

To: Energy Northwest Board Members
cc: Mr. Robert Willard, CEO INPO

We have been following the investigation by the Executive Board closely. During the investigation at the plant Pillsbury selected who they would interview and did not provide a way for us to approach them and provide our concerns in a confidential and safe way. We also find it extraordinary that the chair of the nuclear oversight committee is the Executive Board's choice to run the investigation considering he was hired to provide oversight to the nuclear organization. As you will see in the following review he has presided over a noteworthy downturn in performance and unprecedented rise in executive compensation. It would seem to any reasonable person that his involvement, by definition, is not independent.

We are providing the following assessment of the issues including supporting documents.

I. Why not identify ourselves?

We are committed to EN; we are not committed to the current leadership of deception for personal gain. We believe this letter will make a strong case that the CEO and CNO have been deceptive to the governing boards and disengaged from the organization as performance declined in many key areas. We also believe we will be terminated if discovered.

II. Who wrote the letters to the Board?

We heard after the January board meetings that management thinks that PSR wrote the letter. Not true, we have reached out to Board members to get the attention of the Executive Board because we think management is unwilling to listen and focus on improving performance. We consider Mr. Orser's and Pillsbury's public statements to be prima facie proof of this concern and extends the concern to a lack of oversight by the Executive Board.

III. Methods we used to analyze the allegations

We have added a team member that has the ability to search our document and data systems, as a result we have searched thousands of documents and present our assessment of the six allegations in the following document.

Allegation 1: Communication of plant performance to stakeholders

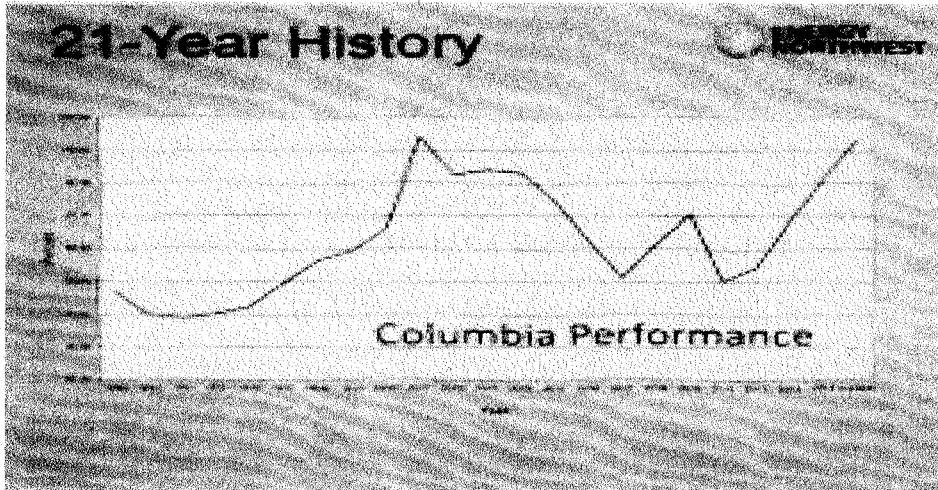
As stated in the Oregonian article dated January 29, 2016: "Paoli said the author or authors of the letter were cherry picking statistics." This is direct allegation that we are not presenting a credible position with supporting data.

The following six data points support a conclusion that CGS performance has lowered to levels inconsistent with excellence. The data is as of December 2015. These measures represent electricity production, radiation protection and human performance. The INPO data sheets have a copyright notice on them so we are unable to include exhibits 1 through 6. We were tempted to use the INPO indicators because management has attempted to discredit us by saying we are "cherry picking" data. We are disappointed that management of our public agency can question our honesty in the press and hide behind the copyright protection of INPO. As you will see in the following pages management did not have a problem using the INPO data publicly when performance was good, now that performance has fallen the INPO data is "protected."

1. **CGS index:** score is 78.3 points out of 100 points – ranking is 88 out of 99 plants. Management is justifying why they have multiple ways to track the same index. Simply put: We have been in the 4th quartile since July 2015.
2. **Unit Capability Factor (UCF):** According to management the 12-month period is the "wrong" view. We understand the concern so we reviewed the 24-month UCF – still 4th quartile (76th out of 99 plants). Actually the UCF has been in 4th quartile for some time. If we keep generating at good levels we will improve, but does management deserve a free pass for communicating all the "records" in spite of poor performance compared to our peers.
3. **Radiation exposure:** Third worst among BWR's.
4. **Equipment Reliability Index:** Score of 75 points – 97th out of 99 plants.
5. **Operations Events:** 20th out of 26 BWR's.
6. **Power Changes per 7000 hours:** 86th worst out of 99 plants.

