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

Meeting held on Tuesday, July 13, 2004, at
6:30 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.

PANEL MEMBERS PRESENT:

U. S. NUCLEAR REGULATORY COMMISSION

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

FIRST ENERGY NUCLEAR OPERATING COMPANY

Mark Bezilla, Vice President
Barry Allen, Plant Manager
Ralph Hansen, VP Nuclear Oversight
Kevin Ostrowski, Manager-Plant Operations

1 MS. LIPA: Good afternoon.
2 We'll go ahead and get started. I would like to welcome
3 FirstEnergy and members of the public for accommodating
4 this meeting. This is a public meeting between the NRC's
5 Davis-Besse Oversight Panel and FirstEnergy Nuclear
6 Operating Company.

7 My name is Christine Lipa, I'm a Branch Chief in
8 NRC's Region III Office located near Chicago, and I'm
9 responsible for NRC's inspection program at Davis-Besse.

10 The next slide, we'll talk about briefly the
11 purposes of the meeting; and basically those purposes are
12 to keep the public informed of the ongoing NRC activities,
13 discuss with the Licensee performance and other activities,
14 and then, of course, to be available at the end of the
15 business portion of the meeting for public questions or
16 comments.

17 Can you guys hear me okay in the back of the room?
18 Okay. Thank you.

19 Okay. So, the next slide is the agenda. And we'll
20 start off with introductions and opening remarks. I'll
21 talk about some recent NRC activities and some upcoming NRC
22 activities. I'll turn it over to the Licensee for
23 discussion of their part of the presentation for today.
24 And then we'll adjourn the business portion of the meeting
25 and we'll take a break, but then we will be available for

1 public comments and questions before we adjourn the
2 meeting.

3 So, let me start with introductions over here on the
4 NRC side of the table today. On the far left is Jon
5 Hopkins. He's the Project Manager for Davis-Besse. He's
6 located in headquarters, in Rockville, Maryland.

7 Next to John is Scott Thomas. Scott is the Senior
8 Resident Inspector at the Davis-Besse plant.

9 Next to Scott is Jack Grobe. Jack is a Senior
10 Manager in the Region III Office. He's the Chairman of the
11 Davis-Besse Oversight Panel.

12 To my right is Jack Rutkowski. He's a Resident
13 Inspector located at the Davis-Besse plant.

14 We also have some other folks from the NRC in the
15 audience. We have Alex Garmoe. He's a Nuclear Safety
16 Professional. He's new in my branch in the Region III
17 Office.

18 Richard Smith. He's also new in my branch in Region
19 III Office. Richard is a Reactor Engineer.

20 We have Nancy Keller out in the foyer with the
21 handouts and greeting you all when you came in.

22 We have Viktoria Mitlyng. She's our Public Affairs
23 Officer.

24 And I think that's about it for today.

25 Would you like to introduce your folks, Mark?

1 MR. BEZILLA: Thank you, Christine.

2 To my right is Barry Allen, my Plant Manager.

3 To my far left is Kevin Ostrowski, my Operations

4 Manager.

5 To immediate left is Ralph Hansen, our Vice

6 President of Oversight.

7 And I'm Mark Bezilla, the Site Vice President.

8 MS. LIPA: Thank you. And I

9 know we have some public officials in the room. Would you

10 like the stand up and introduce yourselves.

11 MR. KOEBEL: Carl Koebel,

12 County Commissioner.

13 MR. ARNDT: Steve Arndt,

14 County Commissioner.

15 MR. PAPCUN: John Papcun,

16 County Commissioner.

17 MR. WITT: Jere Witt, County

18 Administrator.

19 MS. LIPA: Great. Thank

20 you.

21 Okay. As I mentioned before, this is obviously open

22 to public observation, but it is a business meeting between

23 the NRC and FirstEnergy, so before we adjourn today's

24 meeting there will be time for comments and questions for

25 the NRC folks, and we'll be available for anybody who has

1 questions.

2 I wanted to talk a little bit about some handouts
3 that you saw when you came in. We have a public meeting
4 feedback form that we've been using to get feedback on how
5 this meeting goes. So, if you want to make comments, just
6 fill this out and send it back to us.

7 There is one-page two-sided NRC update. This has
8 kind of replaced the monthly newsletter we were using
9 before restart. It has a lot of good information on it, as
10 well as the bottom of the second page, information on how
11 you can contact the NRC if you have comments or questions.
12 Also, the website where we have a lot of documents that are
13 publicly available.

14 There is slides that I'm going through for the NRC
15 portion of the meeting and then also the FirstEnergy slides
16 are available.

17 Okay, we're having this meeting transcribed today
18 by Marie Fresch is here. We'll have a recording of this
19 meeting and it will be available on the Web site about
20 three or four weeks after today's meeting. So, it would be
21 important to use the speakers so we can hear what's being
22 discussed.

23 And I would like to go to the next slide, which is
24 recent NRC activities.

25 The government accounting office was requested by

1 several congressional representatives to review the NRC
2 activities prior to the discovery of the vessel head
3 degradation, and that report was issued on May 18th. And
4 the Chairman of the NRC has also responded and those
5 documents should be available on the website.

6 The next item, on May 20, the NRC commissioners
7 spoke at a hearing that was held by the Senate Environment
8 and Public Works Subcommittee; and a transcript of that
9 hearing should also be publicly available.

10 The third item is there was a hearing request
11 submitted in March. That was after the restart approval
12 and the Confirmatory Order that was issued as part of the
13 restart. There was a Hearing Petition submitted on those
14 documents and that was under review of the Atomic Safety
15 Licensing Board and was denied recently. And the
16 petitioners have appealed that decision and that is with
17 the Commission at this point in time.

18 The next bullet is, there was a site visit by our
19 new Deputy Executive Director for Operations. His name is
20 Ellis Merschhoff. He was out at the site on June 16th
21 touring the facility and meeting with the Resident
22 Inspectors.

23 And then the next bullet is, we recently issued a
24 Resident Inspection Report. That's publicly available.

25 The next slide shows some other recent NRC

1 activities. We continue to have a lot of interest from
2 Congressional Representatives. The first two bullets, on
3 June 22nd and June 24th, members of the Davis-Besse
4 Oversight Panel met with some of the staffs for those
5 Representatives on the Hill.

6 The third visit was a lead, one of our Lead
7 Inspectors for the Management/Human Performance area was on
8 site on June 23rd to attend a meeting that was held to
9 discuss performance in that area.

10 On June 30, the Resident Inspectors held their
11 routine Exit Meeting with Licensee management.

12 And then on July 2nd, there was a team of five or
13 six member team from the Region III Office on site looking
14 at modifications, commitments in the engineering area and
15 safety evaluations. And that report is due out in mid
16 August.

17 Some upcoming NRC activities. There will be a
18 Triennial Fire Protection Inspection later this summer.
19 There is, that's a large inspection, a team inspection to
20 look at fire protection systems at Davis-Besse.

21 The second item is part of the Confirmatory Order
22 that I mentioned earlier that we issued, along with the
23 Restart Approval documents, requires FirstEnergy to hold
24 four separate comprehensive independent assessments in each
25 of the four areas; Operations, Corrective Actions,

1 Engineering and Safety Culture. And the way those
2 independent assessments work is the Licensee is required to
3 submit to us 90 days ahead of time their plan for that
4 assessment and the people that will be on the assessment
5 team. Those are planned for starting in August, one a
6 month for the rest of the year. And two of the plans have
7 already been submitted and those are under review by the
8 lead inspectors.

9 Then, finally, one of the leads for the Corrective--
10 the Management and Human Performance area will be on site
11 the week of July 19th with his team to look at
12 effectiveness of actions that have been taken in the
13 Management and Human Performance area. That's Geoff Wright
14 and his team.

15 So, those are the main points I wanted to cover.

16 Any other discussion from the NRC folks at the table
17 here?

18 Okay, with that, I'll turn it over to you, Mark.

19 MR. BEZILLA: Thank you, Christine.

20 Before I get started, I would just like to introduce
21 Lew Meyers, FENOC's Chief Operating Officer. He just came
22 in, so I would introduce Lew.

23 Next slide, please.

24 Our Desired Outcomes for this evening are to
25 demonstrate that Davis-Besse's operations continue to be

1 safe and conservative; we would like to provide you with an
2 overview of our performance since the last public meeting;
3 briefly overview the new FENOC fleet organization; and
4 status you on our improvement initiatives and Confirmatory
5 Order activities.

6 Next slide, please.

7 Barry will start things off with an Overview of
8 Plant Performance. He will then move into Improvement
9 Initiatives, Performance, utilizing information from some
10 of our performance indicators; and then discuss our
11 upcoming Independent Assessments.

12 I will then spend a few minutes providing
13 information and insights from a number of recent Assessment
14 Activities.

15 We will have Kevin Ostrowski spend some time on
16 discussing positive areas and areas for continued focus in
17 Operations. And we wanted to spend a few minutes in this
18 meeting in this area, because we'll be conducting our
19 Independent Assessment of Operations in accordance with the
20 Confirmatory Order and our Implementation Plan in August.
21 And then we thought we would then discuss those results at
22 a future, maybe the next public meeting.

23 I will wrap up the Assessment portion of the
24 presentation, and then talk briefly about the Mid-Cycle
25 Outage.

1 Then, I'll turn it over to Ralph Hansen who will
2 provide oversight's perspective, before wrapping up our
3 presentation.

4 With that, I would like to turn it over to Barry.

5 MR. ALLEN: Thank you, Mark.

6 The plant status for Davis-Besse; the unit is at one
7 hundred percent power, generating approximately 925
8 megawatts electric. The station is at 107 continuous days
9 of service, and we have 22 continuous Human Performance
10 success days.

11 MS. LIPA: Can you talk a
12 little about what that last bullet means?

13 (sound adjustment)

14 MR. ALLEN: Let me cover that
15 again. The plant is currently at one hundred percent
16 power. We're at approximately 925 megawatts electric
17 generation. Currently at 107 continuous days of service.
18 And we have 22 Human Performance success days.

19 I believe you had a question about that. I've
20 actually got that in the presentation, and I'll cover some
21 of that later, Christine, if you would like.

22 MS. LIPA: Okay.

23 MR. ALLEN: Some of the
24 noteworthy items at Davis-Besse that we would like to cover
25 relate to our plant performance since the last public

1 meeting. In accordance with Coast Guard and in cooperation
2 with them, we placed buoy markers in Lake Erie. That
3 provides a permanent waterside security zone visible to
4 boaters on the lake.

5 Also on May 19th, we performed a monthly assessment
6 of our Safety Culture, and have those results in discussion
7 later in the presentation.

8 May 19th, we had a floor plug which was not
9 reinstalled in a grapple hole, a ~~6x6~~ 6"x6" hole in the floor;
10 the result of some maintenance activities. We did have a
11 employee turn and stepped into that depression, slip down.
12 And that was something that we took and considered for a
13 site clock reset.

14 So, it's not our desire that things happen, but
15 occasionally things do. And then we look to respond
16 appropriately and aggressively where required. And site
17 clock reset is one of those tools we utilize, because it
18 allows us to communicate quickly and broadly on whatever
19 has occurred, and then allows us to, it is a good tool to
20 share those lessons with the station.

21 So, we use the site clock reset for what we think is
22 an appropriate level and that allows us to focus on
23 preventative efforts in a lower level to help us prevent
24 events, is what we do with those clock resets.

25 Also in May, we successfully completed an Emergency

1 Plan Drill. And Mark has some of the particular
2 information we would like to share on that drill later in
3 the presentation.

4 Additional items. On May 20th, the American Society
5 of Mechanical Engineers, the National Board authorized our
6 nuclear repair stamp and also repair stamp, which was a big
7 milestone for us. And we have a few more particulars,
8 we'll share on that later.

