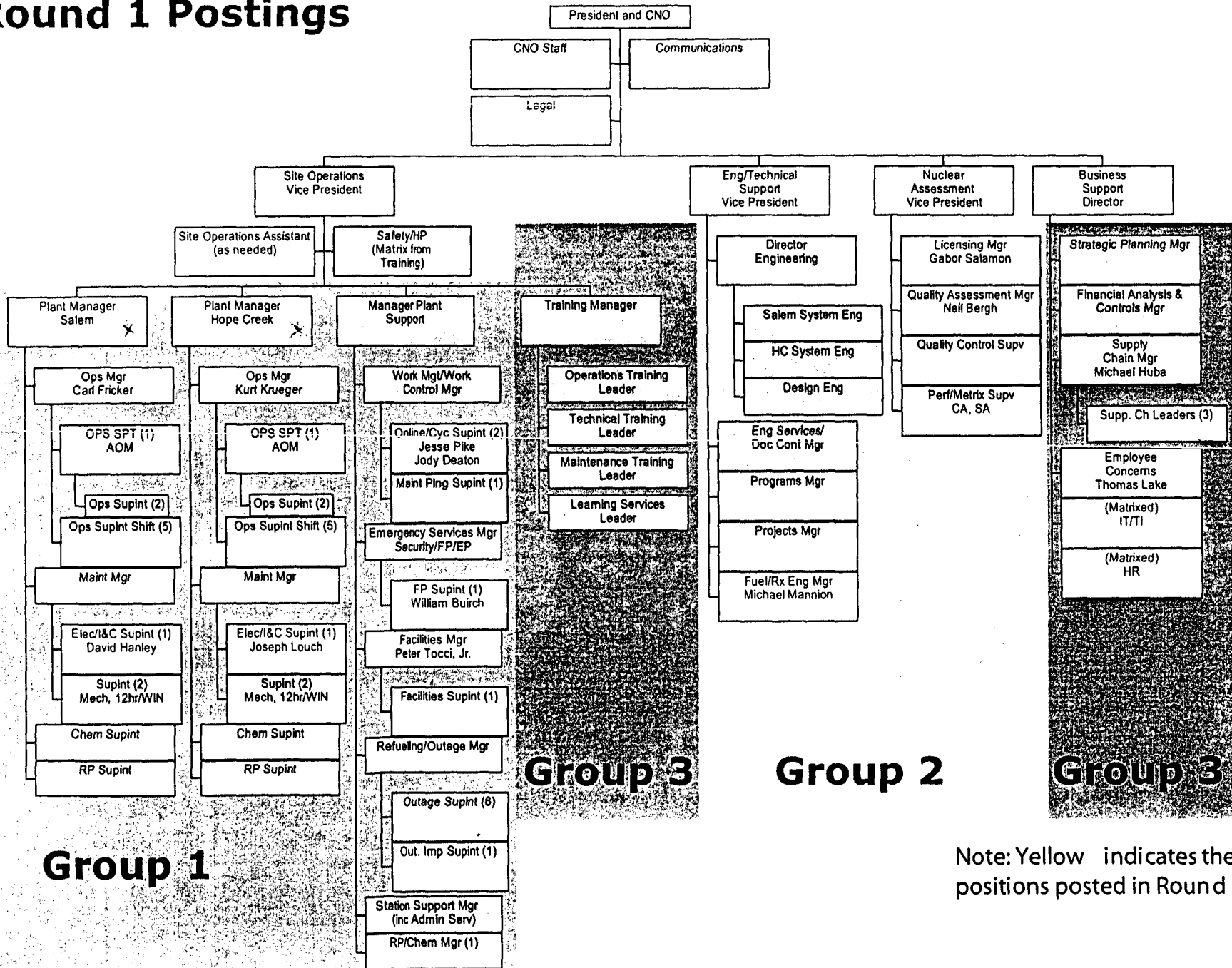
Supervisor Meeting

Announce G1 Superintendent and G2/3 Managers

Supervisor Postings Begin

August 11 - August 15

Round 1 Postings



Note: Yellow indicates the positions posted in Round 1

I heard Tim is going to INPO....wow, what a change!

