PUBLIC MEETING
BETWEEN U.S. NUCLEAR REGULATORY COMMISSION O350 PANEL
AND FIRST ENERGY NUCLEAR OPERATING COMPANY
OAK HARBOR, OHIO

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Meeting held on Thursday, April 8, 2004, at 1:00 p.m. at the Oak Harbor High School, Oak Harbor, Ohio, taken by me, Marie B. Fresch, Registered Merit Reporter, and Notary Public in and for the State of Ohio.

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PANEL MEMBERS PRESENT:

U. S. NUCLEAR REGULATORY COMMISSION

John "Jack" Grobe,
Senior Manager, Region III Office
& Chairman, MC 0350 Panel
William Ruland, Senior Manager NRR
& Vice Chairman, MC 0350 Panel
Christine Lipa, Projects Branch Chief
Christopher Scott Thomas,
Senior Resident Inspector
U.S. NRC Office - Davis-Besse
John Jacobson, Senior Inspector
Region III Office

FIRST ENERGY NUCLEAR OPERATING COMPANY

Lew Myers, FENOC Chief Operating Officer
Robert W. Schrauder,
Director - Support Services
Mark Bezilla, Vice President/Plant Manager
Clark Price, Owner - Restart Action Plan

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MS. LIPA: Good afternoon. I would like to welcome FirstEnergy and members of the public for accommodating this meeting today. This is a public meeting between the NRC Davis-Besse Oversight Panel and FirstEnergy Nuclear Operating Company.

My name is Christine Lipa and I'm with the NRC. I'm a Branch Chief in the Region III Office, and I'm responsible for the NRC's Inspection Program at Davis-Besse.

So, we'll go to the next slide, which is, has the purposes for the meeting today.

As you can see, the NRC will be going first in this meeting today and will be presenting some recent activities that we've done and our assessment of activities to-date, and then we'll turn it over to FirstEnergy for a discussion of their assessment of the startup activities and other activities going forward.

The next slide has the agenda. I would like to start off with introductions at the NRC's table.

To my left is Jack Grobe and he's ~~the~~ a Senior Manager in the Region III Office in Lisle, Illinois. He's the Chairman of the Davis-Besse Oversight Panel.

Next to Jack is Bill Ruland. Bill is ~~the~~ a Senior Manager and the -- Senior Manager with the NRC and is the Vice Chairman of the Oversight Panel and Bill's position is

the Director of Project Directorate III in the Division of Licensing Project Management in headquarters.

On my right is Scott Thomas. He's the Senior Resident Inspector at the Davis-Besse facility.

Running our slides today and he will be joining us up on the stage later is John Jacobson. John is a Senior Inspector in Region III, and is on the Oversight Panel, and he has responsibility for the Engineering area.

Also in the foyer today on your way in is Nancy Keller. She is the Resident Office Assistant for the Resident Inspector Office.

And Viktoria Mitlyng is on her way, and she's our Public Affairs Representative for today.

And Lew, if you want to go ahead and introduce your folks.

MR. MYERS: Yes. Good afternoon.

I'll take a few moments to talk about the people at the table. Our Plant Manager, Barry Allen, was going to be here, but he's moving his family up to the Oak Harbor area and Port Clinton.

And then our Operations Manager, Kevin Ostrowski, is back at our site, so he is not with us today.

To my right is Mark Bezilla. Mark is our Site Vice President, and he is in charge of the Operation at the

site.

And to our left is Clark Price. Clark has been the Manager in the 350 Process, and today he's going to discuss some of his new duties that he's taking on out.

In our audience, we have Fred VonAhm. Fred is the VP of Oversight. And also Gary Leidich. Gary is our President of FirstEnergy Nuclear Operating Company, here today.

MS. LIPA: Okay, thank you.

Then, are there any public officials or representatives of public officials in the room today?

MR. KOEBEL: Carl Koebel, Ottawa County Commissioner.

MS. LIPA: Hi, Carl.

MR. ARNDT: Steve Arndt, Ottawa County Commissioner.

MS. LIPA: Welcome, Steve.

MR. PAPCUN: John Papcun, Ottawa County Commissioner.

MS. LIPA: Hi, John.

MR. WITT: Jere Witt, County Administrator.

MS. LIPA: Thank you, Jere.

Okay. This meeting is open to public observation, obviously. This is a business meeting between the NRC and

FirstEnergy. So, at the conclusion of the business portion of the meeting, but before the meeting is adjourned, we will have time for public comments and questions.

There are several copies of documents in the foyer that I wanted to talk about briefly. One of them is a set of slides that I'm using. Another one is a set of slides that FirstEnergy will be using.

I also have a public meeting feedback form that you can provide information back to us on this meeting. We also have a copy of the February 26th Recommendation Memo that the panel used to provide to Jim Caldwell with their basis for recommending approval of restart.

Then, on the way is another stack of documents, which is the Restart Approval Letter, which was actually the letter that Jim Caldwell signed to FirstEnergy approving restart and providing the basis on that. And you should be able to look for that at the break. Hopefully, it will be here by then.

We are having this meeting transcribed today by Marie Fresch to maintain a record of the meeting, and we plan to post the transcript to the webpage in about 3 to 4 weeks. So, it will be important that the speakers use the microphones today, so that everybody can hear.

Then, let's see, what else is on for the rest of the agenda for today's meeting. We have some more NRC

activities, discussions, and then we'll turn it over to the Licensee. We'll be taking a break after about an hour. And, then, that will be before we adjourn the meeting with FENOC, and then we'll take another break and go into the public comments, for questions of the NRC.

So, the next slide talks about some significant NRC activities since our last public meeting, which was held on February 12th. That was actually held at Camp Perry. During that day, we actually had two separate public meetings. One was an exit meeting, a public exit of two recent inspections. (microphone problem)

So, one was a public exit meeting of two inspections. Those were the follow-up inspections to the Restart Readiness Assessment Team, and then the other inspection results were from the Management and Human Performance Follow-up Inspection.

Then later on that day, we had the public meeting with FirstEnergy for the Licensee to state the basis for their request for restart of the facility.

The next slide talks about the restart decision that was made on March 8th. And I wanted to back up a little on that topic in the timeline.

(microphone problem)

MS. LIPA: The Restart decision-making, the panel has been following a very

specific -- can you hear me in the back?
(microphone problem)
MS. LIPA: Obviously, the panel had been following the Restart Checklist and the Confirmatory Action Letter items and we've been updating those on a monthly basis.
Then the panel recommended to the Regional Administrator in this February 26th document that we had in the foyer, that FENOC's performance was sufficiently improved to support safe restart and operation. And we provided that to the Regional Administrator, Jim Caldwell, in Region III.
Then Jim Caldwell considered the restart recommendation. He reviewed the panel's activities. He spent a couple of weeks interviewing panel members, interviewing inspection team leads over the last two years. He visited the site. And he put together his list of questions that he had for us.
Then he consulted with the, the Executive Director for Operations, and the Deputy Executive Director for Operations for Reactors and the Director of NRR. Then on March 8th is when Jim Caldwell signed the letter that actually lifted the hold on restart.
Then, also the panel, along that time line, we had briefed the ~~Commission~~ -- Commissioner's Technical

Assistant.

The basis for the restart decision was the Panel to determine the Licensee's performance was adequate for safe restart and operation. We used a very deliberate and methodical 0350 process. And as I mentioned before, all 31 items of the Restart Checklist are closed, and all six items on the Confirmatory Action Letter were considered completed.

We did consider as part of our decision ~~and~~ the commitments that the Licensee had submitted in their Integrated Report to support restart; and that was, what we call the Cycle 14 Commitments, and they're up to Rev. 3 now and those are all publicly available on our webpage.

Next slide, please.

Another important part of the Restart Approval Letter was that there was a Confirmatory Order in that letter. That order will ensure effective assessment and sustained safe performance. It actually requires FirstEnergy to perform outside assessments, independent assessments of activities in four areas; Operations, Corrective Actions, Engineering and the Safety Culture area.

So, those are annual assessments. They're not self-assessments, they're independent assessments, I guess is the proper term; annual assessments for five years.

There is also specific requirements in this order for a Mid-Cycle Outage, and to do specific inspections of the upper and lower vessel head.

The next slide talks a little bit about the restart notification on March 8 when we issued the approval letter. We had a communications plan to notify the appropriate people. We notified Senators and Congressmen, Representatives, Governor of Ohio was telephoned. We also coordinated with other federal agencies, and informed other state and local officials. And Jim Caldwell held a press conference through the bridge lines to provide his statement and answer questions from the press.