9 Also, in May we had our monthly performance review
10 of our performance indicators and that's where the
11 Executive Leadership Team coming independently to review
12 our station for four months, challenges our performance and
13 understanding relationships. So, we had a monthly meeting
14 on May 20th.

15 On May 21, we had the Ohio Environmental Protection
16 Agency come perform their annual inspection of
17 Davis-Besse. There were no violations identified by the
18 annual inspection. I had a recommendation we'll take a
19 look at, but overall very pleased with the results of the
20 annual EPA inspection.

21 Then we had the opportunity on May 25th to provide a
22 station tour for one of the Energy Aides to one of our
23 State Senators at their request.

24 Early in June, I had additional officials come in
25 from the State of Ohio in the areas of Security and

1 Emergency Preparedness. Those individuals got a tour of
2 the station. You can see that photo there, part of that
3 tour.

4 And we were very pleased early in June to find out
5 that 8 of 8 license candidates who stood for NRC exams
6 successfully passed their examinations. So, that will give
7 us essentially five more Senior Reactor Operators coming on
8 board and three new Reactor Operator licenses. So, we're
9 very pleased with a hundred percent success rate on those
10 candidates.

11 June 5th, we had an occurrence of utilizing
12 incorrect procedure, just a revision. We actually used a
13 procedure that was written for Modes 4 and 5, ~~or vice the one~~ for Modes
14 1, 2, 3 and 4. And, again, we took the opportunity and
15 reset our station clock based on that, so we could assure
16 we had discussions and Lessons Learned for all the stations
17 there.

18 And I believe, Christine, you mentioned your
19 presentation on June 16th, we had the Deputy Executive
20 Director for Reactor Programs, Mr. Ellis Merschoff, visit
21 the Davis-Besse station and met with some of the Leadership
22 Team on the site.

23 On June 20th, performed basically a safety valve
24 testing. We utilized a set pressure verification device to
25 do that test; and we had an occasion where we input an

1 incorrect valve factor in the software. So, you input,
2 depending on the valve you're testing, a valve factor in
3 the software program; we did not perform an adequate peer
4 check to catch that prior to implementation. We caught
5 that during the performance of the testing. And, again,
6 we'll use that as a Lessons Learned for the station.

7 In addition to the eight candidates I mentioned who
8 just recently passed their NRC exams on June 23rd, we had
9 our 2005 class take their Generic Fundamental Examination.
10 And of those 17 candidates, all 17 passed the NRC Generic
11 Fundamental Examination. So, we're very pleased with the
12 candidates we had coming through the SRO, RO at this
13 point.

14 On June 23rd, we conducted a Safety Conscious Work
15 Environment Follow-up Assessment. Mark will provide some
16 specifics on that assessment later in the presentation.

17 And on July 1st, we did enter an Off-Normal
18 Procedure. And this was where we had isolated
19 impurities, demineralized or filtered for replacement;
20 and we did not allow a great deal of time between that
21 isolation and when maintenance went to work to replace that
22 filter.

23 So, we isolated that filter on night shift. Day
24 shift got right on the job, went to replace the filter,
25 remove the filter, put it in the transfer ~~cast~~ cask, and then

1 the maintenance personnel left the area.

2 Subsequent to that, we did have a radiation element
3 in the radiation -- emergency ventilation system detect
4 some very low levels of iodine which was coming out of the
5 storage container off of the filter, which did cause an
6 alarm; and did cause us, did cause the ventilation to be
7 secured; and we aligned our emergency ventilation system,
8 which is filtered.

9 And per our procedures, Operations crew responded
10 appropriately on our procedures; ensured people were out of
11 the area, and allowed us to go back and do a survey to
12 understand exactly what was going on.

13 And, so, we looked at how the event unfolded. Both
14 the equipment and the personnel involved responded as
15 expected. There were no internal contaminations. We did
16 whole body counts on individuals involved. There was no
17 contamination deposited in the building. And in fact, the
18 added effluent was like ~~0.00005 milligram~~ 0.0005 millirem. So, very, very
19 low levels.

20 We did take a look at that, to see what we could
21 learn from that. And, probably the most significant
22 learning we got from that is, when isolating a filter, we
23 should probably allow at least 72 hours for the short-lived
24 isotopes to decay, which we typically had done that in the
25 past, just more through happenstance of good planning.

1 So, we modified our administrative controls to
2 ensure when we isolate the filter, we allow shorten the
3 isotopes to have a relatively short half life before we go
4 to proceed next time to transfer the filter to a transfer
5 pit.

6 MR. HOPKINS: Barry, have you
7 looked to see if there are any other procedures that you
8 need to do a review for that?

9 MR. ALLEN: John, good
10 question. John's question was, have we looked at similar
11 filters to see if we have similar Lessons Learned that we
12 can share; is that correct?

13 MR. HOPKINS: Yes.

14 MR. ALLEN: There are other
15 filters, and probably the most common place to catch that
16 right at the start is the RWP. So, the first thing we did
17 was the radiation work permit for changing filters was
18 suspended until we went through and had a chance to capture
19 those Lessons Learned.

20 And, in fact, we had discussions this morning about
21 additional filters that we were looking to change in the
22 station; and then scheduled ones, they've been isolated for
23 a week or two already to meet the 72 hour threshold. So,
24 we do have those filters. So, the added controls either in
25 the procedures, the work documents, and/or the radiation

1 work permit, is what we utilized.

2 MR. HOPKINS: Okay. Thank you.

3 MS. LIPA: Barry, on the
4 filter, did this ever happen before when replacing filters
5 caused those radiation elements to alarm?

6 MR. ALLEN: Actually,
7 Christine, we've changed this filter out twice during the
8 cycle, I believe, during this year, and did not have this
9 occurrence. So, in those cases, looking back, what we saw
10 was, we isolated it for maintenance; not in a hurry,
11 because it's not a time critical evolution. So, we had
12 isolated it; at some point later come in and actually
13 swapped the filter out.

14 Again, we weren't driven by an undue sense of
15 urgency. It was tagged out. Maintenance was prepared to
16 change the filter out the next morning in this case. So,
17 we didn't have controls in place to prevent that, because
18 we had not really had this occurrence on this filter occur
19 before.

20 MS. LIPA: So, you're not
21 aware of any previous instances where this happened?

22 MR. ALLEN: No, ma'am.

23 Also, on July 2nd, we did have the NRC modification
24 of 50.59 Inspection Exit. We got a very thorough
25 inspection there in those areas; and the inspection report

1 is not yet issued. We are discussing two outstanding items
 2 and one potential on-site violation, we're still working
 3 with your organization for that additional information for
 4 that inspection report.

5 MS. LIPA: Barry, back on
 6 the first item, the incorrect valve factor; which activity
 7 was that? Which valve was that or what was that activity
 8 where you had the wrong valve factor?

9 MR. ALLEN: The incorrect
 10 valve, that was a main steam safety valve set point test,
 11 Christine.

12 MS. LIPA: You found
 13 that error just through normal review and approval process
 14 of looking through results?

15 MR. ALLEN: No, we discovered
 16 it during field implementation, during performing the test,
 17 Christine.

18 MS. LIPA: Thank you.

19 MR. ALLEN: Okay. Next slide,
 20 please.

21 In conclusion, Davis-Besse operations continue to be
 22 safe and conservative.

23 Unless you have more questions, I will turn the
 24 presentation back to Mr. Bezilla.

25 MS. LIPA: Yeah, one more

1 question. Back on the main steam safety valve testing.
 2 Had any of the valves been returned to service and declared
 3 operable before you found this error or did it happen right
 4 in the middle of the testing?

5 MR. ALLEN: We had adjusted
 6 one valve, Christine, and gone to a second valve. And in
 7 the process of adjusting the second valve, stopped,
 8 something does not appear to be right. So, therefore, we
 9 had two valves; one we were under adjustment, one we had
 10 just finished checking the set point on. So, for a limited
 11 time there, we were dealing with that issue on two valves.

12 MS. LIPA: So, for the first
 13 valve, had that already been through the whole testing
 14 review and approval or was it in the intermediate steps
 15 when you went on to the second valve?

16 MR. ALLEN: It was complete,
 17 because any time that you're doing main steam safety valve
 18 testing, you complete your performance on one valve before
 19 you proceed to the next valve, so we were complete with the
 20 first valve.

21 MS. LIPA: So, none of the
 22 steps on the first activity found the error; it wasn't
 23 until you went to the second valve that you found the
 24 error.

25 MR. ALLEN: That's correct.

1 MS. LIPA: Thank you.

2 MR. BEZILLA: Okay, Christine,
3 are you prepared to proceed?

4 MS. LIPA: Yes.

5 MR. BEZILLA: Okay. Before I
6 move on to the details of our FENOC Fleet Standard
7 Organization, just let me spend a minute on the what, the
8 why, and the how.

9 First the what. The reorganization of FENOC to the
10 Fleet Standard Organization, if you will, we believe is an
11 enabler to allow us to better focus on fleet wide
12 performance, that's going to allow us to have attention on
13 potential safety issues, we'll better standardize to the
14 industry best practices, and we'll utilize a heavy
15 benchmarking to make this all happen.

16 Next the why. With a common organization or
17 structure, we'll be able to improve efficiency and
18 effectiveness through a creation and continued creation of
19 common processes. We will better be able to facilitate
20 personnel development, and we will focus on getting the
21 right people with the right skills set in the right place.

22 And, third the how. We're using the FirstEnergy
23 selection process. This is a proven process used by other
24 sectors of FirstEnergy. We'll come back to it at another
25 time. We'll also utilize the Safety Conscious Work Review

1 Team at the site. We've chosen the directors, managers,
2 and superintendents; and we're currently in the process of
3 selecting supervisors and individual contributors.

4 Our plan has us being ready to implement the new
5 organization by the end of August this year. Now, realize,
6 some of the transitions, meaning personnel transitions,
7 into the new roles will occur earlier; some may occur a
8 little bit later, but in total we should be ready to
9 implement before September of this year.

10 Okay. Our next slide, please.

11 The first, I got two slides, these are fairly high
12 level generic. The first one is on the FENOC
13 Organization. And you can see, we have the FirstEnergy
14 Chairman and CEO, that's Mr. Alexander. We have our
15 President and Chief Nuclear Officer, that's Gary Leidich.
16 Reporting to Gary directly is Vice President of Quality
17 Assurance Oversight, which is Mr. Ralph Hansen.

18 From a Fleet perspective, we have a Senior Vice
19 President of Engineering and Services, that's Joe Hagan.
20 And Joe's role has expanded a little bit. We have a
21 Regulatory Affairs group, we've got Security, and we've
22 also got Saxton/TMI-2 which are part of the FENOC
23 organization. So, they're all important to Joe Hagan.

24 Then, we have our Chief Operating Officer, Lew
25 Myers. And reporting to Lew are the three Vice Presidents;

1 Davis-Besse, Beaver Valley and Perry respectively. And
2 then to Gary, he also has some direct reports. We have a
3 Business Director, a Fleet Assessment Manager and
4 Organizational Effectiveness Manager reporting to Gary.

5 And what we did, we did benchmarking of other Fleets
6 through the country; chose this organization, which is
7 close to a couple of the other Fleets that we looked at.
8 And as I said before, I think this is going to help us
9 moving forward from a safety perspective and efficiency
10 perspective and being able to achieve excellence.

11 MR. HOPKINS: Let me ask you,
12 Mark, could you give me a little detail like what is
13 Operations Support going to be doing?

14 MR. BEZILLA: In Operations
15 Support -- the question was, what is Operations Support
16 going to be doing from a Fleet perspective?

17 In Operations Support, what we have there, we have
18 various program managers. We have like an Ops Program
19 Manager, a Maintenance Program Manager, a Work Management
20 Program Manager, an Outage Programs Manager, and others.
21 Those are individuals, a number of those will be brought in
22 from the outside that have, I'll say, the big, the good
23 plants, the performing plants; and they will help us do
24 benchmarking and implement the best as far as standards go,
25 as far as processes go within the Fleet.