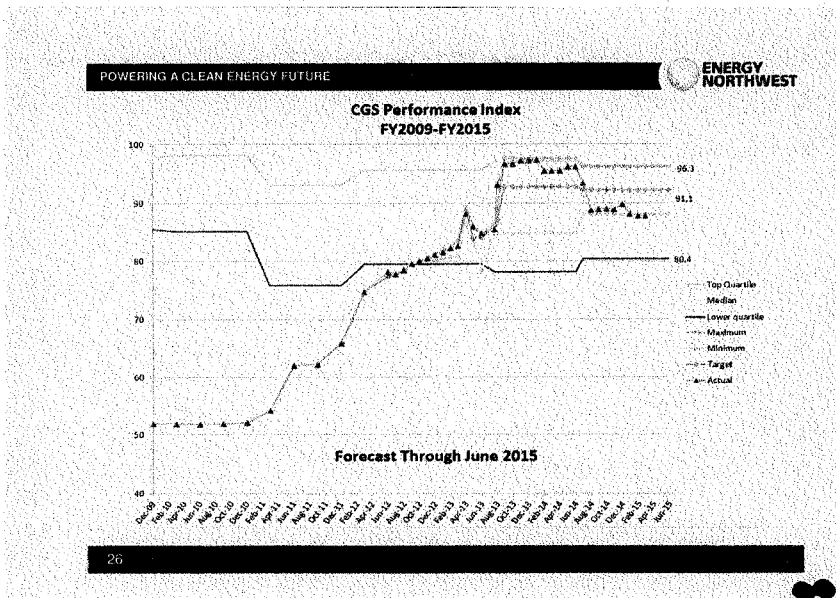
Timeline of the public deception by management regarding performance against peers

October, 2013 – CEO presentation to Jefferson PUD – This graphic presents the turnaround of the INPO index disguised as "Columbia Performance". The following slide is used to illustrate the success of the new management team: Attached as Exhibit – 7



January 2014 – As performance begins to decline, the “Columbia Performance” slide is no longer used in member utility presentations. In fact, any discussion of the performance decline of CGS to member utilities is absent as the decline occurs. Even without the use of the CGS index management should have discussed the downward trend since they took so much credit for the dramatic climb to the top quartile. The time in top quartile was extremely brief, less than one month as shown in Exhibit - 22.

April 22, 2015 – CNO report to Executive Board and Board of Directors. CGS Index is shown with quartiles and history back to 2009, as it was presented to the EB and BOD from January 2014 to July 2015. This is a good representation of current performance and allows the viewer to understand where we have been and where we stand against our peers. Exhibit – 8



May 4, 2015 - CEO presentation to Grays Harbor PUD – No mention of CGS performance decline, only statements of the positive performance. Exhibit – 9

May 19, 2015 – CNO report to Participants Review Board – no mention of CGS index

July 15, 2015 – CGS enters the 4th quartile of the INPO index, but it is not known by management since the industry calculation is not completed until August 2015.

July 22, 2015 – CNO report to Executive Board. CGS Index is shown with quartiles and history back to 2009. This is the last time the boards will be shown this document that clearly shows historical performance, quartiles and the slope of decline or incline. Exhibit – 10

August 18, 2015 – Email from Dave Swank to Brad Sawatzke that states – “we are now in the fourth quartile on the INPO Index with our current 81.01.” Is this where the decision was made to deceive the boards? Exhibit – 11

*From: Swank, David A.
Sent: Tuesday, August 18, 2015 12:52 PM
To: Sawatzke, Bradley J.
Subject: FW: Performance Indicator Threshold Update*

Brad,

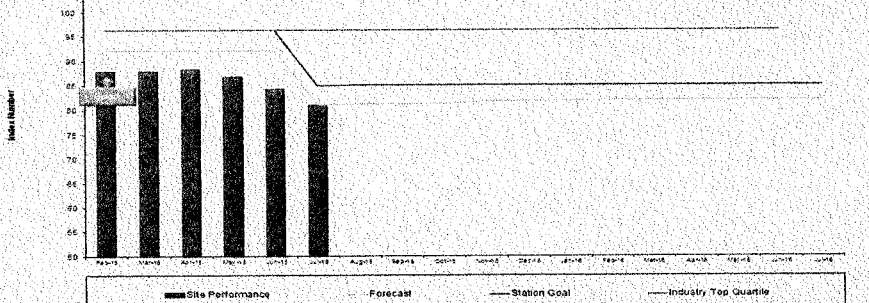
Darla Johnson sent this e-mail out yesterday and we are now in the fourth quartile on the INPO Index with our current 81.01. Our improvement efforts and commitment to the Excellence Model going forward will move us that much further up.