I would love to talk sometime. Give me a call

Miss you!
Blessings, Kymn

Dr. Kymn Harvin
864 886 6337
pager 1800 777 DUKE PIN 778 8898

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Thank you for your cooperation. srmgmt.pdf whychange.pdf reorg colorized 072303.pc



"Clancy, James"
<James.Clancy@pseg.
com>

07/23/2003 03:49 PM

To: "Nancy K Rutigliano" <NKRutigliano@duke-energy.com>
cc:
Subject: RE: checking in

I was just about to send some stuff to you. Is Nancy your given first name?

memo about Tim and some other stuff attached.

Basically just like fossil, bidding for your job, if you do not get it or other bid job, you are on 45 day clock. If you are offered a bid job and do not take it, the decline becomes letter of resignation.

PSEG Nuclear Reorganization Resources - Round 1 Postings

You've seen Roy's letter, you've heard the rumors, now the day is here. PSEG Nuclear is undergoing restructuring and the first round of postings are being announced today.

A new website has been created to keep you informed and to collect your information throughout the entire process. Please refer to the site frequently to stay in touch. On this site, you will find the following links that will enable you to find your place in the new organization and to express your interest in available positions:

Job posting descriptions - a list of job descriptions for positions now available under the new organization structure.

Resume Template - a standard resume form to document your qualifications and key accomplishments. A position interest form will accompany your completed resume. **(All Managers and Superintendents are to submit a completed resume template, regardless of position status.)**

Position Interest Form - use this form to express your interest in posted jobs. You must meet the minimum requirements for any position you wish to be considered. You're able to select a total of seven positions; your current position as the incumbent (if the position remains in the new structure), three others in the same level, and three in another level as determined by your current position.

Management Packet - a communication package describing the new structure and the process for staffing the new organization.

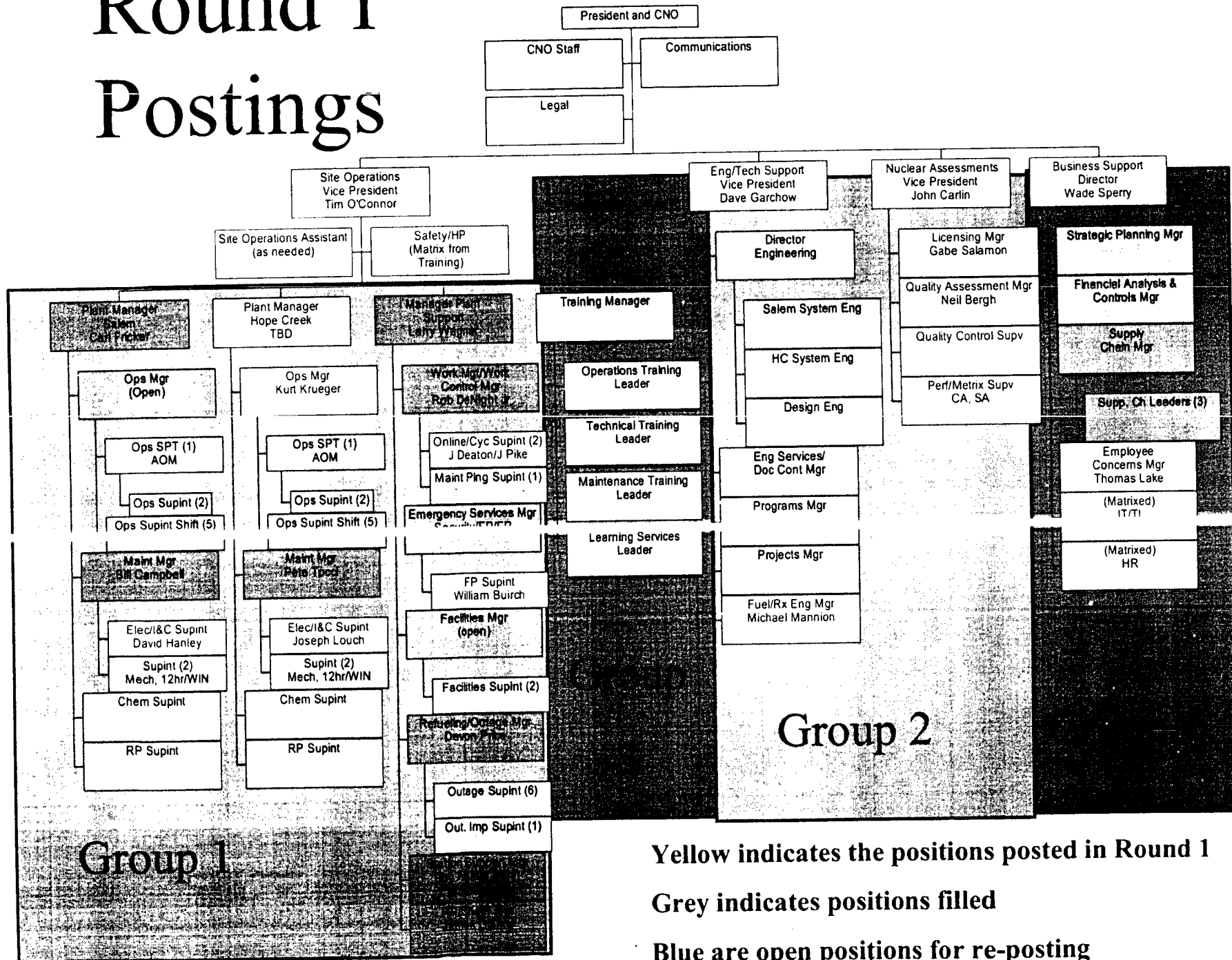
Schedule - the implementation schedule for the reorganization process. Updates will be posted as needed.