1 MR. HOPKINS: Okay.

2 MR. BEZILLA: So, as an example,
3 the Ops Program Manager would be an equivalent to like
4 Kevin Ostrowski or Perry or Beaver Valley Ops Manager, such
5 that we could rotate those individuals through for
6 personnel growth, development, et cetera. Does that
7 answer?

8 MR. HOPKINS: That answers my
9 question. Thank you.

10 MR. BEZILLA: Next slide.

11 This is the standard site organization. And what we
12 have at the sites; we have Vice President. Reporting to
13 the Vice President directly is a Director of Site
14 Operations. For Davis-Besse, that will be Barry Allen.

15 And, we have Director of Performance Improvement,
16 which will be Bob Schrauder. You guys I believe are
17 familiar with Bob Schrauder.

18 You can see Barry's span of control has expanded in
19 the new world, in the new organization. He'll have
20 Maintenance reporting to him, Radiological Protection,
21 Chemistry, On-Line Work Management, Outage Work Management
22 and Operations.

23 Reporting to Mr. Schrauder under our Performance
24 Improvement, we'll have Training, Regulatory Compliance,
25 and Special Projects.

1 Now, additionally, or reporting indirectly to the
2 Vice President at the sites, would be Director of
3 Engineering, and Manager of Site Protection, which is our
4 Security Manager.

5 Jack and Christine, we just wanted to portray this.
6 At the next public meeting, we can go into a little more
7 detail, we'll have additional names, et cetera. And we'll
8 cover that at the next meeting, but I just wanted to let
9 you know this was on the horizon and we have efforts in
10 place to put this in place.

11 When I talk about the Safety Conscious Work
12 Environment Review Teams report a little bit later, I'll
13 talk a little more about the organization and some of the
14 cautions they provided to us as far as implementation of
15 the organization.

16 MS. LIPA: So, is this the
17 organization you plan to implement in August?

18 MR. BEZILLA: That's correct.

19 MS. LIPA: And we'll talk
20 names and experience levels at that meeting?

21 MR. BEZILLA: At the next public
22 meeting, that's correct.

23 Okay, with that, I would like to turn it back over
24 to Barry.

25 MR. ALLEN: Thank you, Mark.

1 This slide illustrates we continue to make progress
2 in accordance with the Integrated Restart Report. It's
3 going to catch us up to date on Appendix A commitments, of
4 which we closed 24 out of 38 commitments today. And then
5 in Cycle 14 Operational Improvement Plan, equivalents of 94
6 commitments; out of there, we completed 51. Those are
7 closed today. So, we continue to make progress there.

8 There is also six commitments in the Confirmatory
9 Order, and those related to assessments and inspections,
10 and we'll cover those later in the presentation also.

11 MR. HOPKINS: Just confirm; are
12 there any late commitments that have not been met?

13 MR. ALLEN: No, we've had no
14 late commitments.

15 MR. HOPKINS: Okay, thank you.

16 MR. BEZILLA: Jon, we have moved
17 a couple of those based on, I'll say, our observations and
18 assessments, so we've adjusted some of those dates, but we
19 met our current due dates.

20 MR. HOPKINS: Okay.

21 MR. ALLEN: Next slide,
22 please.

23 We've used this barrier slide before, but we like to
24 utilize this slide because this illustrates that we
25 continue to focus on improving our performance through

1 strengthening our individual programs, management and
2 oversight barriers. And those are the barriers we've
3 worked to strengthen to prevent events.

4 Next slide, please.

5 Within the area of Plant Operations, we've seen good
6 performance in the areas of Dose, Personnel Contamination
7 Events. Also Containment Health is in very good shape.
8 And also myself, Mark, and Kevin can attest to the health
9 of Containment because we've noted the Containment ~~increase~~ cleanliness
10 in the last month or so, because we personally inspected
11 Containment. So, we go out and look.

12 We've inspected pressurizer the best we could;
13 popping the valves off of the pressurizer in RCS were
14 successful. And done Containment tours. And one of the
15 things that we found through the first set of tours were
16 taken, was we've taken contamination smears throughout
17 containment. Containment is as clean today as it was when
18 we started the plant up coming out of the outage.

19 So, we're very pleased the state of Containment,
20 and the tightness of the Reactor Coolant System and how
21 clean we've been able to maintain that Containment Building
22 during the Operating cycle.

23 Also among work management, we still have a lot of
24 work to do on On-Line Work Management; however, we have
25 made some progress; for example, last week we had a 95

1 percent schedule adherence rate. So, we're pleased with
2 some of the results we're getting. Still a little rough
3 getting to that final good performance. And we're working
4 on those processes and behaviors to help us be even more
5 successful in the area of Work Management.

6 MR. THOMAS: Barry, is 95
7 percent typical or is that a high point or?

8 MR. ALLEN: Scott, when we
9 first transitioned from the refuel outage, end of outage,
10 to the on-line process, we were averaging at about 65
11 percent. What we're seeing is slow incremental steady
12 improvement, 90 to, I would say, 87 to 95 percent, is
13 probably what we've seen the last several times. 95
14 percent is about as high as we typically got.

15 MR. THOMAS: So, you're
16 confident it's sustainable.

17 MR. ALLEN: We're confident
18 it's sustainable. And also we've had to get some help to
19 track all the work as it goes through the Work Management
20 Process. So, we can see as work is planned, as it's
21 reviewed, as parts are obtained, as the work groups walk
22 those jobs down, and then as they're prepared to work, we
23 can see the status of those jobs as they move through that
24 work week, twelve-week process.

25 And, so, we think that's the key to being successful

1 earlier on and not having to work quite so hard at the end
2 to have good performance.

3 We continue to focus on site clock resets. Again,
4 that's a tool we utilize. Something happens, we're not
5 pleased with that; it's something we do consider. Again,
6 that does help us leverage that end, a greater learning for
7 the organization. And that attaches some significance from
8 a management prospectus to allow us to maximize our
9 opportunities learned from those occurrences.

10 Jack, we talked a little about preventative
11 maintenance back in the last meeting.

12 MR. THOMAS: Can we go back to
13 the site clock resets? How many this year?

14 MR. ALLEN: I've got that. We
15 had five clock resets this year.

16 MR. THOMAS: Do you see any
17 common causes or trends that are common between each of
18 those events or are they fairly separated instances?

19 MR. ALLEN: If you look at it
20 on the surface, Scott -- the question is, do they appear
21 related or do they appear to be individually unique events?

22 MR. THOMAS: Or have common
23 causes. I understand each one is an individual event, but
24 are there common causes that contribute to each of those?

25 MR. ALLEN: We've not seen

1 what I would say are common causes. One of the things that
2 we have observed, however, is that some of the events that
3 we would reclassify as a station is the site clock reset;
4 may be attributable to individual performance, on behalf of
5 an individual, attention to detail, something happened
6 during the individual performance of the task.

7 And so, like in the Operations area, for example, we
8 are backing it up. We're going to do a Collective
9 Significance Review of all those that don't appear to be
10 related, but we do want to do a Collective Significance on
11 those just to see if there are some common threads through
12 there.

13 So, we had the same question you have. And Kevin is
14 going to lead the effort, has already initiated an effort
15 to look at that in the Operations area, for example.

16 MR. GROBE: I'm going to lose
17 some money here, because Scott bet me I couldn't go the
18 whole meeting without saying something.

19 But I know that you initiated a Condition Report on
20 July 6th to conduct a Collective Significance Review in
21 order to look for common causes. I would be interested in
22 comprehensive dialogue at the next meeting, particularly
23 focusing on alignment of the first supervisors with your
24 expectations and what's going on at the first line
25 supervisor level that allows these things to occur.

1 MR. ALLEN: So, at the next
2 public meeting you would like us to have some comprehensive
3 dialogue particularly related to supervisors, back to the
4 July reset, and any other issues that we see related to the
5 collective significance.

6 MR. GROBE: I'm not sure what
7 the feedback is.

8 Particularly on the July Condition Report, the
9 comprehensive assessment of five different, recent past
10 station clock resets.

11 MR. ALLEN: I look forward to
12 that discussion.

13 MR. GROBE: Okay.

14 MR. ALLEN: Anything else
15 before I discuss Preventative Maintenance Backlog?

16 MR. GROBE: No.

17 MR. ALLEN: We discussed that
18 briefly at the last meeting and did not have any data with
19 me at that meeting, so I just wanted to give you a little
20 update on Preventative Maintenance Backlog.

21 In May, when we had the last public meeting, we were
22 talking about PM Backlog. I would like to help everyone
23 understand what that is. Those are PMs that as the outage
24 extended we were not able to perform those preventative
25 maintenance tasks, equipment was not in service, not

1 available, couldn't be run.

2 So, as the outage extended, that created a backlog
3 of PM activities. A lot of those PM activities have been
4 worked off; however, a number of those PM activities we had
5 to take a look at when we would reschedule those out, when
6 is the proper window when we have the resources to perform
7 those PM activities.

8 So, that backlog was approximately 176 PMs, the last
9 time we spoke. We had 176 PMs that had been evaluated and
10 deferred and gone through our deferral process, and
11 targeted at a new home in the future.

12 The number of PMs in that category as we reported
13 last week in our weekly morning meeting was, had gone from
14 176 to 103, so we're making progress there.

15 Jack, I believe you asked me how long we thought it
16 would take to work off that backlog. I had thought
17 probably running through the whole twelve-week process
18 would probably take us at least, say, three months or so.
19 We do have those targeted and laid out; and we would expect
20 that the 103 would be all worked off by the end of
21 November. We would expect to have that backlog worked
22 out.

23 MR. GROBE: I'm sorry, I
24 missed that. Could you say that again, please?

25 MR. ALLEN: The current

1 projection for working off the 103 remaining PM activities
2 which had been evaluated and deferred, we have that now
3 targeted and scheduled to be completed the end of
4 November.

5 MR. THOMAS: So, the 103 are
6 deferred PMs. What is the total PM backlog? Do you have a
7 time frame that those may be completed?

8 MR. ALLEN: Scott, if you want
9 to talk about a PM backlog; you never get rid of your PMs,
10 all right, because if they're not corrected or left to be
11 worked on later on, because as soon as I work on them, it
12 gets in my backlog again, because I'm going to work on it
13 again in a year or six months. So, when they're in the
14 cycle, they're scheduled; it's work. It's coming through
15 the Work Management Process, but it's just workload, right,
16 it's not backlog in a literal sense.

17 MR. THOMAS: So, you consider
18 your backlog as those PMs that have been deferred.

19 MR. ALLEN: It's that burden
20 of work that was pushed out by the delay in the restart
21 that just accumulated, because during the two years of the
22 outage, their due dates had come due, but that equipment
23 was not available to PM, to run, to put in service, all
24 those kinds of activities that you would do in a PM. So,
25 that amount of work then pushed out ahead of the refuel.

1 Once we got to restart, and then we got our
2 twelve-week processes going, then we look to see when are
3 the functional equipment group weeks planned to take
4 systems, trains, components and other -- and take equipment
5 out of service. So, when is the right time to perform
6 those PMs? That's what the schedule ought to be;
7 continuing to work that collection of PMs that were
8 evaluated and deferred off until that approaches.

9 So, once that work is gone, there is no PM backlog.
10 It's just normal PM routine activities at whatever period
11 they're scheduled to be performed.

12 MR. RUTKOWSKI: Barry, have you
13 been able to keep up with the PMs or have you had to defer
14 others that have come due?

15 MR. ALLEN: It's a challenge
16 for the organization to keep up with the PMs. Most of the
17 Maintenance shops are working primarily preventative
18 maintenance tasks. So, it's a significant resource load on
19 the shop.

