Agenda

- **Opening Remarks, Introductions**
  
  *Gary Leidich – President and CNO*

- **Fleet Engineering and Services**
  
  *Joe Hagan – Sr. Vice President, Fleet Engineering & Services*

- **Fleet Operations**
  
  *Lew Myers – Chief Operating Officer*
  
  - Davis-Besse – *Mark Bezilla, Vice President*
  
  - Perry – *Rich Anderson, Vice President*
  
  - Beaver Valley – *Bill Pearce, Vice President*

- **FENOC Oversight**
  
  *Ralph Hansen – Interim Vice President of Oversight*

- **Closing Remarks**
  
  *Gary Leidich*
Desired Outcomes

- Discuss the evolution, approach, and going-forward plans for operating FENOC as a fleet
- Review current plant operating performance & challenges
- Outline our improvements in safety culture and plant safety margins
Timeline Illustrates FENOC Progress

- FENOC Established
- Beaver Valley Transfer
- Davis-Besse Outage
- New Fleet Vision
  Strategic Objectives Business Plan
  (June)
- Perry Organizational Effectiveness Review
  (February)
- Davis-Besse Restart
  (April)
- FENOC Reorganization
  (June)
- Perry Performance Improvement Initiative
  (June)

Timeline:

- '98
- '99
- '00
- '01
- '02
- '03
- '04

Images:

- Beaver Valley
- BETA Lab
- Davis-Besse
- General Offices
- Perry
Business Plan

Fundamentals

- Safety Priority
- People Emphasis
- Delivering Results
- Top Performance Relative to Industry
- Fleet Emphasis — NO SILOS OR ISLANDS

FENOC Vision

with a strong safety focus delivering top fleet operating performance

Beaver Valley • Davis-Besse • Perry • Akron • BETA
"The Basics"

Assure public health and safety
Competitive fleet generation

Strategic Objectives

Safe Plant Operations
People Development and Effectiveness
Improved Outage Performance
Excellent Materiel Condition
Fleet Efficiency / Effectiveness
Business Plan –
Architecture for Improving Performance

VISION

Where we’re going....

Strategic Objectives

What we’re measuring...

Implemented by the entire fleet organization

Action Plans

What we’re doing and who’s accountable

Perry
Beaver Valley
Davis-Besse
Beta Laboratory
Akron
# 2003–2004 Hiring Industry Experience

<table>
<thead>
<tr>
<th>Name</th>
<th>Current Position</th>
<th>Previous Employer</th>
<th>Years of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fleet Support and Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joe Hagan</td>
<td>Senior Vice President</td>
<td>Exelon</td>
<td>33</td>
</tr>
<tr>
<td>Vito Kaminskas</td>
<td>Director, Operations Support</td>
<td>NMC</td>
<td>30</td>
</tr>
<tr>
<td>Greg Hainon</td>
<td>Director, Regulatory Affairs</td>
<td>PSEG Nuclear LLC</td>
<td>22</td>
</tr>
<tr>
<td>Richard Farrell</td>
<td>Manager, Radiation Protection</td>
<td>NMC</td>
<td>20</td>
</tr>
<tr>
<td>Robert Deppi</td>
<td>Manager, Operations</td>
<td>Exelon</td>
<td>26</td>
</tr>
<tr>
<td>Charles Smith</td>
<td>Manager, Outage</td>
<td>Exelon</td>
<td>23</td>
</tr>
<tr>
<td>James Brander</td>
<td>Manager, Maintenance</td>
<td>NMC</td>
<td>22</td>
</tr>
<tr>
<td>Dewey Evans</td>
<td>Manager, Work Management</td>
<td>PP&amp;L</td>
<td>23</td>
</tr>
<tr>
<td><strong>Perry Nuclear Plant</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Richard Anderson</td>
<td>Vice President</td>
<td>PP&amp;L</td>
<td>25</td>
</tr>
<tr>
<td>William O’Malley</td>
<td>Manager, Maintenance</td>
<td>Exelon</td>
<td>22</td>
</tr>
<tr>
<td>Andrew Kolarick</td>
<td>Manager, Outage</td>
<td>Entergy</td>
<td>14</td>
</tr>
<tr>
<td>John DeDomenico</td>
<td>Manager, Work Management</td>
<td>Indiana Michigan Power</td>
<td>23</td>
</tr>
<tr>
<td>Stuart Thomas</td>
<td>Manager, Radiation Protection</td>
<td>NMC</td>
<td>25</td>
</tr>
<tr>
<td><strong>Davis-Besse</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barry Allen</td>
<td>Director, Site Operations</td>
<td>Entergy</td>
<td>20</td>
</tr>
<tr>
<td><strong>Beaver Valley</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Richard Mende</td>
<td>Director, Performance Improvement</td>
<td>NMC</td>
<td>26</td>
</tr>
</tbody>
</table>
Fleet Organization