Next slide shows what we've done for coverage of startup activities. We've augmented the Resident Inspector staff to have round-the-clock coverage beginning with March 9th, which is when the Licensee planned to go to Mode 2, which was the beginning of startup preparations. Then, we had a minimum of two inspectors per shift, which included a Senior Inspector or Senior License Examiner and a Resident Inspector. So, we had two people per shift for 24 hours a day for most of the period from March 9 until a hundred percent power.

One exception was during the feedwater system extended outage, to work on the feedwater valve that we talked about before, the utility shut back down. And

during that period of time, we did go to extended coverage rather than round-the-clock, to two shifts a day. That was March 17 through 24. Then, we resumed back to full 24 hour coverage on March 25 through full power.

And the actual performance, our assessment of performance during that time was that the operator performance was good. There were a couple of areas of concern, that we will be holding an exit with the utility tomorrow. That will be in our inspection report that we'll publish in about 30 days.

There were a couple of issues in the maintenance area that we had some concerns over. And the Licensee has corrective actions in place to correct those deficiencies. But overall, the significant positive observations regard operator performance.

The next slide talks about the ongoing panel activities and NRC activities for the rest of calendar year 2004.

The Oversight Panel will continue to remain in place. We're reassessing the panel membership and whether there will be some changes in the post restart period. That would make sense to make the panel stronger. And in any case, the panel will remain in place and continue to assess Licensee's performance.

We continue to have a third Resident Inspector.

That was authorized for two years, so that will be in place throughout 2004 and most of 2005.

We will be planning specific special inspections that go beyond the baseline, so Davis-Besse will receive the baseline inspection that all the other plants in the nation receive. In addition to the baseline, there will be additional special inspections as necessary.

One area will be to confirm the Licensee actions that are required by the Confirmatory Order, and also additional inspections to review the areas that the Licensee has made commitments in, their improvements plans that they've committed to. So we'll do special inspections. We will be doing special inspections on several of those areas to make sure that those commitments are on track, and effective.

Also, as part of the normal reactor oversight process, the baseline inspection relies on performance indicators; and since many of those performance indicators do not provide meaningful information at this point due to the extended shutdown, we will be augmenting baseline to compensate for some of the performance indicators until those are on full. And, then, obviously, appropriate enforcement action will be taken following completion of all investigation activities.

So, that's kind of our plan for 2004.

The next slide shows ongoing NRC activities. I mentioned earlier, we have a Resident Inspection Exit tomorrow and the Resident Inspection Report ended at the end of March. So, that will, those will continue to be every 6 or 7 weeks, that will be exiting and issuing a report.

Resident Inspections are ongoing all the time.

Continue to review Operational Performance.

And right now we're looking at the next Public Meeting, it's tentatively for May 11, but we have to firm up our plans before we make that decision. We'll be posting that appropriately when that decision is made.

So, that's all I have for now.

Anybody else want to make any comments at the table?

Okay. Then, we can go ahead and turn it over to you, Lew.

MR. MYERS: Thank you, Christine.

Today we have, it's certainly our pleasure to be here.

(microphone problem)

Thank you. It's certainly our pleasure to be here today with our Davis-Besse plant at hundred percent power. What's more important is that we continue to demonstrate our quest to return the plant to service in such a manner

that it's not only back, but will continue to perform better and go beyond industry standards in safe operations.

Today, we have three desired outcomes. The first, we would like to demonstrate the steps we have taken to return the plant to service, actions have been performed in a safe manner with safety first and with conservatism as part of our normal behavior.

Second, Mark Bezilla will provide you with a detailed list of the activities that we performed each week by week, and since our last meeting. And we'll discuss the areas that are positive and areas that gave us challenges.

Finally, Clark Price will provide you with some information concerning his new assignment, the areas of Operational Improvement Plan; Post Restart Actions and the areas concerning Confirmatory Order.

Let me take a moment to assess our performance since the last meeting in our quest for back, better and beyond.

First, we received your letter releasing the restrictions for restart on March 8th. Neither the letter nor the confirmatory action had any issues that we as a management team were not aligned with. That resulted in us being able to return that letter to you signed and approved within a couple hours. We also believe that independent assessment is a needed part of our quest of better and

beyond.

On March 9th, we heated the station up using nonnuclear heat in our reactor coolant pumps to Mode 3. That's greater than 280 degrees.

On March 11, we made the reactor critical, but below the point of adding heat in preparation of our low power fitness testing program.

We created criteria for bringing the reactor critical normally with what we call a plus or minus .5 percent delta K/over K, but that's our criteria.

We had administrative criteria was well below that as we pull the reactor critical. We had some questions and our staff decided to drive the rods back in to assure we had a clear understanding, clear understanding of the response, and then made a boric acid adjustment.

We completed low power physics testing as planned and demonstrated the core behavior. I believe that during that period of time, my assessment of behaviors was good.

On March the 16th, we synchronized to the ~~B~~ grid. We were approximately 25 percent power, testing our equipment in preparation where we plan to shut down and do the overspeed trip testing of the main turbine, and then make any needed repairs that we found.

We found that our feedwater valve 780 did not operate properly. We formed a decision-making team to

determine the cause. I was positive and pleased by the safety culture and the behavior of that team.

We shut the plant down and performed an overspeed test as planned. Once again, was pleased with the operations performance and the overall behavior.

On March 16th, we were approaching Mode 3. Less than 280 degrees and was prepared to work on the 780 valve that we discussed.

The one area that we were not pleased with and we're still not pleased with, it was the removal of the actuator as we approached Mode 3. We, as a management team, walked the actuator down, had a clear understanding of the steps that were going to be taken to ensure a good performance. We were not pleased as we went forward with the communication to our staff and the way we implemented that performance.

We then cooled the plant down to Mode 3 on March 17th. I was pleased with the operator performance, both during the heatup, the startup and the cooldown. It was not only event-free, but error-free. I believe that our operators ~~seated~~ demonstrated during that time period ~~are~~ some of the best industry standards.

We then prepared the 780 valve on March 23rd. Our maintenance and our procurement personnel demonstrated good ownership of the task once we got into it, and I also

believe demonstrated good positive safety cultures during that time.

We heated the plant back up to Mode 3 and took the reactor critical, not only event free-once again, but error-free. I'm pleased with the Operations performance.

We synchronized to the grid on March 27th as planned and ended the outage. My overall assessment was good to very good of the Operations staff. That was an area that we had as a concern, several months ago.

(microphone problem)

That was an area of concern, as you remember.

We continued to perform our testing and reached the hundred percent plateau on April 4th. We consistently demonstrated good decision-making, good conservative operations, and what I believe is good material condition of the plant.

Let me provide you with some information there. Our leakage rate today is about .02 gallons per minute measured. That's the minimum accuracy that demonstrates good industry performance and a significant improvement in the margin of safety between past operations. It also demonstrates good integrity of the Reactor Coolant System.

Let me share some other information with you that I brought today. If you look at our plant as we sit here today, and you look at our effluent monitors, at the data

from 2002 to now, we have reduced the effluent monitors at this time from a factor we call 1E -6 down to 4E -7. A complete change of ten in performance.

You go look at our Containment. You look at the four monitors in our Containment, the readings have gone from 1E -3, which is 10 to the -3, to 7E -5; an improvement of a hundred.

Finally, let's go look at our normal monitors in the plant, monitoring the dose as we do our work in the plant. Our, the average monitor, if you look at it in the plant, is down from like, some of them have gone from 7 milligram per hour to 0.8 milligram per hour, 7 milligram to hour to 1, or 25 milligram per hour to 1.5. And all are seeing about a 40 percent reduction in the average area monitor reading.

What does that mean? That means that we've been successful in material conditions at the plant improving the margin of safety. Thank you.

MR. BEZILLA: Thank you, Lew.

Good afternoon. I will briefly walk you through the past eight weeks, highlighting some of our accomplishments and challenges on our restart journey.

Next slide.

During the week of February 8th, we successfully completed control rod insertion time testing. This is one

of the last items finished for the 350 checklist. We respectfully requested permission to restart Davis-Besse on February the 12th. Christine had mentioned that earlier. We supported an emergency plant inspection, and we maintained the plant in Mode 3 at normal operating pressure.

One challenge of note was to our number one startup transformer. Our operators had previously identified a bushing that was leaking some oil. We subsequently removed that transformer from service and repaired the leaking joint.