August 27, 2015 – CNO report to Executive Board. This is the meeting where executive performance is reviewed and compensation is established. Ironically, it is at this meeting that management can no longer deny being in 4th quartile and, coincidentally, the CGS Index graph no longer includes the quartiles, history of the index or slope of decline. A typed page now states “CGS Index Currently 81.02 – 3rd Quartile”. How can a reasonable person not think this is deceptive and intentional? Exhibit – 12

After entry into the 4th quartile, the method of presenting the CGS index was completely changed and removed previous year history or quartiles. This is a clear effort to hide current status against the industry and the change is concurrent with CEO and CNO knowledge of our entry into the fourth quartile. Please compare exhibit 8 to exhibit 12 and objectively reflect on which one more clearly shows our standing and how it is clear that exhibit 12 was purposefully designed to be less informative and hide our entry into the fourth quartile.

Columbia Performance Index-Monthly

Owner: BE Gundersen Contact: Cara Johnson



	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	
Site Performance	87.86	87.48	88.07	86.75	84.51	81.07													
Forecast	82.12	82.17	82.17	82.17	81.50	81.18	81.22	81.37	81.70	81.78	81.84	82.64	82.68	82.65	82.62	81.97	82.92		
Station Goal	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00
Industry Top Quartile	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36	85.36

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The CEO and CNO had to know we were in the 4th quartile, the CNO was notified via email and if the CEO did not know, how is that an acceptable level of oversight? Why did they choose not to share this with the Board at the August 27, 2015 board meeting? It seems reasonable that it was because the CNO and CEO's compensation hinged on CGS performance.

September 23, 2015 - CNO report to Executive Board. The CGS Index graph does not include the quartiles or the history of the index. A typed page now states "CGS Index Currently 81.16 – 3rd Quartile"

Here is clear evidence that the CEO purposely hid information from the governing boards:

On September 17, 2015, Mike Paoli of the public affairs division drafted the following statement for the CEO to deliver to the Executive Board on September 23, 2015 (Exhibit 25):

CEO Report
EB, Walkley Room – 23 Sep 15 (Wed), 1240-1320 (40 min)

- We're not doing well with regard to Collective Radiation Exposure or Reliability compared to the industry due to the emergent outage work on our reactor water cleanup system piping, and the forced loss we incurred once we were back online as a result of the stuck discharge valve on one of the feedwater pumps.
- Several of our indicators are already top quartile, to include cost of power. But as Brad briefed, on overall measures we were 3rd Quartile compared to our peers. Improved performance measures from our peers during the last month have had the effect of pushing Columbia into the 4th Quartile.

CEO removed this statement from draft talking points prior to delivery to Governing Boards

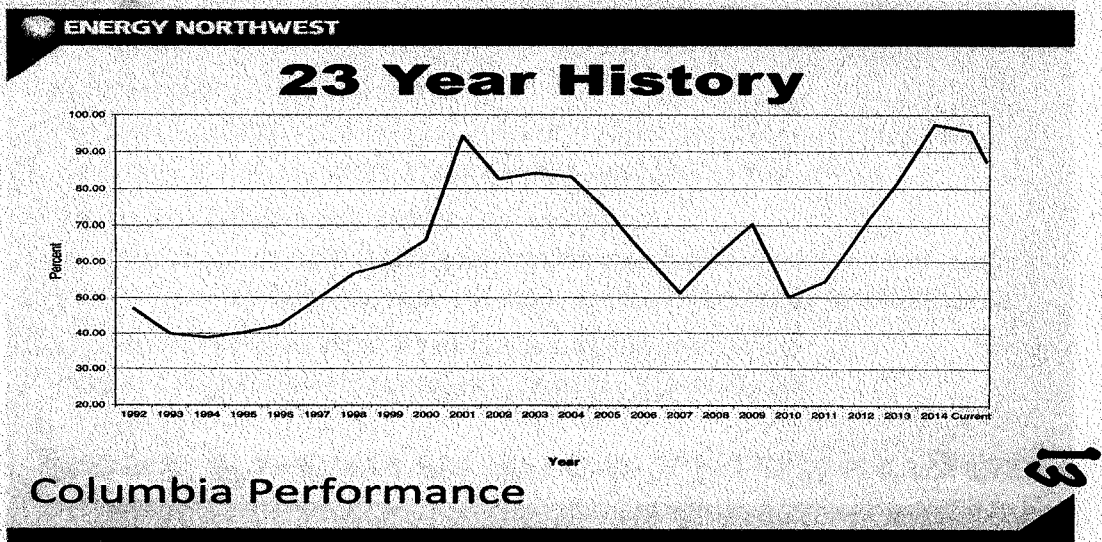
The CEO removed all reference to 4th quartile standing on the final talking points (Exhibit 26). Apparently, despite the best efforts of Paoli to provide an accurate picture of performance the CEO would not let the true story to be told.

CEO Report
EB, Walkley Room – 23 Sep 15 (Wed), 1240-1320 (40 min)

- As I mentioned, we have achieved top quartile in many areas and will likely never be in top quartile in all areas.
 - As we've always said, our phases of excellence are building blocks that never go away. We are in all four phases today.
 - We are and will continue to drive to achieve excellence in every area.
 - At the same time, we concluded that outage performance was one of our largest contributions to performance not in the top quartile.
 - We also concluded that collective radiation exposure, equipment reliability and supplemental personnel performance still require a lot of attention.
 - These and other areas for improvement will remain under the original four focus areas in Phase IV.
- Finally, I can assure you we continue to drive for excellence.