Fleet Organization in Place

- Goal: **Consistent and improved overall performance**
- Drives Business Plan implementation
- New Executive Team with:
  - Safety focus and oversight
  - Years of operating experience
Fleet Engineering & Services

Joe Hagan
FENOC Sr. Vice President
Organizational Philosophy

**Fleet Approach**

WHAT’S CHANGED FUNCTIONALLY?

Fleet Support

Fleet Operations

Process Development

Implementation*

Execution

* Change management plans
Fleet Approach

**Fleet Attributes:**

- Governance
- Oversight
- Support
- Services

- Consistent processes to drive performance
- Resources: adequate, balanced and prioritized
- Increased checks and balances
- Solid foundation to detect early performance decline
**Organizational Elements:**

- Executive Leadership Team
- Common organization at the sites
- Senior Management Team at the sites
- Fleet support and services
- Fleet-wide assessment of implementation and performance
- Fleet-wide quality assurances oversight
- Strong external independent review function
Examples of Fleet Activities

- **Governance**
  - Common policy and process documents
  - Nuclear Committee of the Board of Directors
  - Company Nuclear Review Boards
  - Quarterly Fleet Performance Reviews presented to CNO
  - One Business Plan with fleet-wide strategic objectives

- **Oversight**
  - Single quality program
  - Common assessment program
  - Standardized performance indicators
    - Monthly Performance Reviews conducted at each site
  - Structured Daily Call for the fleet
Examples of Fleet Activities

- **Support**
  - Programs and processes; structure and their implementation
  - Central point of contact for industry operating experience and assistance reviews
  - Common structure for training programs
  - Coordination of resources
  - Database and Software management
  - Common initiative for Equipment Reliability improvements

- **Services**
  - One fleet calibration service for M&TE and failure analysis
  - Project management for large fleet-wide projects
  - Dedicated point-of-contacts for Nuclear in IT, Supply Chain, Human Resources, Legal, etc.
Communications for Staff Acceptance

- Integrated communications programs drive employee engagement

- Publications and electronic media:
  - Fleet newsletter
  - Special Edition newsletters
  - Special employee handbooks
  - Satellite television broadcasts

- Face-to-Face Communications:
  - Supervisory Briefings
  - Employee 4Cs Meetings — Compliments, Concerns, Changes, Communications
  - Town Hall Meetings
  - All-Hands Meetings
  - Lunch with FENOC President
Accomplishments/Results

- One corrective action process
- Structured backlog reduction — all plants
- Engineering programs merged and consistent
- Institutionalized the process and programs to assess Safety Culture and Safety Conscious Work Environment
- Improved on-line plant performance
- Improved outage performance
- Single management observation program
Fleet Top Focus Areas

- Fleet Managers’ roles and responsibilities
- Fleet convergence of processes and assessments
- Organization acceptance and effective implementation of process and standards
- Benchmarking industry fleet organizations for check and adjust
  - Maintenance performance
  - Operations standards
  - Engineering product quality
FENOC Fleet Objectives

- **Strong Safety Focus**
- **New Fleet approach is designed to provide early recognition of declining performance**
- **Improved Equipment and Plant Reliability**
- **Top Quartile Performance and Results**
- **Anchor Standards of Performance through Accountability and Execution**
Fleet Operations

Lew Myers
Chief Operating Officer
WHAT’S CHANGED FUNCTIONALLY?

Fleet Approach

Functionally, the Plants are responsible for strong implementation and the discipline of execution.