Additionally, based on how we had to configure the transformer to fix that leak, we essentially overhauled the entire transformer and it should be good for another 20 years.

Next slide.

During the week of February 15th, we performed maintenance on the number one Containment Spray Pump coupling. We had made improvements to this component as we had done previously to the number two Containment Spray Pump. I think at a previous meeting I had mentioned we had done some work on number two. We were planning to do it on number one. We went ahead and did that work on number one.

We performed our Mode 2 Restart Readiness Reviews.

We asked ourselves, are we ready to safely restart Davis-Besse. We said yes. We performed surveillances on some safety significance components; number one Decay Heat Pump, number one Aux Feedwater System -- components.

One challenge we had this week was with a Containment Atmosphere Rad Monitor. We needed to replace a few, I'll say hard to find, electronic parts. Our materials group worked hard, scanned I'll say the country; found the parts for us; and then, we subsequently changed out those parts and successfully returned that monitor to service.

Next slide, please.

During the week of February 22nd, we continued to ready the secondary side of the plant for restart. We removed air and added hydrogen to the Main Generator, as an example.

Again, we performed surveillance on some additional safety significance components; Number One Aux Feedwater Pump Monthly Test, Number One Emergency Diesel Generator Monthly Test, and we did some Steam Feedwater Rupture Control System Test; again, readying the plant for startup.

We received approval from the NRC to conduct a Mid-cycle. That would be before March of 2005 inspection of our steam generators. And Christine had also mentioned

Above Head Inspection and Below Head Inspection of the Reactor Vessel.

We received and responded to your Draft Order for Conditions for Restart. Lew had mentioned that earlier about receiving that, looking it over, and sending it back and saying we understand and we agree.

We conducted an Emergency Preparedness Media Tour, which was well attended by representatives of the various medias.

And, as you can see in the picture, Mr. Alexander visited and toured the site on February 26th. And this was Mr. Alexander's first visit as FirstEnergy's CEO. Tony had been here before, but not as the CEO.

And, in that week, there really were no challenges of note.

During the week of February 29th, we improved the material condition of some plant equipment. And the one of note here is our Control Rod Drive motor generator set. We worked on a couple to improve overall vibration performance of that equipment.

We resolved our final Mode 2 and 1 restraints.

We closed up Containment. We had pulled out all our Rad postings and essentially locked up Containment, and we performed our personnel airlock leakage surveillance.

There were a couple of challenges worth mentioning

during this week. First was some oil drops that were detected by our operators on their daily tours of Containment. And this was on the 1-2 Reactor Coolant Pump low motor bearing housing.

We inspected the area and we made a decision to reduce Reactor Coolant System temperature and pressure and remove that Reactor Coolant Pump from service. We then went in and addressed the issue, which was really tightening of some reservoir covers and we cleaned up the residual oil.

We then returned the Reactor Coolant Pump to service and returned to normal operating pressure within the Reactor Coolant System.

We also looked at our other three Reactor Coolant Pumps and saw no similar indications.

A second challenge we had to deal with was some debris that had accumulated on our circulating pump suction screens. We cleaned those screens and then we looked for the cause. We believe the cause was grass that was surrounding our cooling tower. The grass grows through the summer, dies off in the winter. And then the weekend before we had this problem, we had like 40 to 50 miles per hour gusts and winds and we believe that was the cause.

Lew and I made some personal inspections of the area. And what we did was we removed the grass and we've

stoned that in. So, it looks pretty good now and we believe we've eliminated the source. So we think that we're in better stead today and also going towards the future.

Next slide.

March the 7th. During the week of March the 7th, we received permission to restart Davis-Besse. We completed our final Mode 2 Readiness Reviews. We entered Mode 2 and actually we entered it a couple times. Lew had mentioned on the first approach, we realized we weren't going to go critical on all rods withdrawn. The operators conservatively inserted all of those rods. We made a slight Boron adjustment, reperformed our calculations, and subsequently went to Mode 2 and took the reactor critical.

We then performed Zero Power Physics Testing; and upon completion of Zero Power Physics Testing, we had a Senior Leadership Review of the results and all those results were within tolerance within the predictions.

One item of note, and I mention this briefly, that during that first approach to critical when we knew we weren't going to go critical with all rods out, the operators took a very conservative decision to put all the rods in; and we applaud that decision.

So, I just wanted to mention that. Again, not really a challenge, but something of note.

Next slide, please.

The week of March 14th, we achieved Mode 1, which is greater than five percent reactor power. We performed an Effectiveness Assessment and Readiness Review prior to synchronizing the main turbine generator.

We subsequently performed the Main Turbine Overspeed Trip Testing, as Lew said, and made preparations to return the plant to Mode 4. During our power escalation, we noted there was a problem with the Feedwater 780. That's the main feedwater control rod isolation valve that Lew had mentioned briefly earlier.

We knew we would have to have the main feedwater out of service to open the valve and conduct repairs. While we were cooling the plant down, we made preparations to work this valve. One item that we thought we could act on while we were cooling down was removal of the motor operator; however, we weren't sure of the status of the disk in the stem in that valve.

We made preparations to secure the stem and carefully remove the actuator. However, when we turned over from day shift to night shift, we did not communicate a clear picture of what the hazards could be. The night shift commenced removing the motor operator, and during the evolution realized that the stem was moving with the actuator. They stopped, as I would expect them to, and

then challenged what they were doing.

We, I'll say management considered this a significant near miss. We created a Standdown Training Package, and throughout the subsequent weekend and into the following Monday had standdowns with all of our personnel to address the failures that had allowed this activity to proceed to the point where a worker said, "Hey, this doesn't look right, we need to stop." They should have known ahead of time it didn't look right and it should have been a planned stop, not an emergent stop, if you want to look at it that way.

I'll say, as Lew said, we were not pleased with that. We believe we've taken action to correct that. And I'll say it was a good opportunity for us to reflect and recalibrate ourselves.

Next slide, please.

During week of March 21st, we investigated and resolved the problem of Feedwater 780. We rebuilt the valve and changed the way we open the valve. We believe it was a hydraulic lock issue and we changed the way we now operate that valve. So, we don't believe we'll have a recurrence.

We heated the plant up to normal operating pressure, near normal operating temperature. We entered Mode 2 and Mode 1 and synchronized to the grid on March 27th.

One note worthy item that challenged us during this

week was our Turbine Bypass Valves. We disassembled and I believe improved the performance of four of six of those valves. We rebuilt or improved, I'll say, some of the internal characteristics of those four valves.

Additionally, we made actuator adjustments on all the valves to improve their performance. And then subsequently, through the planned heatup that week, the valves did behave pretty well for us. I think we still have a little bit of tune-up work that we need to do and some additional adjustments, but overall the valves performed pretty well for us during that heatup.

Next slide, please.

During the week of March 28th, we completed our Nuclear Instrument and Reactor Protection System Calibrations. We monitored and controlled Plant Chemistry within specs and within action requirements. And we watched the plant configuration carefully; this is mostly on the secondary side of the plant; to make sure we were cleaning up our condensate, our feedwater, and our heater drains.

And what that really entails is to, you take a penalty on thermal efficiency by putting the stuff back in the condenser. That's the most effective way of cleaning it up and making sure we're not putting contaminates into the steam generators.

We also hosted three Institute of Nuclear Power Operation groups during that week. One was a previsit by the Evaluation and Assessment Team that we'll have later this month and early next month. The second was an Operations Focus Team that observed operators in simulator and in the plant. And the third was a group that included industry peers that took a look at our Aux. Feedwater System and essentially was a soup-to-nuts look. They provided us comment and recommendations on how we could continue to improve the availability and reliability of our Aux Feedwater System.

A couple challenges occurred during this week with our Integrated Control System. This is a system that when everything is working fine, all the stations are on automatic, and to raise power you essentially push a button and you watch the plant respond.

We had two opportunities during the week where we found abnormal behavior of that system. The operators took control and took, I'll say, contingent actions if there would be further problems with the system, and what we found is we had to change out three electronic boards within that system. We successfully did that and returned that system to automatic, and it's behaving well since that time.

Additionally, we needed to adjust our nuclear

instruments. And this was based on an in-core detector versus out-of-core detector correlation test that we performed around 48 percent power. And this was an anticipated potential item and we were prepared to do that. We were not sure we would have to make these adjustments, but based on the results of the test, we had to make adjustments and we did make those adjustments.

Next slide, please.

