

From: A. Randolph Blough, *RT*
To: Daniel Holody; Mel Gray
Date: 6/16/04 3:17PM
Subject: Re: PSEG All hand mtg highlights and resident perceptions

thanks. good report and i appreciate the insight....not sure if chris and hub would define 'hidden backlog' in the same way - - we would opine, of course that there is still a substantial hidden backlog at many plants, and moreso at S/HC.

Thanka again, Mel!

randy

>>> Mel Gray 06/16/04 10:35AM >>>

Attended quarterly all hands mtg at PSEG this morning. There will be four throughout the day. Led by Frank Cassidy and Chris Bakkan.

Mr. Cassidy started by affirming that safe operation of the plants is paramount to meeting business goals. All else (including production) follows out of safe operation.

F Cassidy then stated that recent assessments had shown that there were problems with corporate interface. 1) perception of lack of resources, 2) business planning and goals process sent message to some of production over safety 3) human resources and finance processes impeded getting the job done (for example, too hard to hire an additional person).

He then outlined how these are being addressed (NRC will here this tonight). He did point out that he is now onsite on average 1 day a week to better understand issues and improve corporate interface.

C. Bakkan summarized assessments and identified 5 objectives falling out of assessments. They are improve SCWE, CAP, work management, leadership effectiveness, and facilities/housekeeping.

Some other comments made; C Bakkan stated that "Hub Miller told him there was a hidden backlog. He was right. For example, scrub of CAP/work orders showed additional 150 CM work orders out there." Now PSEG knows much better what is on their plate.

Chris addressed the question: What is different this time?" 1) He stated there is strong alignment and better understanding with corporate (Better than even 1997 Salem recovery timeframe). 2) Leadership team is aligned with what needs to be done. Plan developed by Roy will be adhered to. 3) Scope of short term fixes is limited to 5 objectives and achievable (not trying to fix everything at once). 4) Union leadership showing willingness to help. 5) Still fragile, but employees are responding.

Chris continued: PSEG will follow through because stakeholders are watching, the improvement plans will be made public, and the periodic measurements against plans will be made public. This will add pressure for PSEG to perform as promised.

All hands meeting closed with Q/A's. At the end people clapped (about 500 hundred) This SRI has not seen that occur before.

SRI informally polled 5 people (all from engineering) after meeting about what they thought. Two were in the "show me mode." One of these indicated that when the Salem CW pumps are replaced, he will believe. Two other longtime seasoned engineers were very positive. Finally a seasoned engineer who used to be first line management said he thought it was positive. He stated corporate always wanted the plants to succeed, but they only threw money at the plants. It takes corporate involvement and understanding of the issues to support longterm change. He was encouraged that this may be happening.

This SRI believes one significant reason the PS corporate "is on board" this time is that the January 2004 NRC letter was addressed to corporate, not the site.

C-201

Mel Gray

CC: Daniel Orr; Eugene Cobey; George Malone; Hubert J. Miller; Marc Ferdas; Scott Barber

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From: A. Randolph Blough

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