20 On the ~~FEN~~ **FIN** team, the primary target is emergent
21 work, as you know, and those kinds of things to keep that
22 load off the shops, but we have been pretty successful on
23 working the PMs as they're due coming in.

24 We have another population we track. Where they're
25 scheduled within their normal grace period to work, but

1 they're scheduled a little later in that grace period than
2 we would like and we have to watch that. So, if we had
3 some emergent plant issues, had the deferred resource to
4 emergent issues, we may have some PM come up that we can't
5 work in the schedule, and we may have to evaluate those and
6 retarget for the next train one or train two work week.
7 But, by and large, we have been pretty successful.

8 MR. RUTKOWSKI: And roughly how
9 many PMs do you do in a year?

10 MR. ALLEN: Roughly how many
11 PMs do I do in a year? In a typical week, and this is
12 just last week, so I don't want to put a lot of confidence
13 in the number; we scheduled 38 preventative maintenance
14 tasks last week. So, the 35 to 40 per week range is pretty
15 typical, is what we see. Mark's math is approximately 2000
16 preventative maintenance activities.

17 MR. THOMAS: Do you have any
18 groups of preventative maintenance upcoming that would
19 challenge, be a significant challenge -- I should ask my
20 question better.

21 Is there any group of maintenance activities
22 upcoming in the next six months, twelve months, that will
23 significantly challenge you either to sheer numbers or
24 resources available to work them, challenge it from a
25 backlog perspective?

1 MR. ALLEN: Scott, I guess the
2 best way to answer your question is, since the last
3 meeting, the backlog we've gone from 176 to 103. So, we
4 see some significant effort being expended in improvement
5 to get that down to where it's smaller and smaller and a
6 more manageable population. If it was five hundred
7 preventative maintenance activities, I would be more
8 concerned and feel more challenged, but when we get down to
9 a hundred, it should be hopefully less than a hundred this
10 weekend because of the progress, it's getting down to a
11 smaller more manageable number.

12 MR. THOMAS: So, MOVs or AOVs
13 or breakers, that are done on a cyclic, every two years,
14 every three years, there is nothing upcoming that would
15 challenge you?

16 MR. ALLEN: Scott, not that
17 I'm aware of. Although, laying them out there in November,
18 the intent of that is, like, let's say I have MOV testing
19 on a particular system. Well, when does that system plan
20 to have a scheduled maintenance window down the road?
21 Well, if that's in the second week of October, we plan to
22 take out that train of service for instance, then we take
23 this breaker work, whatever the work is, in that PM
24 backlog, and assign it, tag it to that functional equipment
25 group work week.

1 So, you know, we don't, it's not so much I have so
2 many MOV, motor operated valve PMs or I have so many recent
3 inspect, or clean and lube, as much as we just look at what
4 is the right way from a safety perspective, because we want
5 to work off the preventative maintenance tasks. The key is
6 to ensure what's the right time to perform the activity.

7 And, so, we need to look at our scheduling process
8 to lay out when would those system windows be, and we put
9 that work in the windows, and go plan that in accordance
10 with its -- how it is at that time.

11 MS. LIPA: Are you saying you
12 actually have all 103 of those scheduled, an actual date
13 when the system will be ready to do the plan?

14 MR. ALLEN: Yeah, I have, I
15 would be glad to share current with you, if you like. I
16 have a little older historical data than the projection
17 going out. But the work, the On-Line Work Management
18 Process is really intended to do that, to be looking out on
19 a twelve-week process.

20 And so, the start of that is today; what are we
21 going to work twelve weeks from now. And, of course, the
22 windows are laid out through the entire cycle so we know
23 what our windows are for the entire cycle. And, then the
24 twelve-week process comes and takes that and refines those
25 activities and makes sure we are thoroughly prepared to go

1 execute them by the time we get to that date twelve weeks
2 later to execute that task.

3 MR. RUTKOWSKI: Barry, am I
4 correct, I think this is correct, you do look at your
5 resources and manload your schedules?

6 MR. ALLEN: Yes, we do. The
7 maintenance disciplines, the folks that manage the craft
8 resources provide the information to the planning and
9 scheduling organization. That's because the disciplines
10 know when they plan an outage, when folks have vacation;
11 they have all the resource information.

12 Then that's provided, and we go up to the
13 twelve-week process. You have to manage your resources
14 with the tasks that you have. So, we do manage that,
15 yeah.

16 MS. LIPA: Barry, can you
17 tell from our questions, the backlog is important to us.
18 And, it sounds like you were prepared today to talk about
19 preventative maintenance backlogs, but there is other
20 backlogs; I see on the next slide you talk about corrective
21 actions.

22 I was also looking at your commitment book for May;
23 Post Restart Cycle 14 commitments. And this is another
24 thing in my mind that's part of backlog. For operator
25 workarounds and for control room efficiencies, your own

1 performance indicators have shown those as red; January,
2 February, March, April, May.

3 So, I guess I'm wondering what your focus is on
4 improving this backlog, if it is a backlog for workarounds
5 and deficiencies, kind of a hold-back on. And I don't know
6 how many details you have today. Perhaps this could be a
7 topic for the next meeting.

8 MR. ALLEN: Christine, we'll
9 be glad to go into that next time. An example, just maybe
10 a quick comment on operator workarounds, for instance.

11 There is a level one operator workarounds, which
12 are, really if you look across the industry, that's what
13 you really go to any station and see the progress of
14 operator workarounds.

15 And, we have no level one operator workarounds. So,
16 there is nothing in an abnormal event or emergency
17 operating procedure would require an operator to take
18 action. So, we have that magnitude. We do have some level
19 two operator workarounds, as we define them currently.
20 Substations define those as operator burden on those
21 things. Those are more routine tasks that operators will
22 perform just on daily rounds and those kinds of things.
23 But we'll be glad to provide you some more information.

24 MS. LIPA: Do you have any
25 more information on the control room deficiencies today,

1 because that's been in the red month after month also?

2 MR. ALLEN: I don't know that

3 I have that with me, Christine.

4 MS. LIPA: Okay. Let's talk

5 about it next time. And, you know, assuming backlog and

6 backlog management, you know you need to prioritize what's

7 most important. We're just kind of looking at which ones

8 that were maybe left off on the side for awhile when you're

9 focusing on other things. As long as we understand what

10 you're doing on backlog, and how you're prioritizing, so we

11 can understand it.

12 MR. ALLEN: We do discuss,

13 internal things. Operators do talk about, here are the

14 control room deficiencies, and let's say control room and

15 those kinds of things. We do take those as a station and

16 we assign them a priority; okay. So, the priority is

17 assigned based on the significance of the issue to the

18 Operations Department.

19 So, if, for instance, it's extremely significant,

20 we'll assign a high priority, which could be up to and

21 including working 24 hours a day on the clock. But each of

22 the issues get evaluated. Operations looks at them and

23 helps us on priority. And some of them, the significance

24 is not such that we need to resolve them today. They best

25 fit in that twelve-week process.

1 Then we look, when is the right time; when is the
2 right time to perform an activity. Even though you may
3 identify something as control room deficient or operator
4 workaround, you still have to assess the safety
5 significance and assure that your plan is for the right
6 time to go work the activity, you know, in accordance with
7 training weeks and equipment outages and training outages.

8 MS. LIPA: Absolutely. And
9 then the initiative comes to mind, recently there was a
10 missed surveillance because of an instrument that was not
11 working properly in one of the back panels. Does that
12 sound right, Scott, one of the instruments was not working
13 properly?

14 I would hope that that instrument had been flagged
15 as either a workaround or deficiency or some kind of higher
16 priority maintenance since it was relied upon for
17 surveillance.

18 MR. ALLEN: And it was not
19 flagged earlier on. It is being worked this week. That
20 should be resolved tomorrow.

21 MS. LIPA: So, you're saying
22 that was initially not properly prioritized?

23 MR. ALLEN: That's a question,
24 that's a question we're asking ourselves. It's possible
25 that, it's possible that we should have given it a higher

1 priority. That instrument not being available, you still
2 have computer ~~ports~~ points being available that give you the same
3 information.

4 So, the information is available to the operator
5 even if the indicator itself is not functioning, but that's
6 a challenge for Kevin and his Operations crew. And you got
7 to do this every so often; is my threshold at the right
8 place. Then, as you set your threshold and work these
9 systems off the list and you clear out, your operator
10 workarounds, deficiencies, and those kinds of things, you
11 need to look at driving that down to a lower threshold and
12 just keep working through that process. So, it's a good
13 question.

14 Kevin did ask the work on that be completed, and we
15 do have plans in place to complete that this week.

16 MS. LIPA: Thank you, Barry.

17 MR. GROBE: Just a question or
18 two. With respect to surveillance tests, do you manage to
19 get those, is it your management goal to accomplish
20 surveillance tests on the due date or before the end of the
21 grace period?

22 MR. ALLEN: We target
23 surveillances on the due date. Preventative maintenance
24 tests, Jack, again, we look at the latitude we have there,
25 but surveillances, like if it's a weekly surveillance, what

1 we want to do is perform it the same time every week.

2 Okay. We just want to hit the date, and look at that. So,

3 it's not our desire to use up that extra grace period and

4 extend surveillances through the grace period.

5 MR. GROBE: From a

6 preventative maintenance perspective, you manage to the

7 grace period?

8 MR. ALLEN: From a

9 preventative maintenance perspective, we target the date.

10 So, if something is due 6 months from now, what we'll do is

11 go out and tell the organization we'll work it 6 months

12 from now. It's possible it may move up two or three weeks;

13 it may move out two or three weeks depending on what the

14 right time to perform that activity is and/or depending on

15 enough resources available to balance the workload between

16 the work weeks.

17 So, preventative maintenance tasks; look at the due

18 date, and use proper flexibility to move it around. We

19 would prefer on preventative maintenance tasks, even if you

20 look at the additional 25 percent grace period, we would

21 prefer to schedule with only using say half or 60 percent

22 of that, even if we schedule a passed. We don't want to be

23 scheduling extremely late in the grace period. We want to

24 stay closer to the mid point of that grace period to be

25 sure we don't get into issues of not being able to complete

1 preventative maintenance tasks.

2 MR. GROBE: I understand the
3 preventative maintenance tasks as far as the periodicity of
4 them is not a requirement, as the surveillance tests. But,
5 do you have some sort of a metrix on your expectation of
6 how many preventative maintenance tasks are conducted in
7 grace period and how many are conducted beyond that?

8 MR. ALLEN: We track that. We
9 do track the preventative maintenance tasks that are
10 completed in grace period. And, again, I've got that
11 information. I'll be happy to share that with you.

12 It's our expectation that a lot of PMs are going to
13 be performed within that grace period, just depending on
14 how it falls out. Right now our real focus is, two items
15 in the PM work. Those were deferred. We talked about
16 that.

17 And we're also monitoring a handful of PMs, 70
18 something, I believe, that are scheduled late in their
19 grace period. We want to get those, because those have the
20 greatest threat in not completing, in case emergent issues
21 or parts issues or other things.

22 So, what we want is, get rid of those two piles of
23 preventative maintenance tasks, work those off. Schedule
24 close to the due date, so that we don't get into issues
25 with having those.

1 MR. GROBE: I do have the
2 date, you did share, at least as of May. And what that
3 data shows is that the deferred past the late date is on a
4 study decline, but the preventative maintenance use of the
5 grace period is essentially flat, and it's flat at ten
6 times your weekly work rate. You work off about 40 PMs a
7 week, and your grace period is about 400. That doesn't
8 seem to me to be a healthy situation. There are risks of
9 not being able to accomplish work activities during the
10 past -- of the deferred past activity.

11 But, I think, to follow up a little on Scott's
12 question earlier, it's my understanding, I believe, that by
13 the end of August you're going to have identified the
14 first line supervisors as well as the size of the various
15 organizations, and some of it bigger and some of it
16 smaller, which we understand.