Now, finally, during the week of April 4th, we continued the adjustments to our nuclear instruments and our Reactor Protection System set points and that was per our plan and per our procedures. We, again, continue to closely monitor plant chemistry and maintain the plant in a condition to clean up condensate feedwater and heater drains.

One challenge that we had earlier this week was with a failure of our D2 Nonsafety Related Bus Normal Feeder Breaker automatically trip when exercised. And the sequence there is you close in an alternate feed and when that alternate feed successfully closes in, the normal feed automatically opens. We had lost indication of close status, but we had not obtained indication of open status on that breaker.

What we did was, the operator, I'll say, responded appropriately. We put a plan together, and then what we

did was we essentially moved the plant, de-energized all the lows off that bus and subsequently removed that breaker from the bus.

And then we restored the bus and then set about to put a replacement breaker in place. As part of putting the replacement breaker in place, we found another issue, and it had to do with a time delay relay, but we believe that the issue with the time delay relay was associated with a breaker not opening. And we changed that relay out and then we successfully put a replacement breaker in, exercised it a number of times, and then exercised it on the breaker a number of times.

We are currently performing an autopsy on the removed breaker. It appears there is some mechanical linkage issues with that breaker, but we're not finished, so that's preliminary information.

In addition, we checked four similar breakers. We determined that there were twelve other breakers that, I'll say, fit the category of this breaker. They're all nonsafety related, and we assessed their performance, and all those other breakers had performed as expected and showed no signs of problems.

Once we complete our autopsy, hopefully today and/or tomorrow, we'll assess whether there is any additional checks or actions that would be appropriate for those

sister breakers, if you will.

MS. LIPA: Mark, when do you expect to know what the root cause of the failure was?

MR. BEZILLA: I talked to them, Christine, right before I came over here. They were hoping to have that finished up by end of business tomorrow.

MS. LIPA: Thank you.

MR. MYERS: Next slide, please.

So, in conclusion, overall, the plant startup and challenges were handled in a safe, deliberate, and conservative manner. That concludes my presentation.

MS. LIPA: Mark, I had another question for you. You mentioned several challenges that came up over the last couple weeks. I would like your assessment of work planning and communication within work planning and execution, especially communication among departments based on what you've seen.

MR. BEZILLA: Christine, that's a good question. I'll say, in general, I feel pretty good about the teamwork that we're exhibiting. The Feedwater 780 was an exception and I talked about that. But as an example, we had our Effectiveness Assessment and Readiness Review at around 48 percent power prior to proceeding to a hundred percent power.

And as an example of some of the things we instituted as a result of that meeting, is we had had a few challenge calls set up, whereas an example, the operators would be ready or the maintenance guys would be ready to do an activity and then they would tone out the Senior Leadership Teams, and then they would walk us through what they were going to do, and then we would ask a bunch of questions to make sure we were comfortable with their knowledge and preparedness to do those activities.

We increased the number of challenge calls, based on our Effectiveness Assessment and Readiness Review and that was on March 28th.

We also wanted to make sure that the chemistry guys were on those phone calls and to give us constant feedback on how the primary and secondary chemistry was behaving.

We decided to go to an every three hour update call with our staff, with Senior Leadership Team. So, every 3 hours, 6, 9, 12, 18, 21, 24, 0300 hours, we have a call with the Shift Manager and with the Work Week Manager and whoever the Management Representative is at the plant, we have a Chemistry guy in there, and we have whatever supervision was actively engaged on the phone. We don't always have all of them, we have most of them most of the time.

We get a status of the plant. We know what

activities are planned. We check on how things are going. If they have any problems. Did they have any issues. Do they need any additional help or assistance. And, we think that's paying dividends for us.

An example of that would be our Op Superintendent, when we were fussing with, I'll say, we're in the position of the plant one evening; we had that conference call. Based on that dialogue, what he told me the next morning when I came in and chatted with him, he said, "Hey, that call lasted about a half hour." He said, "If we don't get anything else out of any of these calls the rest of the way, the dialogue that night would have paid for all the other conversation that we would have." So, he was very pleased with the input that he received that enabled him to make, I'll say, a safe, conservative decision.

MR. THOMAS: Mark, what you just described is not part of your normal functioning of your plant and scheduling process. It's an interim type of step.

Let me ask a more direct question. How do you see the performance of communications in regards to turnover between, say, night shift and day shift, and maintenance activities between operating crews, and then interdepartment communications between scheduling and operations; what you described are ways to improve

communications, but they're not typically part of your normal processes; they're interim fixes or ways to set expectations or standards.

I guess my question is, how do you assess your organization's performance without those interim measures or are they needed now?

MR. BEZILLA: Good question, Scott. If you would compare fourth quarter to first quarter; fourth quarter of 2003 to first quarter of 2004, I would say we're much, much improved. And in general, I attend most of those turnover meetings, so I get to listen on how those guys are communicating. Plus, we have had our Shift Manager Peer Verifiers at those turnover meetings and I get those report-outs.

With respect to Feedwater 780; again, we've already talked about; much improved and I'm feeling more comfortable with the communications that's occurring between the day shift and the evening shift, work management, Work Week Manager, Ops Shift Manager, the work, or excuse me, the Maintenance Superintendents and Supervisor, so I see a bunch of improved communication within my organization.

MR. MYERS: I think what we're saying, if you look at where we're at, the plant is up running. We have the Management Team to continue to

implement the standards that we want implemented and to improve those standards going forward. So, you know, I don't think it's time for us to back off yet.

MR. BEZILLA: If I could add one more comment to that. We've been in the restart phase, been at hundred percent here for a few days, but we still have additional staffing. There is still problems that we're flushing out. We're dealing with the problems. So, it's going to be a little while before, I'll say, we're into normal, I would say probably a couple weeks before we're in normal. And to answer your question, Scott, improved, improved communications.

MS. LIPA: Okay, anybody else have any questions for Mark?

MR. RULAND: Just a couple questions, Mark. Your Confirmatory Order that we issued and you folks accepted, basically had four areas of independent assessments; it was Operations performance, quality of Engineering, Corrective Action Program implementation and Safety Culture improvements.

Your presentation directly addressed your Operator performance during this startup period. I think you touched on or Lew touched on some, briefly on Safety Culture. I was wondering if you had any observations about what you detected in the area of quality of Engineering

work that occurred during this period, and the Corrective Action Program implementation during this period?

I realize you might not have that information right now. I'm just looking for impressions. Do you have any information in those areas at this point? Recognizing we're requiring you to do some, some assessments, independent assessments later.

MR. BEZILLA: Good question, Bill. Just trying to think of a few examples here for you. One that I'll say, it's a combination Engineering, Maintenance and Operations, were some of the anomalies we had within our Integrated Control System. I pick that one because it's a very sensitive system, and it controls the Reactor Feedwater Turbine, so it has its tentacles throughout the entire plant.

And when we had those issues, the operators behaved appropriately. And then we put the team together; we had our engineers involved, we had our technicians involved, and we had Operations from what can you do to me while you're solving this problem. And I think the teamwork there was very good.

We also used some external experience, engineering-type experience to help us on those, and felt very comfortable with the rigor that the team had used to put in place to, I'll say, methodically go through, attempt

to identify a problem, and set about how to go, you have to remove cards and put new cards in. That's always a higher stress level for me, I'll say, right. And I thought they did very well on dealing with that specific issue.

Lew, do you have other examples?

MR. MYERS: If I look back at some of the milestones we've made. You know, we made some modifications to our Aux Feedwater Pumps, and you gain confidence as you test. We've had testing, and the mods have been running well. The Containment Spray Pumps, the issues there. We worked on the HPI pumps, haven't had any issues there.

And it's early yet, but our testing is indicating that the modifications we made -- and the one that really comes to mind that I think is just marvelous is ETAP, Electrical Transcient Analysis Program, we did. We were actually using that this past week when we had the situation, the situation where we had the, the bus, the bus breaker failure. If we hadn't had the ETAP done and understood our electrical system like we did, I don't think we would have been able to make the decisions that we made. So, I think ETAP is really a big dividend as far as those meetings and discussions I heard over in our plant during that time.

So, in general, the thing you work on, the plant

came up, it's just pretty good material.

I think the other thing is, we changed a lot of packing out from a Maintenance standpoint; our Packing Program, Leak Rate Program and Engineering too, and I described our leakages and what we're seeing from radiation. A lot of that contributes back to some of the mod engineering that we did, some of the things that we did. It's early, but the plant really looks good.

MR. RULAND: I reckon.