High Level Org Chart - a chart depicting the new structure from CNO through Superintendent, along with currently posted positions.

Letters / Messages - updates from both Frank Cassidy and Roy Anderson about the reorganization process. Messages will be posted here to clarify issues if and as they arise.

Rumors or Questions - anyone can post questions or concerns via e-mail or phone for resolution. The questions and answers will be posted under the Questions and Answers section.

Round 1 Postings



Tuesday - July 29, 2003

- Reorganization Update: Tim O'Connor Announces Direct Reports and Group 1 Managers
- INPO Department Heads Visiting PSEG Nuclear This Week
- Salem Unit 2's New Turbine Rotor Completes Safe Voyage
- Al Koeppel to Retire as President of PSE&G

Reorganization Update: Tim O'Connor Announces His Direct Reports and Group 1 Managers

The Round 1, Group 1 Selection team met Thursday to look at all the top level positions in Group 1. Selections were prepared and final corporate approval was made on Friday. I am pleased to make the following announcements. Carl Fricker has been named the Plant Manager of Salem. For the past couple years, Carl has been the Salem Operations Manager, the Maintenance Manager, and the Quality Assurance Manager. An external candidate is under consideration for the Hope Creek Plant Manager Position. When finalized, this selection will be formally announced.

Larry Wagner has been named Manager of Plant Support. Larry has held positions as Site Work Control Director, Operations Manager, and Maintenance Manager. In this new position, Larry will have responsibility for all elements necessary to support operations at both plants. These responsibilities will include site work management, outage/online, and other common support functions such as radiation protection, security, and facilities.

Pete Tocci will move from Maintenance Manager of Facilities to Hope Creek Maintenance Manager. Bill Campbell will move from Mechanical Maintenance Manager to Salem Station Maintenance Manager.

Rob DeNight has been selected as the new Work Management/Work Control Manager. Devon Price is set to become the new Refueling/Outage Manager. Patricia Steinhauer will become the Station Support Manager. Jim Clancy has been chosen as the new RadPro/Chemistry Manager.

The Salem Operations Manager position and the Facilities Manager position will be posted, since these two positions became vacant through the process. The Security/Emergency Preparedness/Fire Protection Manager position description is being revised and this position will be reposted. In addition, we have put the Supply Chain Manager position and Supply Chain Leaders in scope due to significant changes in their organization, so those positions will also be posted. Anyone who would like to bid for any of these positions can, once they are posted, regardless of the number positions he/she may have bid for previously.

"Whenever we make announcements of this kind, there are also people let down, and this is going to be true for every announcement in this process," said Tim O'Connor, Vice President, Site Operations, "So I ask that while you support the chosen individuals as they transition into their new positions, you also consider your peers who may be impacted by our announcements and offer them your support in this transition as well."