17 I think it would be healthy to have you give us your
18 perceptions on discipline, routine work, and deferred -- or
19 excuse me, backlog work, where you see discipline
20 challenges; electrical engineering, structural engineering,
21 mechanical engineering, electrical shop, mechanical shop;
22 wherever you see challenges to your organization. I would
23 be interested in that, and what you're doing with that.

24 MR. ALLEN: Got that, I
25 understand.

1 Next slide.

2 Okay, within Engineering, we're making progress on
3 your Corrective Action backlog. Just to share a few
4 numbers with you.

5 Once a week we do generate a matrix of what open
6 items we have in the departments to be working on. So, we
7 track, we look at our backlog, a whole list of the work.
8 We're probably as concerned about tracking a backlog and
9 understanding it as we can be.

10 So, if you look at the rest, the Engineering
11 corrective backlog. I'll go back to May 23rd. We had
12 about a little over 2700 open corrective actions, 2742 to
13 be exact. As of last week, we had reduced that by 212.
14 Now we're at 2500.

15 So, what we're seeing, for instance, our Corrective
16 Action backlog has steady improvement, steady working at it
17 with a trend in the right direction.

18 Condition Reports also trended down about 103
19 decrease over that same period. So, we're seeing
20 progress. We have resources targeted to backlogs. We are
21 seeing improvement in that Corrective Action backlog, so
22 we're pleased Maintenance has been able to do that.

23 MR. HOPKINS: Let me just ask,
24 Barry, it seems a little inconsistent -- jump down a slide,
25 and your opportunities for improvement where it says,

1 backlog reduction effort, based on what you just said.

2 MR. ALLEN: Just give us,
3 again, we think we're seeing some progress, Jon. We'll
4 talk about it a little more. That doesn't mean that we're
5 necessarily satisfied or achieved the overall results we
6 hope to achieve.

7 MR. HOPKINS: I'll let you go
8 through the slide.

9 MR. ALLEN: Okay, thank you.
10 Training, engineering has expended some pretty good
11 areas in training of their Design Control,
12 Configuration Management Control. Feedback from the
13 interior management and engineers who participated in that
14 training has been extremely positive from all the feedback
15 I've received.

16 Fuel Reliability. We have good fuel. Monitor that
17 on a daily basis. Pleased with that. We had good fuel
18 performance and we look for that to continue.

19 And we already discussed the Design Modification and
20 50.59 Evaluation. I think we had a good inspection there.
21 We had three issues to work on with you, but pleased
22 overall with those results from that team. That was a
23 pretty strong team.

24 MR. HOPKINS: So, let me cover
25 fuel reliability. So, that's up there because you've

1 experienced no leak in the fuel so far?

2 MR. ALLEN: That's correct.

3 MR. HOPKINS: And so, if you

4 look at like the core operating limitations report, your

5 measurements of fuel performance have been good. With

6 respect to that, is that what that's trying to show?

7 MR. ALLEN: Fuel performance

8 has been good as expected. We see no leakage in the fuel.

9 So, thus far, we're very pleased with fuel performance.

10 MR. HOPKINS: Okay.

11 MS. LIPA: Are you still on

12 this slide? Are you in the middle of your slide?

13 Before you move on, let me ask my question so I

14 don't miss it. Do you have a qualified system engineer for

15 each of the maintenance rule systems?

16 MR. ALLEN: Each is a pretty

17 inclusive word. I have to check.

18 MR. BEZILLA: Jim, can you help

19 us out?

20 MR. POWERS: I don't know the

21 specific answer to that today on a system by system basis,

22 but I know we made big strides in getting our system

23 Engineers qualified over the past first half of this year,

24 made great strides on it. So, I would have to get back to

25 you on specifics on that, whether we have one or each

1 maintenance rule systems.

2 There is approximately, I think it's 30, 34
3 approximately, maintenance rule systems. So I need to go
4 down that list.

5 MS. LIPA: Well, the reason I
6 ask, is I know we talked about this in December; we had a
7 public meeting in December. We talked about qualified
8 engineers, and you had taken some short term actions at
9 that point.

10 MR. POWERS: That's right.

11 MS. LIPA: And I know you had
12 a longer term action to make sure you've got more qualified
13 system engineers.

14 MR. POWERS: Right.

15 MS. LIPA: So, yeah, we could
16 even talk about this at the next meeting or get back to me
17 or maybe both would be better since we brought this topic
18 up at the table; let's talk about this next month too.

19 MR. POWERS: One of the actions
20 that we did do is to ensure that each one of the system
21 engineers had a qualified mentor, an engineer for each one
22 of those engineers who were not qualified at that point.
23 So, we took that action, plus we completed training for the
24 vast majority of those engineers.

25 MS. LIPA: Okay, thank you,

1 Jim.

2 MR. ALLEN: Thank you, Jim.

3 Thank you, Christine.

4 We'll continue to focus on the backlog reduction
5 effort. Although we've made some progress, talked about
6 that, we still have a lot of work on our plate, so we've
7 got to maintain a focus on work improvement of the entire
8 backlog. So, that just has to be an area of focus for us.

9 We have to maintain progress. We're making
10 progress. We're headed in the right direction. Trends are
11 pretty good. And we're pretty pleased with the progress,
12 the trend we've got, but we have just a lot of work today.

13 For example, in system reviews, and that's where we
14 get a group of engineers together and look at our backlog
15 of the system by system, so we can do it for higher risk
16 systems; give us an opportunity to work through our backlog
17 from that perspective.

18 We started off with very good results, pretty
19 aggressive, got some things rolling. Now we're kind of in
20 the summertime vacations, folks are off doing other
21 things. So, we kind of plateaued flat a little bit, and
22 now we're going to reinvigorate that process and continue
23 to make more rapid improvement there. So, good results,
24 but we'll just have to reinvigorate and stay focused on
25 execution.

1 MR. GROBE: Barry, before you
2 go on to the next slide, have you resource loaded the
3 Engineering Corrective Action backlog?

4 MR. ALLEN: Jack, Engineering
5 does have, and I'm not into those, they do have some
6 software that they utilize to lay out their resources. And
7 it's not just, it's to look at their entire backlog. So,
8 we do try to manage that and schedule that and resource
9 load the Engineering workload the best we can. Some groups
10 you have to have more allowance for emergent work and
11 emergent issues, that kind of thing, so that's going to
12 vary somewhat throughout the organization.

13 MR. GROBE: One of the
14 tendencies, and I suspect this is the case also with
15 Engineering, there is certain Corrective Actions that are
16 easy to accomplish and some are more complex. You've cut
17 roughly ten percent of the Corrective Action backlog in the
18 past. I can't remember what the period of time is, but I
19 would be interested in your perceptions next month.

20 We talked earlier about resources, those things on
21 routine backlog. I would like to understand that
22 comprehensively and where you see the rough.

23 I recall that FirstEnergy committed 20 million
24 dollars over this operating cycle; ten million per year for
25 backlog reduction. And I think you've divided that up

1 between Maintenance, Engineering and Organization
2 Operation. I would like to understand if that's enough to
3 accomplish the backlog or whether or not there is some
4 binds in the organization.

5 Obviously, the focus on the backlog; we did a very
6 thorough review as, prior to restart and from a safety
7 prospective. We did not find any risk significant
8 individual items or synergisms between items.

9 The key here is being able to get this work
10 completed and still maintain your strong operation of
11 safety and not have a distraction. That's why we focus on
12 resource questions. Not so much with the perception on
13 backlog, making sure it doesn't completely hurt the
14 organization such as focus involved of operation safety.

15 MR. BEZILLA: Jack, you'll see a
16 little bit later in Barry's presentation, we're focused on
17 those things that we believe are risk significant or pose
18 the most risk to us.

19 And, as a result of that, some of our timeliness,
20 that we're not as timely because we have some more items
21 that their low significant and low risk. And they're there
22 and we'll get to them, but probably not until like next
23 year or near the end of next year.

24 And, we've chosen, said that's okay, because they're
25 low significance. We're going to work on the more

1 significant ones; whether they're new ones or whether
2 they're older ones. And you'll hear a little more about
3 that in Barry's presentation.

4 We're not out there just picking the cherries.
5 We're out there working what we believe are the risk
6 significant items. Okay?

7 MR. ALLEN: Jack, from a risk
8 significant perspective, the system reviews, when we get
9 those teams together, they look at a system or go through
10 all the open action items. What we've seen typically come
11 out of those is, out of all those open items in the system,
12 we started with Aux. feedwater. Approximately 68 percent
13 of those items got resolved through that process. So, we
14 got a good effort.

15 So, that ten percent, what you see overall, that
16 might be what we resolved 70 percent of the issues that
17 were in that system, such as Aux. feedwater. So, just some
18 anecdotal evidence to share.

19 MR. GROBE: Okay.

20 MR. ALLEN: Next slide,
21 please.

22 The area of Corrective Action Program. Once again,
23 we talked a little about this. We are seeing progress on
24 reductions since mid May. As to last week, number of
25 Condition Reports reduced by approximately 829. And

1 Corrective Actions reduction about 162 during that same
2 time frame.

3 So, we're making progress, trending the right
4 direction, and continued focus is on effectiveness and
5 assuring we target ourselves most effectively on the issues
6 that have the most safety significance.

7 Mark pretty much addressed timeliness. We're not
8 just starting to work on the oldest issues in the backlog,
9 we're working at what is truly most significant. And
10 timeliness, where we track ages of our actions, timeliness
11 on the indicators, will show it's an issue for us, but
12 that's somewhat because we think we're right based on the
13 significance more than time.

14 MR. THOMAS: When we talk about
15 Corrective Action Program, what would you say is the
16 percentage of issues that are upgraded to management
17 discussion of the issue, like the originator of past
18 condition reports is one classification; how many have you
19 upgraded with that?

20 MR. BEZILLA: Scott, we have an
21 indicator on that. If my memory served, I don't have that
22 in front of me, I didn't bring it with me, but I think
23 it's less than ten percent that we upgraded based on our
24 supervisors initial cut and level of threshold. I believe
25 that Condition Report showed the attention it should

1 receive; I think it's a little less than 10 percent.

2 MR. THOMAS: I guess the fair

3 follow-up question would be how many are downgraded?

4 MR. ALLEN: Just from

5 discussions in the board when we review Condition Reports,

6 I think it's probably pretty similar, probably pretty

7 similar numbers, Scott, less than ten percent.

8 MR. THOMAS: All right.

9 MR. ALLEN: Next slide,

10 please.

11 MR. THOMAS: Let me ask one

12 more question. Are you comfortable with your staff's level

13 of focus or their ability to correctly classify issues that

14 they're placing in the Corrective Action system?

15 MR. ALLEN: Scott, I believe

16 what we see is our people typically do a pretty solid,

17 pretty good job by suggesting a classification. I don't

18 think that gets changed terribly frequently. I think we do

19 a pretty good job with that.

20 MR. THOMAS: Okay.

21 MR. ALLEN: They seem to be

22 pretty consistent, probably over 90 percent of being

23 successful with the originator and supervisor suggesting a

24 classification.

25 MR. THOMAS: Okay.

1 MR. BEZILLA: Typically, Scott,
2 we have anywhere from I'll say 30 to 40 Condition Reports
3 come through each morning. And we may change a
4 classification on two to four of those on any given day.
5 So, they do pretty good.
6 We'll provide them feedback to let them know that it
7 was changed one way or another, if we make a change to it.
8 So, we get back to the originator and give them back to the
9 supervisor.

10 MR. THOMAS: Okay.

11 MR. ALLEN: Okay. In the area
12 of Safety Culture, maintain our commitment to continuous
13 improvement. So, that's our focus on backlogs,
14 self-identification rate, Condition Reports, PM backlogs
15 restarted. And we have a plant health committee we have
16 invigorated and got going, that Mr. Ostrowski chairs.