MR. BEZILLA: Bill, maybe a little closer to home is our Physics Testing and the In-core Detector to Out-of-core Detector Correlation Test, I talked about. We had our Reactor Engineers and our Reactor Protection System Engineer intimately involved with our Instrumentation Control Technicians; and we went through and found that we needed to make these adjustments.

We had not done that evolution since I believe '96, 1996. So, we I'll say sat down and prejobbed reviews. We had the Reactor Protection System Engineer with the instrumentation control the individuals and do their oversight. And I'll say that went off eventlessly -- flawlessly, eventlessly, that was good ownership, I thought, by Reactor Protection System as well as the Nuclear Engineers working with the management supervision.

MR. RULAND: Thank you. I don't have any more questions.

MR. GROBE: I have a couple of questions and maybe a couple observations.

Over the past six weeks or so, you've done four Readiness Assessments and Effectiveness Reviews prior to various milestones. Did any of those assessments include an evaluation of safety focus or safety culture?

MR. BEZILLA: Jack, those Readiness Assessments -- or Effectiveness Assessments Readiness Reviews, I'll say yes. And I smile a little bit, because that's like a constant, it's always there. Okay? It's just constantly with us. We continue to ask our three questions; are we keeping safety first and foremost, is our schedule realistic and doable and are you keeping the communications you want.

And pretty religious in my evening and morning emails out to the troops; and if anybody has any question, they don't hesitate to send it back and say, why did you do this, why did you make this decision.

We have had some, I'll say, robust discussions on some of the challenges that we've had in what we've done. I'll give you an example. Just this morning, I had a couple of my guys, yesterday, they wanted to do something and I didn't think I agreed with that. So, we had a lively

debate and we ended up doing what they wanted to do.

This morning I sent them off a little note saying, "Hey, I appreciate you speaking up, standing your ground." And I wanted to make sure they understood my job was to ask questions, assess risk, and make sure we ended up with the best solution.

So, the answer, Jack, is yes, but it's constant. It's in the, it's in the environment. Okay?

MR. GROBE: Have you seen any recurrence of the attributes that contributed to the performance last November on your Safety Culture Safety Conscious Work Environment Survey?

MR. BEZILLA: I would say no, although, I have a lot of conscious out there and I get feedback from a number of sources. And, as I said, if they think I may be off base or if they see something that may not be exhibiting the perceived right behavior from a Safety Culture Safety Conscious Work Environment, I get the feedback just like that (snap). So do my people.

MR. MYERS: We're still asking, the thing that drove us there, the three questions we're still doing every shift; and other than that, we're getting positive response from our employees.

MR. BEZILLA: From a personal standpoint, Jack, this is my plant and I own it. Every

decision I'm involved with, I go back and ask myself, is that the right decision, was I safe, safe enough. It may be a hard question to answer or ask, right, but I churn on that stuff, and like I said, I get feedback on that; how is my behavior, and how am I doing it, am I making the right decisions.

MR. GROBE: Very good. Thank you.

The week of February 22, you highlighted that you did an Emergency Preparedness Media Tour. I understand folks got an opportunity to get into the plant.

I commend you on that. I think it's very important to expand the knowledge base that the media has of what goes on in the plant; and a hands-on eyes-on experience are very beneficial to contribute to their ability to understand what's going on.

One of the purposes of the Confirmatory Order that we issued and the way in which it's crafted is to ensure continuing public availability of information, and consequently the results of those self-assessments are required as a condition of your license to be publicly available.

So, I would encourage you to continue an aggressive campaign in making the public aware of what's going on inside. So, I commend you for that initiative.

The estimated critical ~~op~~position was not due to being properly accomplished as far as the boric concentration coverage. What caused that calculation not to be correct?

MR. BEZILLA: Okay. It wasn't that it wasn't -- it wasn't that it wasn't correct, all right. What we had tried to do was we tried to optimize our activities. So, what the Reactor Engineers had done was they had given some Boron concentration that was fairly high. And then the target rod was up around 297, which is all rods out is indexed at 300. All right. So, they had tried to optimize that.

And, again, being zero power physics testing per startup, you have prediction and you have band. Well, the band was this, the band was this big (indicating). They narrowed our target to like this (indicating). Because with no more rods, I can't go critical. Okay.

What we saw was as we had gotten close, we knew we weren't going to get critical at that point. We could have put the rods in to 150 rod index, which is like 50 percent on group five, which is the first full group of rods. And the operators asked a few questions.

Their perception was, it was going to take more time to recalculate the Boron or make adjustments. And they said, we're not going to sit here, we're going to go ahead

and put all the rods back in. They took a very conservative approach; put the rods in. Like I said, we applauded that action by the operators.

MR. GROBE: Was the operators assessment that they would not go critical before all rods out, was that a correct assessment?

MR. BEZILLA: That's my belief, yes.

MR. GROBE: How is it your engineers didn't properly calculate Boron concentration such ~~as~~ that you would be critical before all rods out?

MR. BEZILLA: Well, like I said, there is a band; based on the best, based on predictions and the best information they had, they made their prediction. What we saw is we were off by about 17 parts per million Boron. And the band was like plus or minus 50 parts per million Boron. This is where we predicted to be. You could be off by plus or minus 50 parts per million Boron. We were off by about 17 parts per million.

MR. GROBE: If I understand correctly, they tried to calculate things a little too closely.

MR. BEZILLA: Yes. Yes.

MR. GROBE: Okay.

MR. MYERS: Like he said, we

only, our change was only, we're at 2200 at 50 PPM Boron, we only changed Boron to 17 PPM.

MR. GROBE: I understand.

MR. MYERS: That's a real close, that's within the accuracy of the instruments almost.

MR. GROBE: The Feedwater Valve, Valve Number 780; you just briefly touched on the root cause of that failure. Could you go into a little more detail on the hydraulic issues that caused that valve to fail?

MR. BEZILLA: Yeah, Jack. 780, I will say, was disturbing to me, because I actually walked that job down ahead of time with my Maintenance Director; took me out, showed me what he was going to do, showed me what his plans were, talked about the engagement he had from the craft individuals, et cetera.

And, essentially what it was, we were going to make a stem securing device, a clamp; put the clamp on, and loosen up the stem, and watch for any stem movement. If you saw any stem movement, you were going to stop and that was the end of your task. So, that was essentially the task. Okay.

Now, when we went through and laid that out, what we didn't do is we didn't turn that over. We didn't turn that

over at the craft level, the supervisor level, the management level, the director level. All right. So, from a communication standpoint we failed. All right.

When we actually got into that task, as I said, the technician and the supervision that was out there, when they started to loosen the stem that was tight, they had some conversation, loosened up the actuator bolts and said, "Hey, we have movement, this isn't right." Tightened everything back up and stopped. All right. But that was by surprise, not by prebrief and preview and being ready. That's where it should have been and it wasn't.

We looked at that as, I'll say, an overall failure. What we did is put together a standdown package and reviewed that. We walked through each of the barriers, you know, Management Oversight Barriers, Management Barriers, Document Barriers and Individual Barriers. We went through that with each of our employees, because we thought it was that significant; we considered it a significant near miss.

MR. GROBE: I appreciate that. I was actually asking a little different question.

The stem to disk separation occurred because of some fracture of the ears on the disk. You indicated you just never, you made a brief statement that was due to hydraulic issues. Can you expand on that a little bit; and my

particular interest is why those hydraulic issues occurred now and hadn't been anticipated?

MR. BEZILLA: Now I have a better picture of the question. Okay.

MR. GROBE: It was all good information though, thanks.

MR. BEZILLA: What we found, Jack -- and Kevin, can you go back to, back one more. Right there.

If I may, this is looking into the top of the valve, all right. What you have in here is you have a stem and the stem has a square, square end, if you will. And a round shaft that comes out and then it's attached to an actuator and motor operator, okay.

What happened was, you see these four pieces. These pieces would have, if you can picture, sort of curled over, not touched, but curled over. And that stem laid in there. So, when you pulled on this valve, it would pull against these pieces that were over there. And the four pieces are like right here, you can see them.

This valve, it's a pretty tight valve. It's not a split wedge, it's actually a solid wedge disk, if you will. And down at the bottom, it can flex a little bit, but in the center, it's solid, and at the top, you can see it can flex a little, right.

What we believed is when we shut that, we had a good shut-off in there; and when we heated up the plant, the area in here got full of fluid, if you will. And so when the actuator tried to pull the valve out, it was hydraulically locked and we couldn't pull it out.