Orser stated in the press that the “non-transparency stemmed largely from confusing and inconsistent presentations”. Paoli clearly understood our standing and the importance of the message to the Board and placed clear communication directly in to the hands of the CEO. The CEO changed the message to remove a reference to the CGS index being in the fourth quartile. This cannot be construed as a misunderstanding. This action is deceptive and intentional.

October 15, 2015 – CEO presentation to the INPO Senior Nuclear Plant Manager course shows the “current” INPO index for CGS to be 87. Why is this inflated status shown to INPO when the Board was told in September 2015 the value was 81.16? The inflated value of 87 selected by the CEO to use is intriguing – 87 is the lowest score in the third quartile for that month. This is a deception to a group of nuclear industry professionals and an attempt to appear in the third quartile when there is no doubt that we are in the fourth quartile. Exhibit 13:



October 28, 2015 - CNO report to Executive Board. The CGS Index graph no longer includes the quartiles or the history of the index. A typed page now states "CGS Index Currently 81.22 – 3rd Quartile"

November 14, 2015 CEO report to Executive Board: Email report sent, no mention of CGS index.

December 16, 2015 – CNO report to Executive Board. CGS Index "Currently 77.29 4th Quartile". Finally, the CNO accepts that we are in the 4th quartile and this is the first time the CNO mentions 4th quartile to the board.

December 29, 2015 – Management is distributing to internal and external audiences a glossy brochure featuring a "Cover Story – Nuclear energy in the Northwest: today and tomorrow" by Alice Clamp. The brochure is undated and makes the following statements:

"What lead to the turnaround from poor performance to top performer?"

"We presented a proven industry method for changing work behaviors and achieving results."

"The phased approach allowed Columbia to become a top industry performer in equipment reliability, an early-focus area, which helped with predictability."

As of March 1, 2016 the article was still available, the following link will take you to the article located in Energy Northwest's public website.

<https://www.energy-northwest.com/ourenergyprojects/Columbia/Documents/EN%20NWPPA%20Bulletin%202008-15.pdf>

As a Board member are you not concerned that the leaders are distributing false information to the public? While saying the plant is a top performer, the plant was actually near the bottom in many important measures. While saying we were a top industry performer in equipment reliability, the plant was actually third worst in the entire U.S. nuclear fleet.

April 15, 2016: Orser presents to all-employees and displays the same deceptive behaviors as senior management. Here's what happened:

Our team attended three of the five all-employee sessions.

At the 0700 meeting Orser stated the following to over 100 employees:

Regarding the allegation of communicating plant performance Orser stated that there were two choices, they were "either dumb or deceptive, fortunately they were not deceptive." Directly stating management was at least "dumb" when presenting plant data to the boards.

Regarding the nuclear safety at CGS Orser said that "Pillsbury indicated in their report that Columbia is operated safely, this is lawyer speak for operating safely now"

At the conclusion of the 0700 meeting a member of our team watched the CEO and Orser – they left together and had what we can only assume is a coaching session on Orser’s performance, because Orser’s story changed in a remarkable way.

At the 0900 session Orser stated the following to over 100 employees:

Regarding the allegation of communicating plant performance Orser stated that management was not deceptive and simply used two different measures when presenting to the board. First, the CEO would present measures based on at-risk compensation that were fixed one time per year. After the CEO presents to Board the CNO would present data to the board that was real-time industry data that is updated monthly.

This second version of Orser’s presentation is a lie. As we proved in our timeline above the CNO presented the CGS index in the exact same way as the CEO. The following chart shows the timing of each presentation and shows that Orser is just as deceptive and the CEO and CNO.