17 Within Safety Culture, we continue to focus on
18 individual commitment area, so site clock resets. Again,
19 we looked at those individually. We now look at those
20 collectively from a collective significance standpoint.

21 We have a tremendous amount of Corrective Action
22 Program data. We're working hard to ensure we develop
23 appropriate insights on the Corrective Action Program. We
24 believe we're improving there.

25 And in June, Safety Culture Self-Assessment. I know

1 Jack has started doing internal self-assessments on a
2 monthly basis. We'll talk about the fact, and those may
3 vary somewhat, pretty tight snapshot, but in June, we did
4 rate ourselves critically in a couple of areas.

5 One was due to the individual misstepping and
6 falling, which I discussed earlier. Did not feel good
7 about that as a station, but the fact the assessment was
8 not too long after that, so we didn't feel like we had good
9 positive performance in that area.

10 Also, we had some Apparent Cause Evaluations that
11 were performed prior to developing Apparent Cause Training,
12 and changing the strategy of the Corrective Action Review
13 Board and bringing some of those older apparent causes
14 through. They did not meet the current muster and the
15 board said they weren't happy that we didn't recognize that
16 when we ran them through; and assessed ourselves critically
17 in that area.

18 So, overall, we assessed ourselves as stable and
19 improving. We tend to go ahead and do at least one more
20 monthly review in July. And then we'll take a look and see
21 whether we should be doing that on quarterly basis,
22 because one of the things we want to see is that monthly
23 look does not provide one time or enough data to really do
24 a real thorough assessment of that area.

25 So, still doing monthly. Again, pretty erratic.

1 Once you decide on any given day is close to what's
2 happened in the last few days, and you don't have much of a
3 time frame, Safety Culture is a pretty broad area. So,
4 we're not sure we're getting what we hoped to get out of
5 the monthly assessments. We may look in the line of the
6 Fleet Standard, which is performance on a quarterly basis.

7 MS. LIPA: Barry, on the
8 business practice, there is, I was trying to understand
9 what the commitment was in the Cycle 14 Plan versus this
10 tracking tool.

11 This tracking tool talks about an annual assessment
12 of Safety Culture using the business practice.

13 MR. ALLEN: Correct.

14 MS. LIPA: The commitment on
15 the docket talks about assessing culture using the business
16 practice being due by December 2005.

17 MR. ALLEN: That's correct.

18 MS. LIPA: So, which one is
19 it?

20 MR. BEZILLA: Christine, we're
21 going to do annual assessments, right, in accordance with
22 the business practice, which is where you take additional
23 data and additional criteria, right, and take it over a
24 one-year snapshot. We'll do one this year and we'll also
25 do another one at the end of next year.

1 And then the monthly one, we wanted to do it on a
2 monthly basis to see how we were doing; and we talked about
3 that today in the Senior Leadership Team Meeting. When we
4 did the April one, it was from November to April; we felt
5 pretty good about that one. There had been, enough time
6 had passed that we could say, okay, here's where we were.
7 Here's where we are today. We did one in May. We did one
8 in June. We're going to do another one in July.

9 You don't get the same feeling, because you only got
10 like 30 some days between the snapshots. And monthly is
11 probably too frequently. Quarterly is okay, but quarterly
12 is probably a quick check. The annual one is more
13 detailed.

14 So, we're going to do it on an annual basis in
15 accordance with our program. We think the commitment was
16 to do it by 2005. We'll have met that also.

17 MS. LIPA: That's why I'm
18 asking, because the printed commitments just say perform
19 it, and then they give a completion of fourth quarter 2005,
20 but we were under the impression that is an annual
21 assessment.

22 MR. BEZILLA: It is. Just
23 another piece of info; we're trying to adjust its timing,
24 so we do our annual assessment and then we'll do our
25 independent outside assessment and we'll be able to compare

1 the results and see how we did.

2 MR. GROBE: I had discussed
3 this conflict between the documents last month with Clark
4 and got the same answer. I thought that the Segment 14 was
5 going to be revised with your next meeting, which I think
6 is fairly recent.

7 MS. LIPA: June 23rd is the
8 last revision.

9 MR. GROBE: Cycle 14 Plan
10 doesn't capture your commitment. It says Safety Culture
11 Assessment is going to be done in two years. It's not due
12 until December, or fourth quarter of '05. I think that's a
13 typo. So, you might just capture that in your next
14 update.

15 MR. BEZILLA: I'll follow-up
16 with Clark.

17 MR. GROBE: Okay. I'm a
18 little curious as to what's driving your focus.

19 On June 15th, you did your Internal Monthly Safety
20 Culture Assessment and identified contrasts in rigorous
21 work control and nuclear professionalism. And that was, I
22 think if I read your documents correctly, it was driven by
23 kind of a continuing low level number of human errors,
24 rather the focus wasn't correct. Is that?

25 MR. ALLEN: We have a slide,

1 if you don't mind, Jack.

2 MR. GROBE: I'm sorry, am I
3 getting ahead?

4 MR. ALLEN: This was the May
5 assessment we performed. As you can see, we have in our
6 Safety Culture models, we have three primary elements;
7 individual, plant management, and corporate level; and each
8 of those have some subsections under them that feed up to
9 that.

10 And the May assessment, again, this was on 30 days
11 run time; most everything was stable, maybe a little
12 improving, that's kind of what we got on the month.

13 If you go to the next slide, it will actually show
14 the June assessment that you were referring to, Jack.

15 MR. GROBE: Yes.

16 MR. ALLEN: If you look under
17 the individual commitment area up in the upper right-hand
18 corner, you'll see that there are two of the arrows which
19 are at slight angle fronts. One is the third one down,
20 Rigorous Work Control and Prudent Approach; and the fifth
21 one down, which is Nuclear Professionalism.

22 And the feeders to those, the Rigorous Work Control,
23 Prudent Approach was the misstep, that was the individual
24 that slipped in the plant and fell. And then the Nuclear
25 Professionalism, that really was the five apparent causes

1 that we sent to the Corrective Action Review Board to
2 review, without recognizing we should have scrubbed the new
3 standards before we sent them.

4 And so we felt like CARB exhibited good standards.
5 They did what they should, but we probably should have
6 recognized that those needed to be updated in current
7 standards before the review. Even though CARB looked at
8 them. They said, gee, at today's threshold, these would
9 not even be apparent causes, we don't believe. I still
10 felt like we should have recognize that.

11 MR. GROBE: Thank you for
12 catching up with me. I apologize for getting ahead.

13 June 15th, you did an internal assessment when you
14 documented the Condition Reports, the declining trend in
15 the Individual Commitment area; and that was based on a
16 series of issues that occurred over a period of time.

17 Then on July 6th, when another Human Performance
18 error occurred, and this had to do with, I believe it was
19 testing, the channel check on the RPS flow surveillance.
20 That occurred three or four, three weeks after your
21 Condition Reports were initiated based on your Safety
22 Culture Review. And, at that point, you concluded that you
23 needed a Collective Significance Review.

24 I was wondering, what was driving, there wasn't a
25 whole lot of official information on July 6th when you

1 initiated the Collective Significance Review. What did you
2 initiate as the result of the June 15th Condition Report
3 that was assigned to the Vice President's office on the
4 declining trend?

5 Do you understand my question? What's driving the
6 human performance improvements? You identified the
7 problem on June 15 with a Condition Report. Another event
8 occurred on July 6th. Then you decided on a Collective
9 Significance Review, wrote another Condition Report. Seems
10 like there is a lot of Condition Reports, I guess.

11 I'm trying to figure out what's driving your
12 improvements, this monthly review that's conducted, or does
13 it take more events after the monthly review is completed
14 for trends to identify to get things going?

15 MR. ALLEN: If I understand,
16 I'm not sure I understand all your question, Jack, I'll
17 try to attempt it. If I don't cover it, please come back
18 and ask me a more defining question.

19 Our Corrective Action Program typically drives what
20 we're doing work on across the board. So, something
21 occurs, write a Condition Report. Something else occurs,
22 write a Condition Report.

23 If I have several of those, I say, gee, I would like
24 to look across the board and see if there is something
25 there that's common to all those, that appear to be

1 discreet issues, but I would like to see if there is
2 something in common.

3 I will look at those from a collective significance
4 standpoint, and we would write a Condition Report to either
5 drive that or capture those results, but we use that
6 Corrective Action Program to keep feeding it into that
7 program, because it's common, it's accessible, people are
8 comfortable using it. It has great track and trend for us
9 to help spot those issues.

10 At the same time, any time we have the Leadership
11 Team get together to perform any exercise, whether it's
12 just a collegial discussion on any topic or we do a review
13 of information just to have discussions; if during that
14 discussion we feel like there may be something as a
15 leadership team, say, gee, I'm not sure we looked at that
16 from that perspective. Let's write, we'll initiate a
17 Condition Report then and go look at that.

18 So Condition Reports may be initiated, you know,
19 based on several different perspectives. See, I thought
20 you were asking what would drive that. I guess what I'm
21 trying to say is many, many different inputs could cause
22 you to initiate a Condition Report, to go evaluate any
23 condition or trend or collective significance assessment.

24 MR. GROBE: I guess my
25 question is, you talk about and I fully understood the

1 focus of reducing the frequency of these Safety Culture
2 Reviews. It's kind of hard to get a picture on the 30-days
3 data. On your June 15 Safety Culture Review, you
4 identified a decline in trend.

5 In my mind, that sets off buzzers that something is
6 not expected to go; and based on the data, I understand why
7 you identified that declining trend. Yet it took another
8 issue to happen on the 6th of July or the 4th of July, to
9 generate a collective significance review of why this
10 repetitive human performance errors were occurring.

11 What was the priority that you placed on the results
12 of the Safety Culture Review in June that identified this
13 declining trend? What actions were taken following that
14 identification of the declining trend in performance?

15 MR. BEZILLA: Jack, let me try
16 to answer that. On June 15th, we had our Safety Culture
17 Assessment. We had two areas that we said were declining
18 or had less desirable performance. So, that overall gave
19 us a decline in Individual Commitment area.

20 For a program we wrote a Condition Report that said,
21 hey, in our assessment we saw two declines, we had an
22 overall decline. We wrote that. As Barry said, that was
23 due to the misstep, clock reset, and it was due to the five
24 apparent causes that were not up to snuff, wouldn't stand
25 alone is what the issue was with those five apparent

1 causes. So, we wrote the Condition Report.

2 If you look at those collectively, it doesn't look
3 like a tie. Okay. Three weeks later we have a human
4 performance error, right, where we had this tech spec, we
5 said we had a person misstep, right. We also had people
6 not put this plug back in and allowed this step to occur.
7 Now, we had a tech spec issue.

8 We said, hey, are there more performance issues?
9 Kevin actually looked at that and said, hey, I'm going to
10 generate a Collective Significance Report and we're going
11 to look at those and roll those together.

12 Kevin will talk about those more in his
13 presentation, so we'll finish it more with some of the
14 presentation, if that's okay. So, we'll have that
15 Collective Significance Review.

16 The other thing we did, Jack, is we dealt with those
17 specific individual issues, okay, and then we also had in
18 the works a new Human Performance Program from a FENOC
19 standpoint, which we're looking at rolling out this fall.
20 Again, Kevin is going to talk about that.

21 So, we took some immediate actions on the
22 individual items. We know we have this Human Performance
23 Program that's just about ready to roll out. We saw that
24 as another tool on reviews to help overall human
25 performance. We also took and focused our management

1 observations on those critical activities, things we wanted
2 to make sure went flawlessly, didn't have any issues.

3 So, those are some of the things we did. It took a
4 second, I'll say, personnel event after the CR that we
5 wrote the Safety Culture. In the initial Safety Culture,
6 we didn't see a link between the two things that caused us
7 to write that CR.