There is a bonnet vent on this, but our procedure said, "attempt to open the valve, if it fails to open, go open the bonnet vents and then go open the valve." Well, we changed our procedure now to say, "go open the bonnet vents and then go ahead and open the valve." We believe that will eliminate future problems with that valve.

MR. GROBE: Okay. Thank you.

Just one more comment/question. This week, you had a failure of the Delta 2 supply breaker; that's a nonsafety related breaker, but nonetheless, because of the importance of the electrical power to the safety of the plant, any breaker failure gets attention by us.

For that reason, we dispatched an expert in control systems, electrical control systems and breaker operation from the Regional Office to be on site this week, following your activities in this area.

During the course of that response to the breaker failure, there were a number of concerns regarding internal communication. I would like to hear any comments you have

on those from how significant it appears that your communication within your own organization wasn't as effective as it could have been, particularly focusing on the expectation and schedule for accomplishing a diesel outage that had been scheduled previously prior to this failure being identified; and then the communication between your staff and the Resident Office was equally challenged, I think, as far as the safety focus that your organization had scheduled for that diesel outage.

Could you now give us any observations in that area; and I realize you're still in the midst of working this project.

MR. BEZILLA: I can address that, Jack. I heard a little bit of that, but our intent had been always solving the problem prior to proceeding with the number two diesel outage. And, in fact, I had sent that out in my morning and evening communications to the site. So, I mean that goes to everybody, right.

And it was -- I was clear and I had told them that they couldn't proceed without my permission as far as the diesel outage until we had understood and resolved the problem with the D2 bus. Okay.

So, if there was some confusion or mischief, it may have been guys looking and asking and saying, "Hey, what would be the risk?" Because we always do that, we always

ask what if. I know the guys had asked some of the risk assessors, "Hey, what would be the risk if we proceed with the diesel outage and not have the D2 bus back on normal power supply.

So, I know those questions were asked, but as far as any thoughts of proceeding with the number two diesel, I don't think that would have occurred. Okay.

MR. GROBE: I understand that was your perspective. And Deputy Director Division of Reactor Projects in the Region, I was actually out of the office on Tuesday, but the Deputy Director of Reactor Projects was following this issue. And the communication we were getting from the Resident Office wasn't nearly that clear.

And to the point where 7:00 that evening, he called your Plant Manager, Barry Allen, at home, and received just as clear communication from Barry as you just articulated. We did not receive that kind of clear safety focus communication from your Operations organization, and it wasn't clear to us at all what your plans were.

So, I would encourage you to initiate more aggressive communications to the Resident Office to make sure that your plans are clear; and also, Mark, if you could call Christine to make sure we have a Regional understanding of what's going on at the site is clear.

This is a time of great interest in what's going on at Davis-Besse, and it's critically important always, even more so right now, to ensure effective communication.

MR. MYERS: Jack, I called you the other day and sensed some of that. So, I went to talk to Mark and the other managers. We all believe we knew, we're all on the same telephone. We first knew the outage of 24 hours. We didn't know how long it would take us. And we're asking these questions. And, you know, so, but we went back, based on the conversation we had with you, and we're going to try to improve that dialogue each time, so when we have these conversations, the conversation we have, we'll notify the Resident every time. So, we're going to close with that in mind now.

MR. GROBE: All right, thank you.

Oh, one more observation. Lew, one of the things that you identified from your perspective that contributed significantly to the head degradation was a lack of focus to problem solving; and created this Problem-Solving Decision-Making process. You've had the opportunity before restart and during restart to use that procedure several times. I think our assessment is, it works very well.

MR. MYERS: Yeah.

MR. GROBE: So, that's a good

improvement.

I just wanted to indicate that we're looking forwards to the opportunity when you get through these restart equipment problems that we don't have to use it quite so frequently.

MR. MYERS: Let me comment. It's not part of the presentation, but I am extremely, just extremely pleased with this. I remember a time, a year or so ago, on Super Bowl Sunday, when we had a problem with level control. Came out and called all the managers in, said, "Where is our problem-solving, decision-making? Where do we think this is coming from? How are we going to get it together using our process?" Everybody sort of stared at me.

Since that time, we have been using that process faithfully. What I'm really pleased with lately, I'm just glowing from the fact that, I was on call yesterday with our shift manager -- I don't mean the shift manager, the CA. But they're sitting there and we had an issue. And he's going right through the steps. At the end he said, "I'm through with step one. I'm through with section one, you know." During that time, clearly articulate what the problem is, the plant's stable, the status of the plant, what's the problem, who should the players be, what time and where are we going to meet to solve this

particular issue. And he articulated what the issue was and how we want to solve that.

Watching him go through that on his own and the way he communicated yesterday, it was the highlight of my week, you know. And I can sit here and tell you, I believe this from the bottom -- I believe this sincerely, if we had throughout the history, if he had approached any one of the CRs the way we just discussed, we would not be here. Any one of the 27 CRs, you know, if we would have just approached it that way when we found it, we wouldn't be here today.

So, I do think that's a healthy process. And I'm just delighted by the way we're using it. Get your best and brightest in the technical business, get your -- stablize, get your best and brightest together, make sure you can articulate the questions, and then what are all the technical issues that could cause this situation. Not a bad way to do business, you know.

MR. GROBE: Okay. Just before we move on to Clark, and we'll have time to get to Clark today, I just wanted to highlight some things Christine said earlier.

MR. THOMAS: Can I ask one more question?

MR. GROBE: Sure, go ahead.

MR. THOMAS: The Problem-Solving Decision-Making procedure, is that process for everyone that's entered or is that at management discretion?

MR. MYERS: No, I think to answer your question, if I understand, it's process driven.

MR. THOMAS: Could somebody get back to me on that tomorrow, walk me through the process that drives you to using that procedure?

MR. BEZILLA: I'll get back to you, Scott.

MR. THOMAS: Well, let me add to that. I agree with when it's used, it's effective in determining the problems and getting to the resolution of those issues, but the, when you enter that process, or enter that procedure is, I'm unclear on what level of issue would drive you to use that procedure.

MR. MYERS: Let's look at that.

MR. THOMAS: Okay.

MR. BEZILLA: I think, Scott, the EEOP2 drives you to ER2000. I'll show you that tomorrow.

MR. THOMAS: Okay, good.

MR. GROBE: You started talking Greek there for a minute. I understand.

I just wanted to highlight again Christine's statement of our observations of your performance and we'll have an exit meeting tomorrow and I'll be at that meeting and get a lot more detail, but we had over 30 inspectors and reactor managers from around the country that assisted over the last several weeks with our inspection effort to provide round-the-clock observation of activities. Those came from all across the country, all four regions.

Well, we did identify a number of issues and they're all fairly low level issues, we'll discuss those in more detail tomorrow, but the general observation was that the conduct of operations and control room, control of evolutions was good.

Scott will get feedback from all the inspectors before they left the site, and some even used the word strong. That's a positive outcome of our observations. We expect to continue to see that.

Okay, Christine.

MS. LIPA: We're going to take a ten minute break. So, I have 2:16. So, 2:26 return please. Thank you.

(Off the record.)

MS. LIPA: Before I turn it

over to Clark, I want to mention that Viktoria Mitlyng made it here; and as promised, there are copies of the March 8th approval letter on the table in the foyer, if you want to pick one up.

With that, we'll turn it over to Clark.

MR. PRICE: Okay, thank you, Christine.

Okay, good afternoon everyone. The desired outcome of my part of the presentation today is to provide you with an update of the improvement actions that we have taken since the last public meeting with our Cycle 14 Operational Improvement Plan. In addition, I'll be discussing progress we've been making towards developing plans to meet the requirements of the March 8th Confirmatory Order.

Next slide.

Just to revisit a little what we have discussed in prior public meetings. Our Cycle 14 Operational Improvement Plan is an extension of our Management/Human Performance Excellence Building Block Plan. That was one of the seven Building Blocks we had in our Return to Service Plan.

In that plan, we identified we would have actions that continue past restart. We have structured our improvement plan around the concept of four safety barriers designed to minimize errors and prevent events. Those

would be Individual, Program, Management, and Oversight Barriers. I think you've heard Mark refer to those when we use those in our assessment process during the restart process also.

The plan serves to further strengthen and anchor the Lessons Learned and the Corrective Actions we've taken throughout the return to service of the plant.

Next slide.