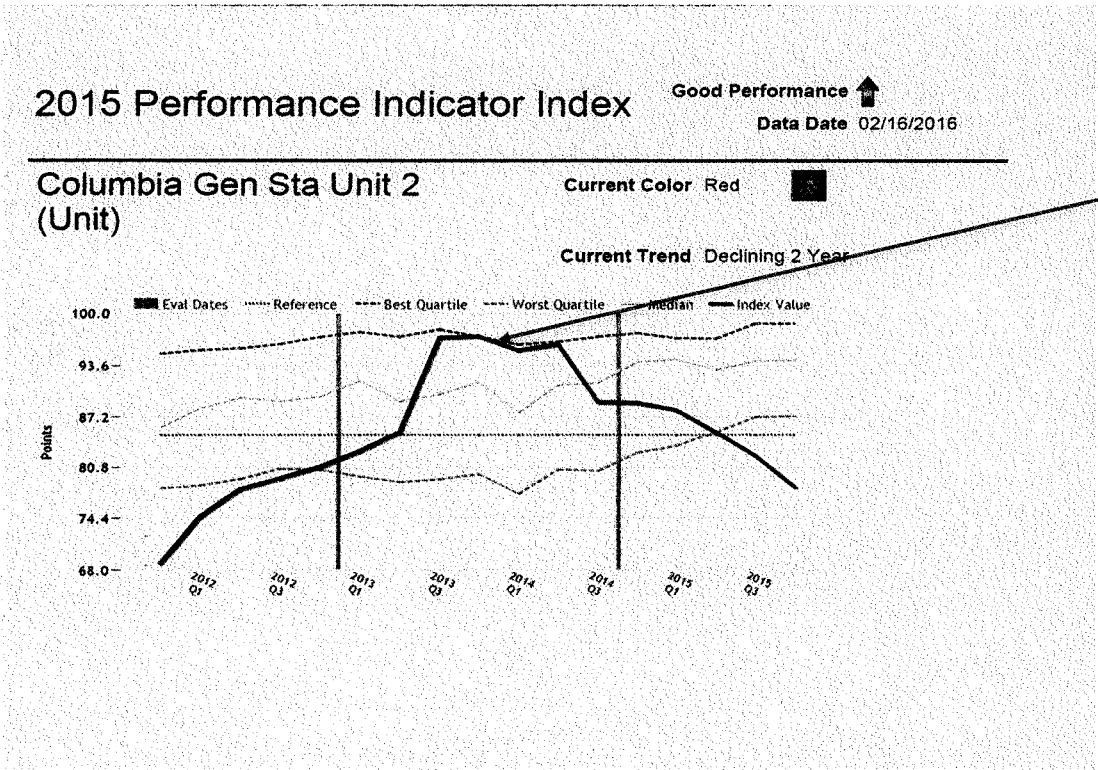
Board Meeting	CEO Presentation	CNO Presentation	“Real-time” INPO quartile
Aug-15	3rd quartile	3rd quartile	4th quartile
Sep-15	3rd quartile	3rd quartile	4th quartile
Oct-15	3rd quartile	3rd quartile	4th quartile
Nov-15	3rd quartile	3rd quartile	4th quartile
Dec-15	4th quartile	4th quartile	4th quartile

Summary: When the CGS index was climbing and at its peak the index was discussed publically and frequently. As performance declined the index discussion with member utilities disappeared yet the message was still universally positive with a focus on other topics. When performance was improving the index was the “key indicator”, now with declining performance, it is “one of many” indicators. We could not even show an INPO class of Plant Managers an honest picture of the CGS index score. Leadership also openly talked about tremendous electricity production as we languished near the bottom of the industry based on 24-month performance data. Taken in total, this is a shameful manipulation of data either for ego and/or monetary gain.

When the new leadership team arrived five years ago the status of the CGS index was a critical measure shown to utilities, boards and employees to represent the status of our performance and subsequently an excellent representation of the turnaround implemented by the new leadership team. When performance declined the use of the CGS index began less important and suddenly “complex.”

Even when the Executive Board presented to employees on April 15, 2016 they could not help but change their story from one meeting to the next. The Board should be ashamed of the performance of Mr. Orser. The arrogance to so bizarrely change the story from one meeting to the next and think employees would not notice is beyond belief.

Here is the accurate and simple picture of CGS's performance over the last four years, this document has been available for years, yet was never used to show declining performance. As you can see the decline has been steep and has been sustained (exhibit 22).



Entry into top quartile for less than one month

Allegation 2: Potential operational bias toward keeping Columbia on line at all cost

We agree in principle with the investigations results. However, the investigators found that the engineering VP did not indicate that the feed water valve was the cause of the fuel defects.

Exhibit 20 is a September 20, 2015 email from the Engineering VP that was widely copied and distributed in engineering. This email presents potential causes of the fuel leaks and states in part:

- 1) The most likely cause is FME. (*foreign material*)
 - a. Valve work - Of course we hot tapped the FW 101A during start up...
 - b. In Systems Work...
 - c. First In A While or First Of A Kind plant line ups flushing FME into the reactor systems...

At the December 14, 2015 all employee meetings the CNO said “more then likely that fuel failed because of some debris or foreign material issues we would have caused during the refueling outage” (from video of the meeting).

What cannot be denied is that CGS has suffered its first fuel leaks in over 16 years. Fuel leaks are a very rare occurrence in the industry. In the Exhibit 20 the engineering VP stated foreign material is the most likely cause with the feed water valve being option “1A”. It is our job to protect fission product barriers and we failed to do so and that was likely not random bad luck, but a bad decision caused by a lack of engagement or a failure of our foreign material exclusion program.