8 I don't know if that answers your question, but that
9 was the process.

10 MR. GROBE: It does answer my
11 question, and in fact, I think you just made a good
12 argument for the fact that you may be doing these Safety
13 Culture Assessments too frequently, that you did not see
14 the trend. If you're going to do them monthly, maybe it
15 needs to be a rolling three or six month assessment.

16 MR. BEZILLA: That's correct.

17 MR. GROBE: Maybe, had you
18 done that, had a rolling six month assessment every month,
19 you would have picked up this trend before the July 6th
20 event and not had to wait for another event to initiate the
21 Collective Significance Report.

22 MR. BEZILLA: You've come to the
23 conclusion that we've come to, right, more is probably
24 better.

25 MR. GROBE: I just offered a

1 different option, that was a monthly rolling six month
2 assessment. You might want to think about, but you folks
3 need to figure out what's best for your organization and
4 let us know what you think.

5 MR. BEZILLA: Okay.

6 MR. ALLEN: Next slide,
7 please.

8 In the area of Independent Assessments that we have
9 here, is our current schedule for the four assessments that
10 we have for the year, in reference to the Confirmatory
11 Order.

12 Operations Performance is the first one, which the
13 schedule begins the week of August 16th. Some high level
14 details on the Operations Performance Assessment divided
15 down below. Of course, we provided that information to
16 you.

17 Corrective Action Program, Engineering Program,
18 Organizational Safety Culture Inspections we'll follow-up
19 with.

20 And if there is no other questions, I'll turn the
21 presentation back to Mark.

22 MS. LIPA: Well, I was
23 thinking this would be a good time for a break, if it's all
24 right. Ten minutes. It's 8:00 sharp. 8:10, we'll
25 resume.

1 (Off the record.)

2 MS. LIPA: Okay. Go ahead.

3 MR. BEZILLA: Okay, thanks,

4 Christine.

5 Now I would like to provide some insights from some
6 additional assessments conducted since the last public
7 meeting.

8 Next slide.

9 First, the National Board of Boiler and Pressure
10 Vessel Inspectors Review, and Barry briefly talked about
11 this, and I'll be brief.

12 During the week of May 17th, we had inspectors from
13 the National Board review our American Society of
14 Mechanical Engineers, ASME, Quality Assurance Program for
15 renewal of our nuclear repair capabilities and issuance of
16 our repair capabilities, and that would be nonnuclear
17 equipment. We were successful and received our NR and our
18 R stamps or certificates of authorization in June.

19 And I'll say, this is a measure of maintenance
20 capability. We feel good that we have both the NR, which
21 is nuclear repair and the R which is nonnuclear repair
22 authorizations. What that means is we can do maintenance
23 on vessels, on manways, or on equipment, so we feel pretty
24 good about it.

25 MS. LIPA: What's the renewal

1 frequency for that, Mark?

2 MR. BEZILLA: Periodic,

3 Christine, I don't know how many year period it is before

4 they review.

5 EARL: Peer review

6 frequency is three years, Christine.

7 MS. LIPA: Three years?

8 EARL: Three years;

9 that's correct.

10 MS. LIPA: Thank you.

11 MR. BEZILLA: Thank you, Earl.

12 Earl is involved in the efforts. Thank you.

13 Next slide, please.

14 Now let me talk about our Integrated Emergency Plan

15 for that drill that we conducted. We conducted this drill

16 on May the 20th. It was observed by the Residents and by

17 county officials. It was a successful drill.

18 And the part I liked was we got twelve new emergency

19 response organization members. So, Barry was one of the

20 graduates, and he's now qualified to be an Emergency

21 Response Organization member.

22 Next slide, please.

23 The next item I would like to briefly talk about are

24 our Collective Significance Self-Assessments conducted in

25 May. Collective Significant Self-Assessment is an

1 assessment where we look at Condition Reports, Quality
2 Assurance Assessments, NRC Inspection Reports, Assist Visit
3 Reports, and other documents and tools. We look at them in
4 total.

5 These assessments are designed to take a collective
6 look using various other assessment documents to see if
7 there is some collective issue that may not already be
8 being addressed. This was our first Davis-Besse use of
9 this tool. What I did was I subsequently had each of the
10 managers report out at a Senior Leadership Team Meeting;
11 their conclusions of their assessments.

12 Some of the sections did a pretty good job. Some of
13 the sections need some work on their collective
14 assessments. In each case we provided feedback. And in
15 some cases, like there was additional work required, it
16 might be a revision to the Collective Significance
17 Assessment; might have been the issuance of some Condition
18 Reports based on a theme that we saw.

19 Next slide, please.

20 MR. GROBE: Mark, before you
21 go on, just give me a little more detail of what you mean
22 "need some work." Were they not sufficiently
23 self-critical?

24 MR. BEZILLA: Jack, yes. What
25 we did was when we brought them in, we had their peers

1 there, the managers would go through and say, here's the
2 stuff I looked at, here's some strengths, here's some
3 noteworthy items, here's some area of weakness. Then we
4 challenge that manager; and in a couple of cases the
5 manager said, hmm, I need to go back and take a little more
6 look, a little more detailed look.

7 Like I said, some did a real good job, some needed
8 improvements. Okay?

9 MR. THOMAS: Mark, did you say
10 what periodicity these assessment were?

11 MR. BEZILLA: These are twice a
12 year, Scott, semi-annual.

13 MR. GROBE: It's
14 Self-Assessment, Quality Assurance Assessment, all of these
15 are very important; and contributed significantly to the
16 situation of the performance decline prior to March of
17 2002; contributed to your failure to understand and
18 recognize.

19 I think you share this concern. It's very important
20 that you don't have a mile-wide, quarter-inch deep
21 self-assessment effort. You're doing a lot of
22 self-assessment, and the effectiveness isn't the volume,
23 it's the quality. And our concern at this point is that
24 you may not have the volume and quality adjusted properly
25 in your symphony of self-assessments. Boy, we're getting a

1 little melodic here; aren't we?

2 But we had a similar observation. We attended a
3 number of these Corrective Significance Meetings, and felt
4 that some of them weren't sufficient and self-critical.

5 I'm glad you're sensitive to that. The independent
6 assessments, one of the focus of those that were required
7 by the order is intended to evaluate your effectiveness in
8 this particular area, your ability to find and fix your own
9 problems.

10 So, it's absolutely paramount that the work gets
11 done right first and also if there is problems in the
12 organization where things aren't consistent with your
13 expectations, that your line assessments, your
14 self-assessments, as well as your independent assessments,
15 Quality Assurance, Corporate Nuclear Review Board, ferret
16 those out in the service.

17 Thanks.

18 MR. BEZILLA: Thank you, Jack.

19 Some of the common -- let me continue. Some of the
20 common themes noted were in the positives that the Fleet
21 Procedures and Guidelines were noted, as I'll say, making
22 things better. And it was making it easier for the various
23 sites, I'll say, to work together and/or to help each
24 other. If I would travel to Beaver Valley, my job would be
25 better because I had a common process and knew how to do

1 the job over there also. So, that was one of the positives
2 we saw.

3 The Observation Program is a good tool and provides
4 invaluable insights on those areas requiring management
5 focus. We get like a monthly report out of that. We use
6 that to focus our management observations.

7 Corrective Action Program is being rigorously used.
8 We have a very low threshold in a high volume system.

9 And that Dose Control and focus on Personnel
10 Contamination event-free days is causing improvement in
11 those areas. So, those were some of the positive common
12 themes.

13 Additionally, some common themes in areas of
14 continued focus and improvement were Backlog Reduction.
15 We've already had a lot of discussion on that. We are
16 making progress if this area continues to require
17 management attention.

18 Work Order Quality can be improved. This is, I'll
19 say, fleet-wide focus item for us and that requires
20 management attention.

21 Emergent issues can impact planned work. We've got
22 to manage that appropriately. That's not new, but that was
23 a common theme that the managers talk about.

24 Then, finally, that we could improve in the Conduct
25 of Training, and that included preparation, delivery, and

1 effectiveness, and that additionally requires management
2 attention.

3 And as an example in that area, we now have daily
4 management observations on targeted training activities to
5 provide critical feedback to the instructors, to the
6 students, and to management.

7 MR. HOPKINS: One last question
8 there, Mark. Maybe I missed this, but back to the fleet
9 engineering concept in your corporate organization, back to
10 that Operations Support; is there going to be a training
11 person in the area of your Operations Support to help with
12 this?

13 MR. BEZILLA: Yeah, Jon, in
14 regard to the fleet support, the Organizational Development
15 Director is chartered with Training, Human Performance
16 Improvements, those type of activities. That's a direct
17 report to Gary Leidich.

18 MR. HOPKINS: Okay.

19 MR. BEZILLA: That's got
20 additional focus beyond the Program Manager.

21 MR. HOPKINS: Okay. So, you can
22 get help from corporate besides just --

23 MR. BEZILLA: Absolutely.

24 MR. HOPKINS: All right.

25 MR. THOMAS: One of your good

1 common themes had to do with good use of Corrective Action
2 Program. I was curious where you're at or if trending was
3 included as part of using the Corrective Action Program?
4 How far along is your trending program? It stopped for
5 awhile during the outage. You fairly recently
6 reimplemented trending of Condition Reports. Have you
7 gotten to the point where they can be effectively used to
8 spot things like tech spec issues or, you know, specific
9 issues, not just there were 50 Condition Reports written
10 with, you know, this cause or this trend? Where is the
11 trending program now, I guess is what I'm asking?

12 MR. BEZILLA: You'll hear a
13 little more from Ralph, so I won't steal his thunder.

14 MR. THOMAS: I'll wait.

15 MR. BEZILLA: I'll let Ralph
16 cover that, Scott. It is part of our program. We are
17 trending. I think we're 50 percent of the way on where we
18 want to be and Ralph could give you more detail in his
19 presentation.

20 MR. GROBE: Mark, before you
21 go on, on slide 19, we were talking about Performance
22 Summary, and the focus on 19 was the Corrective Action
23 Program; and you indicated that one of your opportunities
24 for improvement was Corrective Action Program
25 effectiveness. And here on the Collective Significance

1 Self-Assessments by department, you indicated that the
2 Corrective Action Program is being used well.
3 Could you help me understand what might be apparent
4 dichotomy between those two observations?

5 MR. BEZILLA: All right.
6 Rigorous use of the Corrective Action Program for
7 identifying problems, Jack, we have like no threshold.
8 We're writing Condition Reports for essentially anything.

9 From a Corrective Action Program effectiveness, the
10 attributes in there include timeliness. And we talked
11 about our timeliness. We said, hey, we're sacrificing some
12 timeliness to make sure important things are getting the
13 attention that they're due.

14 And as Barry identified, we had those five apparent
15 causes. And when we took those into the Corrective Action
16 Review Board, they would not have stood alone. And that's
17 one of our expectations for today; you have to be able to
18 pick that up and read through the Condition Report and it
19 has to be able to stand alone and not reference you out on
20 other things. That's the dichotomy.

21 MR. GROBE: I understand.

22 MR. BEZILLA: Now, these areas
23 for improvement, I believe each of these items are being
24 addressed through our Operational Improvement Plan and our
25 2004 Business Plan. I also believe that the Collective

1 Significance Assessments will enable us to get a holistic
2 view of ourselves. We'll get better. This was the first
3 time, rough, but we'll get better at it, and it's a good
4 tool, and I think it's going to help us improve our
5 performance.

6 Now, what I would like to do is turn it over to
7 Kevin and let him talk about Operations performance.

8 MR. OSTROWSKI: Thanks, Mark,
9 and good evening.

10 In plant operations, continuing with the
11 implementation of my charter, that being "Safety-focused
12 plant operation through consistent implementation of a
13 rigorous Conduct of Operation."

14 In the area of safe and reliable operations, we have
15 demonstrated safe, conservative, and event-free operation.
16 That existed through the startup and also through power
17 operation.