* Change management plans
Standard Fleet Organization Allows for Consistent Execution of Standards

- Davis-Besse returned to service
- In 2004, FENOC ...
  - Completed reorganization based on industry comparisons
  - Selected new management to fill critical roles
- Davis-Besse and Perry have augmented resources to account for performance improvement initiatives
- Insuring proper staffing levels are a key focus of the Executive Leadership Team
Davis-Besse’s Recent Operating Highlights

- Performance Index shows improvement
- Good safety system performance
- Corrective Action Backlog continues to be reduced
- Maintenance Backlog being reduced
- 100% power April 4, 2004
- 97.3% Capability Factor through October 31st
- Licensed Operator class completed and one is in progress
- Preparations in place for upcoming mid-cycle outage
- Independent assessments being used to verify sustained performance
2004 Davis-Besse Operationally Focused Organization

Vice President – Davis-Besse
Mark Bezilla
BS (Nuc), AS (Nuc)
SRO (TMI), SRO (DB)
28 years

Director – Engineering
Steve Loehlein
BS (Mech)
PE, SRO Cert (BV)
21 years

Director – Site Operations
Barry Allen
MS (Civil)
SRO Cert (ANO-2)
PE
20 years

Manager – Nuclear Oversight
Ray Hruby
BS (Nuc), SRO (BV)
22 years

Manager – Site Protection
Dave Kline
AS (Criminal Justice)
BS (HR Management)
17 years

14 Technical Managers
8 SRO (2 SRO Certifications)
9 Engineering Degrees
~ 20 Average Years Experience
Davis-Besse’s Top Focus Areas

- Human Performance
  - Routine and recurring tasks

- Work Management
  - On-line schedule adherence and stability
  - Off-line preparation and schedule adherence

- Backlog Reduction
  - Elective Maintenance
  - Corrective Action
  - Procedure Change Requests

- Corrective Action Program Implementation
Davis-Besse: Looking Forward

- Safe, conservative, reliable, event-free operations
- Work Management implementation
- Strengthen staff standards through effective management observation program
- Preparation for Mid-Cycle Outage
  - Backlog reduction
  - Off-line preparation and execution
- Qualification of personnel through accredited training
- Use of operating experience, benchmarking, and critical self-assessments
Perry is Demonstrating Safe Operating Performance

- Performance Index shows recovering trend
- Safety System performance has improving trend
- Reductions in corrective action backlog and average age
- 2004 Capability Factor YTD – 93.2%
- 95003 major equipment issues are resolved
- Several margin improvements in Safety Systems in Feb. outage
- License Operator training class in progress
- 8.7 million man-hours without a lost time accident
- Successful Integrated Emergency Drill
- Performance Improvement initiative in progress
2004 Perry Operationally Focused Organization

VP – Oversight

Manager – Fleet Oversight
Neal Bonner
BS (Nuc), SRO (DB)
29 years

Director – Engineering
Tom Lentz
BS (Mech), PE, SRO (Perry)
21 years

Director – Site Operations
Fred von Ahn
MBA, BS, PE, SRO (Perry)
26 years

Director – Performance Improvement
John Messina
BS (Nuc), SRO (Perry)
23 years

14 Technical Managers
9 SRO (1 SRO Certification)
9 Engineering Degrees
~25 Average Years Experience

Manager – Site Protection
Ron Rose
AS (Criminal Justice)
SRO Cert (Perry), BS (History)
22 years

Vice President – Perry
Rich Anderson
BA (Mgmt / Org)
SRO (Duane Arnold)
27 years
Perry Top Focus Areas

- Leadership and management issues
  - Reinforcement of expectations
  - Sense of urgency
  - Resolution of plant problems
  - Understanding causes of latent problems

- Corrective Action Program Implementation

- Performance Improvement Initiative
  - Six main areas of focus
Performance Improvement Initiative

Plan Overview Panel

- Equipment Performance & Configuration Initiative
  Tom Lentz
- Program / Procedure Review Initiative
  John Messina
- Containment & Safety Systems Initiative
  Fred von Ahn
- Corrective Action Implementation Improvement Initiative
  John Messina
- Organizational Effectiveness Improvement Initiative
  Fred von Ahn
- Validation of Root Cause Actions and Effectiveness Review of Root Cause Correction Action Initiative
  John Messina

Plan Executive Sponsor
Lew Myers

Fleet Operations
Perry: Looking Forward

- Continued safe operation
- Implementation of Fleet initiatives
- Conduct safe, effective refueling
  - Improve safety margins with design modifications
- Training to improve performance
- Leadership and management issues
  - Accountability
  - Engagement and execution
- Teamwork between managers and senior leadership
Beaver Valley’s Full Potential Program has Demonstrated Improved Operating Performance