Allegation 3: The calculation and communication of safety data

We may have been unclear in describing our concern related to the injury event at the Industrial Development Complex. Our concern is that the injury was deliberately downplayed and the board not briefed. Two motivations drove this effort:

1. An effort by Jim Gaston to ensure this injury was not classified as a “recordable” injury to maximize his at-risk-compensation.
2. The CEO intentionally did not mention the injury for months while specifically presenting the “stellar” safety performance of the organization to a multitude of internal and external audiences.

Here is the timeline that justifies our position:

July 1, 2015 ES&D at-risk compensation policy is set and includes a reduction of compensation for lost time or recordable injury to a “6xxxx employee or contractor on ES&D managed property” (ES&D is the new business development department of Energy Northwest). Exhibit 23

July 28, 2015 – CEO presentation to Cowlitz PUD states the following: **“Agency Record: 1,042 days without lost-time accident”**. We were also messaging millions of hours without a lost time accident for employees and contractors. Exhibit - 14

August 25, 2015 – Contractor employee falls from a ladder on ES&D managed property. Injuries: two dislocated elbows, fractured forearm, facial injuries and shattered wrist. Employee is transported to a local hospital for evaluation and is transferred to Harborview in Seattle for treatment.

Beginning almost immediately Jim Gaston began lobbying the Safety organization to ensure this was not counted as even a recordable injury – this would maximize his compensation despite the obvious seriousness of the event and the well-defined at-risk compensation language. One example of his lobbying is included in Exhibit 15. It is clear from many emails we reviewed that the Safety organization needed to enlist the help the General Counsel and CFO of EN to provide support to ensure their position was considered.

September 2, 2015 – D-15 notice to all employees indicates a contractor fell and “required off-site medical treatment.” Our procedures require notification to the CEO in case of an event like this, so the CEO had to know of the accident at this time.

September 2, 2015 – Detailed clock reset document issued by Jim Gaston and states the following regarding the injured person: “sustained multiple injuries” and “The injured employee was treated and discharged same day.” Our understanding the injured person was released to Harborview Hospital in Seattle, this is clear deception or at best, incompetence. Exhibit - 16

September 9, 2015 – CEO presentation to Seattle City Light states the following: **“Columbia Records: 1,085 days without a lost time accident”**. This is the first member utility presentation since the injury and the first time that the “Agency” record has now become a “Columbia” record. Exhibit - 17

The change from “Agency” record to “Columbia” just days after a serious accident at an agency worksite is a deliberate effort to hide the serious accident, or is it unfortunate timing? If we are to believe it is unfortunate timing on the part of the CEO we also must believe he had no idea the accident had occurred and this would require that the CEO be unaware of the significant events at Energy Northwest and that he was not briefed by the COO. Exhibit - 18

September 16, 2017 – CEO reviews and modifies draft Employee News article from a PA employee named Kevin Shaub.

September 17, 2015 – A third page article is published in the Employee News regarding the injury. Exhibit 21

October 12, 2015 – CEO presentation to Clallam PUD states the following: **“Columbia Records: 1,118 days without a lost time accident”**. No mention of the injury while presenting the exceptional safety performance – clearly the CEO could not admit our safety performance and oversight had experienced a negative event.

December 2015: We have found no evidence through extensive system searches that the governing board, PUD’s or the public were notified of this serious event that occurred on Energy Northwest managed property, but as discussed above, our safety record was presented many times between the accident and the December 2015 and would have been a great opportunity to show ownership of the event and learn from the event.

January 2016: This continues to be dismissed as a “contractor” accident. I’m sure each of you remembers the “millions” of hours without a lost time? Those included contractor hours. They seemed important at the time when we were marketing this record as an “agency record.”

Contractor injuries are important enough in the new business group that a recordable or lost time injury to a contractor impacts the compensation of all new business and corporate employees. After the accident and related messaging, contractor events are now treated differently. Was this done so we can tell potential customers and stakeholders we are on a long streak of accident free performance? How can the CEO ignore this event when talking about a “stellar” safety record to stakeholders as shown in the timeline above?

We, as employees, did not understand that it was a serious event; our supervisor told us the person was “treated and released”, which says to us that it’s a minor event. It was only through hallway discussion that we learned that the person was “released” to Harborview for further treatment of his multiple fractures. Why has management been so focused on minimizing this event? It would have probably been a better learning moment if we understood the severity of the event, but we think it would have required us to admit, to our stakeholders, that we had a weakness.

To summarize: Injury severity was hidden from the organization and learning opportunity was missed. We have asked 39 coworkers about the injury and only three (7.6%) knew that event occurred, only one (2.5%) understood it to be a serious event. Jim Gaston made efforts to manipulate the injury designation to maximize his compensation. The CEO modified the lost-time accident record message from "Agency" to "Columbia" at the same time an agency wide injury occurred. The CEO had also consistently messaged that the safety record "millions" of hours included both employees and contractors.

How can a reasonable person not see all this information and not conclude management acted irresponsibly and dishonestly? The investigators public report did not address why we changed from "Agency" safety performance to "Columbia" safety performance in the same timeframe that an agency injury occurred. The CEO is either very unlucky, a victim of unfortunate timing or he is deceptive.