The Operational Plan contains ten improvement initiatives, and underneath these ten initiatives are 88 individual key actions. As Christine mentioned before, these are commitments that we've made that are included in the Op and Integrated Restart Report.

Included in that plan are also approximately 40 performance indicators aligned under each of the four barriers. These indicators are designed to assist us in determining whether or not we are having the desired results of the improvement actions that we're taking underneath the Operational Improvement Plan initiatives.

And just to mention right here too, we are currently in the process of working on a Revision 4 to the Operational Improvement Plan making some further refinements on key action items in the performance indicators and we'll be docketing that to the NRC when we do that.

MS. LIPA: Clark, ~~has~~ have these performance indicators been finalized yet?

MR. PRICE: Yeah, we're in the process right now, as a matter of fact tomorrow. We did have an initial meeting on the 26th of March. We went through all the indicators, did some refinements to those; and as of tomorrow is the due date for the individuals who own those performance indicators to have those completed and to us.

I would mention what we're doing with those performance indicators is we're using performance indicators that we've developed specifically for the plan. We have also used performance indicators that are part of our business plan performance indicators, and also some that come out of the Employee Concerns Program, performance indicators are also included in that plan.

So, it's a bringing together of several places where we do performance indicators and looking at them collectively with a focus on safety, which is what this plan is for.

MS. LIPA: I would like to suggest that some more detail on these performance indicators would be a good topic for future meetings.

MR. PRICE: Okay.

Next slide.

Each month we hold a management meeting for the Operational Improvement Plan. We had, as I just mentioned, we had our first meeting on March 26th. The meeting is attended by the site Senior Leadership Team, site managers and any other owners of key actions.

During these meetings, we discuss the status of key initiative action plans, their coming due in the quarter and any other long-term management plans that need to be discussed. We'll also be discussing as action plans are closed, in the meeting we'll have each of the managers discuss what they did to accomplish the closure of that particular action.

We also discussed performance indicators, as I just mentioned. Not only on an individual performance level, but the beginning of this next meeting, we will be looking at them collectively and making an assessment as to whether these performance indicators are the right indicators for us to assess these barriers. And also seeing whether we're having an overall improving, declining, or stable performance at these barriers, safety barriers. So, we're going to, again, not just look at them individually, but in a collective sense.

At the March meeting, we decided to also track the other post restart commitments that were made at the Integrated Restart Report and the supplement to that report

in the same fashion. So, we're also right now in the process of developing action plans for each of those commitments to management and we'll monitor those in the same monthly meeting.

As part of this meeting this month, we'll also begin an implementation of the new Safety Culture Monitoring Business Practice that we'll use to assess the health of our safety culture in an ongoing basis.

Next slide, please.

This slide shows an overall status of our improvement actions to-date. We had 34 improvement actions that were identified in Appendix A of the Integrated Restart Report in it's supplement. Eleven of those are complete. There were 94, or there are 94 improvement actions identified in the Operational Improvement Plan. To-date, 29 of those have been closed.

And we have Confirmatory Order requirements we are tracking where we have six commitments identified there. And I'll be talking about those in a little more detail in just a few minutes.

The next slide has some of the first quarter accomplishments from the Operational Improvement Plan. I'll just go through these briefly.

We've completed several Operations improvement actions. As an example, one of the actions was to

strengthen communications within Operations through improved use of orders, standing orders. In order to provide more consistent written communications to each of the Operations, making sure each of the shifts get the same information.

Mark always says one of our things we talk about every morning; if we want to make sure we get it right, we write it down; to make that communication strong and lasting and consistent throughout the organization.

We developed the second item. We developed a template to follow for forced outages, so we have predefined evolutions and preidentified work to perform based on the plant operating mode, that an unanticipated outage would place us.

Another accomplishment was we completed Safety Conscious Work Environment Training to site employees, provided Safety Conscious Work Environment and Safety Culture Refresher Training to the site supervisors. We have now provided Safety Conscious Work Environment Training to the entire site population.

And, another item, to improve the implementation of Corrective Action Program, which is one of the Confirmatory Order assessment areas. We have completed qualification of 21 apparent cause evaluators to-date and we've also completed apparent cause training to the site managers.

MR. MYERS: We have now completed Safety Culture Training and Safety Conscious Work Environment Training to all of our employees. I don't know, certainly in this industry, anyone else who has done this.

MR. PRICE: The next slide identifies some of the second quarter highlights that we have, we'll be working on this quarter.

We are making additional enhancements to our Management Observation Program. That program is working well for us, but we continue to enhance it.

We also will be benchmarking both industry and within FENOC on the area of Conduct of Operations.

We have more improvements planned for the work management processes this quarter, and we have a number of significant action plans that are identified here. Slated for completion are the layout schedules and priorities for much of the work that we'll be accomplishing throughout the remainder of this operating cycle.

Final action of note is Effectiveness Assessment that we have planned again in the middle of May to assess the effectiveness of the corrective actions taken in response to the November 2003 Safety Conscious Work Environment Survey.

Next slide.

MR. GROBE: Clark.

MR. PRICE: Yes.

MR. GROBE: Before we go on to the Order, I just have a couple of observations, and questions.

Can you produce some sort of status report, a periodic status report on the Section A and B, Appendix A and B commitments, the status of those?

MR. PRICE: To-date we have not, Jack. We do track those as part of the regulatory tracking system. We have reports from that system. However, what we will be doing going forward is assembling a package each month for this monthly meeting that will include all the action plans and all performance indicators, so there would be a document created each month that pulls all this together.

MR. GROBE: If you could make sure we would get a copy of that, both Resident and the Region ~~of~~ and NRR.

Second observation. This applies to the commitments as well as the Order requirements. We've established lead inspectors for each of the four areas; Safety Culture, Operations, Engineering, and Corrective Action. And, those are Geoff Wright for Safety Culture, Dave Passehl for Corrective Actions, John Jacobson for Engineering, and, of

course, Scott Thomas for Operations.

If you could, I'm not sure, do you have leads in those areas or are you the chief cook?

MR. PRICE: I have overall responsibility, but at this point we haven't identified the leads.

MR. GROBE: It's going to be very important, because I anticipate we're going to be doing inspections throughout the year as you complete activities. It's very important that you maintain knowledge of those four individuals of what your status is.

When you do establish leads, if that's the approach or however you want us to communicate with the organization, please let us know and we can work through Christine on that.

MR. PRICE: Okay.

MR. GROBE: Final question. In the restart letter that Jim Caldwell issued, it indicated that should the scope or depth of any of these commitments change or should the schedule change that we expect you to notify us in writing.

Indicated at Revision 4 of the Operational Improvement Plan is being prepared now, so we would expect to receive that in writing.

Have there been, other than Revision 4, are there any changes in the scope or schedule of any of these commitments?

MR. PRICE: Apparently, there are no changes in schedule; there is one action that does have a slight change in scope.

MR. GROBE: If you could make sure as you get that close to final, that you communicate with Christine, we would appreciate it so we know what's going on there.

MR. PRICE: We'll do that.

Yes, as a matter of fact, one of the six items I mentioned with the Confirmatory Order is to ensure that we do submit that docketed, and with the requirements that we're doing, Confirmatory Order, to make sure we document our reasons for the change.

MR. GROBE: Okay, very good. Thank you.

MR. PRICE: Okay. Continuing on then on the Confirmatory Order. This slide, in these final slides, I would like to discuss the progress we have made to-date on our plant's fulfilled the Confirmatory Order requirements established on March 8th, 2004.

In general, the order requires annual independent assessments in five areas for the next five years. The

order requires that we provide the NRC with a written plan 90 days prior to each assessment that identifies the scope and depth of the assessment and the qualifications of the assessors we choose for those assessments.

The order also requires that we provide an assessment report within 45 days of the assessment documenting the results of the action assessment; and action plans that we've identified for the areas for improvement that come from those assessments.

Separate from the annual assessments, the order requires that we perform a visual bare metal examination of the reactor vessel upper and lower head penetrations and control rod drive mechanism flanges during the Mid-Cycle Outage. That work is currently being scoped into our plan Mid-Cycle Outage that will begin in mid January of 2005.

Next slide, please.

We are developing a project plan for managing and carrying out the requirements of the Confirmatory Order Assessments. I am the Project Manager of this plan and Fred von Ahn, FENOC Vice President of Oversight, is the executive sponsor for the plan.