- Performance Index at **Best Industry Quartile**
- Safety System performance improved
- Industry Award for performance improvements
- 2004 Capability Factor YTD: Unit 1 – 99.3%; Unit 2 – 99.1%
- Many margin improvements in Unit 1 Refueling Outage
  - 30-day began Oct 18
  - New faster acting feedwater isolation valves
  - New upgraded inverter
  - Improved accuracy of accumulator level transmitters
  - New steam dump valves
  - New insulation for bottom head inspections
  - Preparations for new steam generators and reactor vessel head
- Licensed Class completed
2004 Beaver Valley Operationally Focused Organization

Vice President – Beaver Valley
Bill Pearce
BS (Professional Studies)
SRO (Turkey Point)
SRO (St. Lucie)
37 years

Director – Engineering
Tom Cosgrove
BS (Mech), PE
SRO (Turkey Point)
20 years

Manager – Fleet Oversight
Ralph Hansen
BS (Mech)
SRO Cert
34 years

Manager – Site Protection
Ken Halliday
BS (Elec)
38 years

14 Technical Managers
9 SRO (3 SRO Certifications)
11 Engineering Degrees
~ 26 Average Years Experience

Director – Site Operations
Jim Lash
BS (Physical Oceanography)
SRO (DB)
31 years

Director – Performance Improvement
Rick Mende
BS (Biology / Minor in Chem.)
SRO (Turkey Point)
27 years

Director – Performance Improvement
Rick Mende
BS (Biology / Minor in Chem.)
SRO (Turkey Point)
27 years

VP – Oversight
Beaver Valley’s Top Focus Areas

- Human Performance
  - Consequential events

- Work Management
  - Off-line preparation and schedule adherence

- Backlog Reduction
  - Maintenance
  - Corrective Action

- Technical Training Program accreditation renewal
  - Training to improve performance

- Corrective Action Program Implementation
Beaver Valley: Looking Forward

- Continue use of Corrective Action Program to find and fix problems
- Leverage Self-assessments and latent issue reviews to proactively identify and fix issues
- Maintain a strong, well-aligned management team
- Further increase workforce engagement in problem identification & improvements
- Strengthen SCWE based on FENOC “Lessons Learned”
Day-to-Day Operations

- Retain strong focus on nuclear safety
- High levels of availability / reliability
- System of checks and balances

Challenges:
- Full utilization of the fleet organization
- Perry Performance Initiative
- Davis-Besse continued recovery actions and 0350 process
- Beaver Valley continued improvement
Fleet Oversight

- **Quality Oversight Organization**
  - Structurally independent — report to the CNO and BOD
  - 2 new QA Managers — Perry and Davis-Besse

- **Role of Oversight**
  - Audit Program
    - Performance-based assessments
    - Effective continuous assessment process
    - Cross-use of talent from each site
    - Use of outside expertise
  - Key Organizational Oversight Functions
    - Company Nuclear Review Board
    - Quality Assurance
    - Quality Control
    - Employee Concerns
Fleet Oversight’s Key Focus Areas

**Quality Organization**

- Maintaining proper perspective of QA personnel
  - Threshold
  - Site ownership of issues and follow through
- Training for proficiency and pipeline
  - Maintaining good mix of technical expertise
    - Line, Engineering
    - Rotation program
Oversight Observations

- Safety Conscious Work Environment
- Corrective Action Program
  - How we are doing?
  - What is it telling us?
- Procedure implementation
- Security change implementation effectiveness
- Work Management improvements
Corporate Support and Oversight

- **Board of Directors**
  - Policy, resources, and commitment
  - Active Nuclear Committee of the Board

- **Executive Management**
  - Involvement by CEO
  - Reporting Relationship
  - Coordination of resources and business planning
Overall….

Safety is the priority
Overall....

- Safety is the priority
- Plant Performance is improving
Overall….

- Safety is the priority
- Plant Performance is improving
Overall….

- **Safety is the priority**
- **Plant Performance is improving**
Overall….

- Safety is the priority
- Plant Performance is improving
- We are now operating as a fleet
Overall….

- Safety is the priority
- Plant Performance is improving
- Now operating as a fleet
- The resources, organization, talent, and game plan are in place for sustained performance improvement