Allegation 4: on-site engagement of the CEO and CNO

The investigation reporting does not address the appropriateness of the decision making that lead the CNO to be disengaged and off site for 32 days of 51 total refueling outage days (investigation found 29 days). Was this the appropriate decision and best use of the CNO's time given the importance of the outage and the ultimate negative impact that poor outage performance has had on our overall standing and fuel defects? We think the answer rests in the outage results.

The investigators and Orser state that it is perfectly normal for CNO's to be away this much. Is it perfectly normal for CNO's of single unit utilities with a long history of poor outage performance and on the precipice of 4th quartile to be gone during the majority of an outage?

Some causes of the lower performance ratings have been high dose, nuclear fuel defects, lost generation days and unplanned down powers. The refueling outage performance is one driver to this declining performance. The CNO was not present to provide oversight in May and June of 2015 during the refueling outage. The outage was a known critical success factor.

Here's an interesting side note in late June 2015 the CNO returned to the plant site from a Board meeting early. The CNO let it be known in the Outage Control Center that Orser has "sent" him back to the plant to ensure the outage was properly managed. It seems like Orser was on the right track in June 2015. What has changed?

Pillsbury indicated that the Boards need to set clearer expectations for engagement. It is unbelievable that the Boards are responsible for this lack of engagement. If we and other employees cannot blame leadership for our poor decisions how can the CNO and CEO be allowed to do it? Will we be allowed to do that now? By accepting this portion of the Pillsbury report the Executive Board will have to set a new standard.

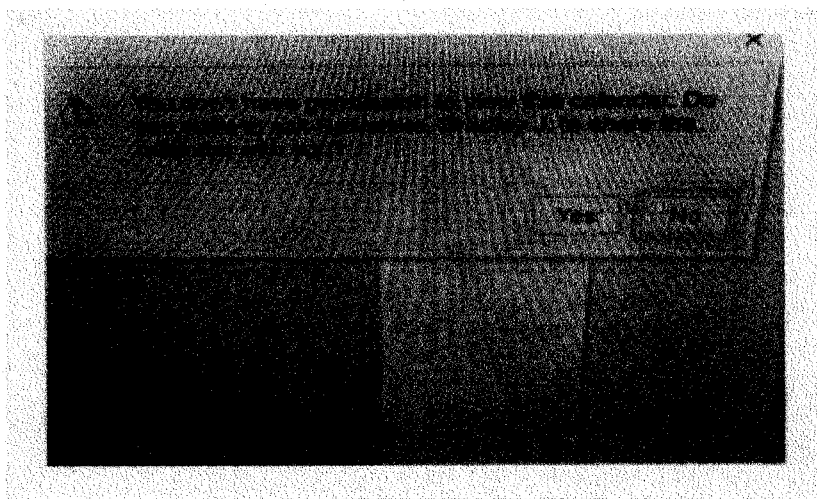
Allegation 5: the visibility of the CEO and CNO calendars

Orser was quoted in the media as saying this “was a claim dismissed out of hand” by Pillsbury. And that the calendar of the CNO was previously shared “inadvertently” and Mr. Shapiro of Pillsbury stated in the Board meeting that the blocking of calendar after the allegations were made was “unfortunate timing”.

Let’s review a timeline and see if these public statements make sense:

1. CNO’s calendar was available for full viewing access since his first day of employment, approximately 1,876 consecutive days. This was “inadvertent” for five years and two months.
2. January 5, 2016 we issue our first anonymous letter that questions the CNO’s engagement and uses a calendar analysis to make this allegation.
3. On January 15, 2016 the CNO makes a decision to block access to his calendar, contrary to the press accounts that it just blocks hotel and dinner reservations; there are, in fact, no visible details. This is the “unfortunate timing, how can a reasonable person block access while knowing the calendar could be the subject of an investigation?”

Our original letter included an analysis of the CNO’s calendar and assessment of his engagement during the refueling outage. Within ten days of sending the letter to Board members the CNO blocked his calendar and accomplished two things. First, eliminated any further analysis of his engagement. Second, the blocking of the calendar established a clear means to identify anyone that wanted to view his calendar, see below and Exhibit 19 to see the exact prompt we received after attempting to view the CNO’s calendar. If you were us, would you click “yes”?



Mr. Shapiro of the Pillsbury firm reported to the Executive Board on March 22, 2016 that it is typical for the executive calendars to be blocked and that the blocking of the calendar just immediately following the anonymous letter was “unfortunate timing.”

Think about this: you hired a senior manager for engaged leadership and good decision making. In his decision-making process he thinks its ok to block his calendar just days after employees viewed his calendar and presented data critical of his engagement. Is this good decision-making? Is he afraid of what we might see on his calendar? The investigators statement that the CNO's inexplicable decision to block his calendar immediately after receiving an allegation related to the calendar is "unfortunate timing" makes us pause and question the motives, ability and independence this investigation.