We are developing a business practice to manage the entire process for these assessments from the beginning to the end. The business practice has two primary objectives. First, to ensure that we have full compliance

with the Confirmatory Order; and the second is to enhance our own internal self-assessment capabilities as we gain lessons learned from these independent assessments, both in their findings and also techniques and methods that they use for those assessments. So, we want to learn and gain experience and improve our self-assessment capability through this process.

We have developed a tentative organizational structure for the assessment plans. This organization establishes, has a team approach for the individual assessments. The assessment teams will typically include two independent consultants, one of which will be the team lead, and two independent nonFENOC nuclear utility experts in the, experts in the assessment areas.

To support these teams, our plan is also to, and also be our second objective in improving our internal self-assessment capability, we plan to have support teams which will not participate directly in the assessments, but will provide assistance and administrative support to the assessment teams. They will also be responsible for initiating and facilitating development of the action plans for any areas identified as needing improvement from these assessments, which is also a required component of the assessment report that we must submit to the NRC within 45 days following the assessment.

MS. LIPA: So, Clark, are you saying you're going to have the two independent consultants and two independent utility folks on each team ~~or~~ on each of the four assessments or is it going to be the same team that does all the four assessments?

MR. PRICE: It will likely be different teams for each assessment.

MS. LIPA: Thank you.

MR. PRICE: As we've been developing our plan on assessment organization, we're also looking at adding an in-house assessment integrator to the team. Like the support team, this assessment integrator would be more of an indirect participant in the assessments, but their main responsibility would be to look at cross-cutting issues and themes that may come out of the individual assessments, so that we have somebody that's participating in each one who can see that identified and will get that identified and get that to our Corrective Action Program also to address. Somewhat similar what we did with Safety Conscious Work Environment Survey where we looked at cross-cutting issues that came out of those.

So, we think that would be a value added to this process and we'll gain some more insight looking at opportunities there in some cross-cutting areas.

Our tentative schedule for performing the 2004

Independent Assessments in four assessments areas is shown here. Our goal is to complete the final assessment this year in November.

We have the first assessment with Operations scheduled in August, which is fairly aggressive. Because of the 90 day plant cycle we have, we are working hard to get the plant, get the team identified, get our business practice through, and get the plan, this initial plan submitted to NRC for review.

In conclusion, I believe we are developing a comprehensive plan that meets the requirements established by the Confirmatory Order. I also believe we have a good sound Operational Improvement Plan, a process that would continue to further strengthen and anchor the many improvements and actions that we have made over the last two years and ensure the safety -- continued safe, reliable operation of the plant.

That concludes my presentation. I'll turn it over to Lew for any closing remarks.

MR. MYERS: Thank you.

MR. GROBE: Before you close, Lew, do we have any questions? Okay.

MR. RULAND: I have one question, Clark. You said that the schedule to prepare for the Operations' Performance Independent Assessment was

aggressive. Could you elaborate a little further? I mean, clearly the NRC, it's in the NRC's interest and yours to get the best possible plan, and doubtless assessment.

Is there some doubt in your mind that you're not going, you're going to have a problem coming up with a plan in sufficient time, or how do you characterize that?

MR. PRICE: No, it's just with the, with an August assessment and the 90 days, it gets us into the May time frame, middle of May time frame, where we have to have that plan developed and sent to you. So, we have a lot of work to do between now and that time to get a good assessment plan put together. That was my only comment.

MR. RULAND: I understand, but you're confident that you're going to have a plan that you think is going to be acceptable to you and of course we're going to get a chance to look at.

MR. PRICE: Yes, we do. These are obviously target dates for these. Our commitment is to have them completed before the end of the year. Our desire is to get them spread out over a period of time so we can manage them well, not only manage the assessments, but the results from those assessments, and do it in an organized managed fashion.

To do that, we would like to have one a month

starting in August, and to be done in November, so we have a little cushion at the end of the year in case something would pervade that schedule, but also allow us to get the final report submitted then also before the end of the year.

MR. RULAND: Great, thank you.

MR. MYERS: Thank you. We have three desired outcomes today. One was to discuss the steps that we've taken to return the plant to service in a safe, conservative manner. I provided our assessment to-date of our performance and I think that's somewhere in the good range. We did see some areas for improvement. I shared those with you.

We also wanted to provide you with a timeline. I think we gave you a detailed timeline of the startup activities since the last public meeting, and we wanted to show you the areas that we think we've accomplished well and some of the challenges that we have. We did that.

Then, finally, Clark provided you, I think, with an update of where we're going with Confirmatory Action Letter, the Operational Improvement Plan post-restart here. And, in general, if you go look at our overall vision that we have, it's people providing a strong safety focus, a strong safety focus; and we believe that delivers top fleet operator performance.

My message to this team is, we know the party is not over. We've got more work to do. Our biggest challenge right now is not getting ~~complaisant~~ complacent; and we, as a management team, are determined not to let that happen. And that's all I have, thank you.

MR. GROBE: Okay. Thanks, Lew. I wanted to cover two topics at the end here.

First is my impressions of the panel, this panel, the NRC Oversight Panel, where we're going; and, secondly, to talk a little about future meetings. Jim Caldwell has made it clear to me that this panel will provide oversight assessment and guidance for NRC activities for at least four quarters. That he would not anticipate any relaxation of the panel's oversight until it's really into the Mid-Cycle Outage next year.

So, the panel will be providing regular assessment and guidance for NRC activities until such point in time that it concludes that Davis-Besse can be returned to the routine oversight process.

As far as future meetings, Christine and Bill are slipping notes back and forth as far as structure on a regular basis. I'm thinking it's appropriate that we could get to a very structured and regular agenda. I don't see any need for any significant deviations on the agenda.

I thought the assessment of facility performance, Mark,

was very insightful and I think each time we meet we would like to hear your assessment of facility performance. As Christine mentioned, I think presentation of performance on how your monthly performance of the plant is going.

I think the status and results of improvement initiatives, and the compliance with the order would be an appropriate thing every time we meet. And, I think also the results of any other outside assessments. You mentioned three outside activities that you were, either had conducted or were preparing for during this presentation. I think hearing the outcomes of those assessments will be useful.

And then also I am always interested in hearing your Quality Assessment Organization's perspectives on facility performance. So, if we could include that on a regular basis, I think that would be helpful.

Are there any other thoughts on content for these meetings going forward?

MR. RULAND: I just have one comment, Jack. The Mid-Cycle Outage, of course, was part of the Confirmatory Order. And as you, as we get closer, I'll be interested in preparations you're making preparing for that outage. It will touch on not only your inspection plans, but I would be interested in, well, in your Reactor Coolant System Integrity Inspection Plans, but also the

Steam Generator ~~Two~~ Tube Inspections.

As you know, the NRC issued a license amendment in this area, and I know I and possibly the public are interested in the Steam Generator ~~Two~~ Tube Inspection.

MR. GROBE: Thanks, Bill.

As Christine indicated, tentatively we have set aside May 11 for the next meeting. And we need to finalize that date and then finalize location and we'll be getting that out to the public as soon as we can.

I anticipate that these meetings will continue on a fairly regular basis, but I also anticipate planned activities should get to the point where they're fairly routine sometime in the future. We may be extending the time period between these meetings, depending on what's going on on-site and on the public interest. We'll just kind of make that decision as things progress.

Any other thoughts or comments before we adjourn?

Any other comments, Lew?

MR. MYERS: No.

MR. GROBE: Okay. We stand adjourned for the first half of this meeting.

MS. LIPA: Right. We'll take a ten minute break and then we'll be available for public comments and questions. So, I have 5 until 3. That will be at 3:05. Thank you.

(Off the record.)

MS. LIPA: Okay. We're ready for public comments or questions. If anybody has a question for us or wants to make a comment for the record. And, there is a sign-in sheet and a microphone staged at the podium. So, feel free to come on up.

In case somebody is thinking about whether they have a question or not, I want to say tonight at 6:00 we're going to have another meeting here. That will just be the NRC talking, and it would be to summarize what we talked about during the business portion of the meeting, and also be available to answer comments and questions.

Does anybody have any comments or questions for us now?

Okay. Well, the meeting is adjourned then. Thank you.

(Off the record.)

CERTIFICATE

I, Marie B. Fresch, Registered Merit Reporter and Notary Public in and for the State of Ohio, duly commissioned and qualified therein, do hereby certify that the foregoing is a true and correct transcript of the proceedings as taken by me and that I was present during all of said proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Norwalk, Ohio, on this 11th day of April, 2004.

Marie B. Fresch, RMR

NOTARY PUBLIC, STATE OF OHIO
My Commission Expires 10-10-08.