We challenge the board to think about this: As employees we are subjected to discipline for low level poor decisions and mistakes (e.g. being just seconds late to training and inadvertently allowing our personal dosimeters to go through the plant or airport x-rays). And yet the CNO is given a free pass for a decision to block his calendar immediately before an investigation starts and this is simply "unfortunate timing". This is a double standard facilitated by the boards and the independent investigation. It is also interesting to note that CNO accidently placed his dosimeter in an airport x-ray machine. Was he treated in the same way that the rank and file employees have been treated?

If our view that the calendar blocking by the CNO days after a related allegation is inconsistent with decision making norms and expectations in nuclear power is incorrect, we must have a broken ethical compass.

Allegation 6: lack of transparency into security officer conduct

We initially agreed with the investigations findings, however on April 15, 2016 an organizational change was announced that defies logic.

The security manager, Kurt Gosney, has been working night shift the past several weeks in an attempt to rebuild his relationship with the security officers. He has spent this time telling us that management, HR and someone named Paul Zaffits has "screwed" him.

He shared with us a report by Zaffits that indicated that Chuck Anderson the security supervisor was a trusted leader. Sean Murphy the security captain was not well trusted and Kurt Gosney was not trusted at all by the security workforce. Gosney told security that his troubles were orchestrated by HR (Julie Marlboro) along with Anderson and Murphy. What has senior leadership done a result of the report and Gosneys time on night shift?

Removed Anderson, the trusted supervisor, from his position as security supervisor

Demoted and removed Murphy from his position.

Gosney remains security manager with overall control over a workforce that does not trust him per an independent report. We saw Kurt at the all employee meetings and he is emboldened by his "victory".

Please review the report from Zaffits and ensure you agree with management decision because we believe this is a chilled environment waiting to happen.

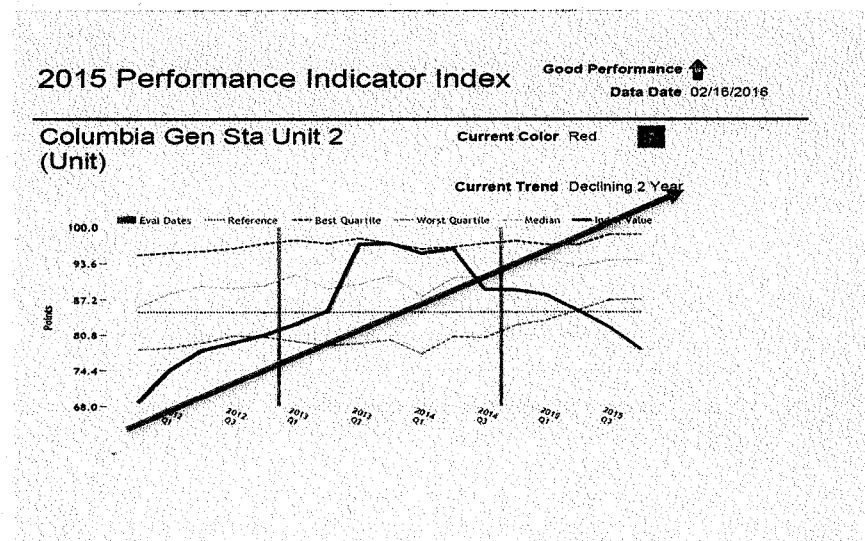
Final Thoughts

Compensation:

The compensation committee and executive board likely has a mission to pay for excellent performance and retain outstanding leadership.

Executive compensation has skyrocketed while performance has plummeted. Compensation committee members William Orser, Will Purser and Dave Remington have presided over an unprecedented rise in compensation while performance has fallen to the fourth quartile. Ponder this graphic when you think about defining what the CEO and CNO presented to the Board in August 2015 as “miscommunication” and “unfortunate timing” and “inadvertent” actions.

The blue arrow is the trajectory of CNO compensation versus the black line that is the declining performance against the nuclear industry.



2016 Target CNO compensation set at the August 2015 Board meeting: \$1,716,273

2014 CNO Compensation: approx. \$1,167,000

2012 CNO Compensation: approx. \$825,000

We think this speaks volumes about how the deceptions by the CNO and CEO to hide and minimize the performance decline resulted in inflated compensation at the August Board meeting.

Human Performance:

In our original letter we shared with you our concerns about a growing trend of human performance errors. Since that letter the independent investigator, Pillsbury, praised the EN culture in a public meeting and found little to no substance to our concerns. On March 28, 2016 CGS was shut down as result of a human performance error and on April 9, 2016 an employee was electrocuted at the industrial development complex, requiring hospitalization. The Executive Board via Pillsbury has swept our concerns aside and continued performance shortfalls plus an increase in INPO oversight are the result.