18 I have recognized and approved accountability and
19 ownership of plant operations on the part of the shift
20 managers. Specific examples include shift turnovers, crew
21 performance, and also the engagement of the organization
22 for emergent issues.

23 We've taken the opportunity to use Just-In-Time
24 Training. The most recent being simulator training for
25 turbine valve test.

1 We've recently received performance feedback that
2 our operators awareness of nuclear risk and the use of the
3 crew updates was a positive. The crew update is a form of
4 an on-the-spot control room crew communication to update
5 the crew on plant status and the progress of an evolution.

6 We have recently implemented an electronic method of
7 tracking limiting conditions of operation or LCOs. This is
8 a tool used to track tech spec required actions and
9 associated compensatory actions.

10 Myself and the shift managers have recognized
11 improved support from the site organizations in the use of
12 Problem-Solving and Decision-Making Teams and Duty Teams.
13 Both the Problem-Solving Teams and the Duty Teams have
14 proven effective in addressing any emergent equipment
15 issues.

16 The Duty Teams perform observations of key
17 activities, as Mark had made reference to, and participate
18 in shift manager led daily conference calls.

19 My first area for operations focus is to discuss --
20 yes, sir?

21 MR. GROBE: Yes, before you
22 go on. The Problem-Solving and Decision-Making process you
23 implemented here is somewhat unique by my experience at
24 other plants. I have not seen it crafted quite the way you
25 folks have your procedure written.

1 The one thing that always puzzled me is your entry
2 criteria. What is it that causes you to decide to do a
3 Problem-Solving Decision-Making Team or what is it that
4 causes you to not do one. What threshold do you have?
5 That's not always clear and we've been watching how you
6 implement it and it is quite effective.

7 You've got quite a bit of run time now on this
8 procedure, several months anyways, you've used it quite a
9 few times. Have you been able to identify possibly some
10 entry criteria guidelines that can be provided to have
11 consistent entry into the Problem-Solving Decision-Making
12 process?

13 MR. OSTROWSKI: I'll give you my
14 perspective on that, Jack. First of all, the shift manager
15 can decide when and if a Problem-Solving Team is warranted,
16 based upon the complexity of an event, or the scope and
17 nature and impact of the potential problem; whether it be
18 emergent equipment issue or otherwise.

19 As part of our Operations procedures, during the
20 notification of the Duty Team, shift manager will get on a
21 conference call with the Duty Team, and one of the
22 questions asked of the shift manager is, is a
23 Problem-Solving Team warranted based on the nature of the
24 event, or nature of the equipment problem. At that time,
25 the Duty Team, including managers and the shift manager can

1 provide input and establish the need for a Problem-Solving
2 Team.

3 So, that would be one criteria driven by events
4 which, or problems, even equipment problems that perhaps
5 are complex or have impact to the station that would
6 warrant a team approach.

7 So, that's one criteria. The particular procedure
8 itself is driven by, again, a very systematic approach to
9 problem solving, but included in that, is a, a number of
10 questions which originate from the INPO document on
11 conservative plant operations and decision-making. So,
12 with that, we see a challenge within those questions that
13 may also trigger the need for a Problem-Solving Team.

14 Management also has the ability to pull the trigger
15 on a Problem-Solving Team for any issues we feel warrant a
16 team approach. In some cases, a team may consist of one or
17 two individuals, when a problem has lingered longer than
18 our threshold for what I'll call quality.

19 For example, we currently have a Problem-Solving
20 Team outstanding for our Number One Chiller Operation.
21 We've had some difficulties with that Chiller tripping in
22 the last two weeks.

23 We have a Problem-Solving Team on algae forming on
24 our intake screens. Those are just two examples where we
25 believe that a Problem-Solving Team approach would be

1 beneficial in going through this rigorous methodology to
2 identify the problem and to eliminate and to identify
3 causes as well.

4 So, can I tell you clear definitive criteria, no,
5 but those are the kinds of things we have used to employ
6 the Problem-Solving Team at the plant.

7 MR. BEZILLA: Jack, it's a good
8 question. Let us think on that a little bit, okay, and
9 see.

10 MR. GROBE: Yeah, I don't want
11 you to get the impression that what I'm suggesting is there
12 is some black and white binary decision-making tool to be
13 used. I'll go back and look at the procedure again. I
14 haven't read it in probably three or four months. My
15 recollection is there wasn't a lot of entry guidance. And
16 maybe you don't have enough run time yet to provide some
17 guidance, but it make sense that there would be guidance on
18 when it is effective and what kind of situations you would
19 expect people to automatically go into that.

20 At some point, all of this should be more automatic
21 without senior level engagement on this. I think maybe
22 that kind of guidance on your expectations would be
23 helpful.

24 MR. OSTROWSKI: My first area
25 for Operations focus is attention to detail on routine

1 tasks. My threshold needs to remain low as this has been
2 the source of some of the section inside the clock resets
3 that I have discussed previously.

4 While each of the resets and the occurrences have
5 been individually addressed, I have initiated a review of
6 the collective events to ensure we have addressed all of
7 the contributing causes and identified any common causes.

8 In addressing Operation staffing, Barry has already
9 mentioned the eight new licensed individuals. We are
10 incorporating these new Senior Reactor Operators and
11 Reactor Operators into our Operations staff. We will
12 implement a five-crew rotation versus our current four-crew
13 rotation in the fall of this year. This will assist us in
14 reducing Operations overtime and will allow us to
15 strengthen our support in Operations training, work
16 management, and outage preparation.

17 My focus in training is centered on the
18 implementation of a long range staffing plan starting with
19 17 new students currently in training, all of which
20 recently passed their generic fundamentals exam, as has
21 been mentioned. These twelve Senior Reactor Operator and
22 five Reactor Operator candidates are to take their license
23 exam in July of 2005.

24 I also need to maintain my focus however on license
25 requalification training of the current staff of licensed

1 personnel in preparation for reaccreditation of Operations
2 training in the spring of next year.

3 While we have improved our prejob briefings, we need
4 to maintain focus on briefing quality, specifically on key
5 performance steps, contingencies, and the need for the use
6 of the Human Performance tools.

7 Finally, as is part of my charter, we have focused
8 on our Conduct of Operations and we will be transitioning
9 to a FENOC Standard Conduct of Operations this coming
10 fall. With the help of our support organization at a
11 corporate level, and Jon, specifically, this is an example
12 of, we have an Operations Program Manager in that area that
13 has helped perform benchmarking of our Conduct of
14 Operations to that of the industry. We will be making some
15 changes that will improve our performance and align us to
16 industry best practices with the Conduct of Operations.

17 Some areas affected include reactivity management,
18 alarm response, and alarm procedure usage; and as Mark had
19 referenced, the use of various human performance tools.

20 In closing, while we have seen improvements in our
21 performance, we also know that we have more work to do.
22 I'll continue to remain focused as my charter states on
23 safe, conservative, and event-free operation.

24 MR. THOMAS: Over the last 6 or
25 8 months, give or take, maybe a little longer than that,

1 there have been a number of Collective -- or not Collective
2 Significance -- but Root Cause Evaluations associated with
3 Condition Reports that were classified as significant
4 conditions adverse to quality in the area of operator
5 performance.

6 The latest one that you'll be evaluating deals with
7 four or five issues involving operator errors associated
8 with tech spec related surveillances.

9 I guess I'm curious what -- two questions; why you
10 don't believe that the Corrective Actions taken as the
11 result of these other collective significant -- or these
12 other root cause reports have been effective, and what
13 you'll be doing differently, or be focusing on differently
14 for this one to correct the root cause, the issue?

15 MR. OSTROWSKI: One of the goals
16 of the Collective Significance is to understand just that.
17 Each of the individual events had been addressed on an
18 individual basis. The root cause identified individual
19 performance; and as such, the individuals were held
20 accountable using our current performance systems.

21 We recognized some contributing causes. Things like
22 the clarity of procedures or the guidance that is provided;
23 however, we believe it came down to an individual
24 performance, and that's what was immediately addressed.

25 Collective Significance Review will be looking at

1 those Root Cause Evaluations, validating that, and
2 identifying anything that we may have missed.

3 So, in terms of effectiveness, we've shared these
4 events and these instances of lack of attention to detail
5 with the rest of our operating staff; and, we'll continue
6 to look at, are there any additional things that we missed,
7 any contributing causes.

8 MR. THOMAS: Okay.

9 MR. RUTKOWSKI: Do you have a
10 rough target when that will be complete?

11 MR. OSTROWSKI: We're estimating
12 by the end of September. Our program, I believe, defines
13 30-day turnaround time on Collective Significance Review.
14 In this case, it's a condition adverse to quality at a
15 fixed level, Jack.

16 MR. BEZILLA: Okay?

17 Okay, what I would like to do is spend a minute on
18 the results of our recent industry review. This is the
19 Institute of Nuclear Power Operation summary; and these are
20 the summary items from the assessment that was conducted in
21 April and May of this year.

22 First, the following beneficial practices and
23 accomplishments were noted. Intensive monitoring and
24 involvement by the site leadership, as well as sound
25 Operations performance, contributed to the safe startup and

1 power ascension following the extended shutdown.

2 Safety margins in the event of a loss of coolant
3 accident were increased by significant improvements to
4 containment material condition and emergency sump
5 capability and by installation of advance leakage detection
6 systems.

7 Many important components, such as high pressure
8 injection pumps, reactor coolant pumps, and containment
9 cooling units have been refurbished or redesigned to
10 improve performance and an aggressive, involved quality
11 assurance organization has helped line managers identify
12 areas needing improvement through effective assessments and
13 day-to-day monitoring of safety activities.

14 Areas in need of improvement were also identified.
15 Those being operational focus, site departments, plus work
16 as a team to ensure the operational needs of the station
17 are addressed.

18 Work management. Work management implementation of
19 the process must be improved to ensure operational needs
20 are addressed and backlogs are sufficiently reduced.

21 Training. Traditional training must be
22 rejuvenated.

23 Barrier improvement. Improvements in three
24 barriers, or tools will accelerate the progress towards
25 excellence. Those being procedure quality, prejob briefs,

1 use of operating experience. These are tools and barriers
2 to help the people successfully execute their tasks.

3 And individual performance. Improvement in
4 individual rigor and accountability; for their performance
5 and results is needed to achieve higher levels of
6 performance.

7 This assessment, these positives and areas for
8 improvement, I believe, are in alignment with what we
9 believe our strengths and challenges are, and I believe we
10 have these areas for improvement covered in our Cycle 14
11 Operational Improvement Plan and our 2004 Business Plan.

12 Next slide, please.

13 The last assessment I would like to cover is our
14 Safety Conscious Work Environment Survey. That was
15 conducted by our Safety Conscious Work Environment Survey
16 Review Team and this was a follow-up assessment by
17 essentially the same team that took a look at us in the
18 December of 2003 time frame. And that was following our
19 November 2003 Safety Conscious Work Environment Survey
20 where there were a few sections with less positive results
21 to a few of the survey questions.

22 This team, that being the Safety Conscious Work
23 Environment Review Team, completed their follow-up
24 assessments on June 23rd. Their observations were that
25 Corrective Actions previously put in place in the December

1 and January timeframe were generally effective, and they,
2 the Review Team, saw improvements in all five cross-cutting
3 issues. Those issues being communications, work hours,
4 schedule credibility, management comment and low threshold
5 for reporting in regard to Condition Report generation.

6 The team did have one recommendation of note; that
7 being to ensure that we communicate, communicate,
8 communicate our pending implementation of the FENOC
9 Standard Organization.

10 A note, in regard to that, we do have a change in
11 management and communication plan that we are implementing
12 that's in regard to that implementation of the Standard
13 Organization. And, feedback from my communications team is
14 that we've gotten positive feedback based on the
15 communications that we put forth to-date in regard to that
16 organizational change.

17 Finally, the team, that being the Review Team
18 concluded that the Safety Conscious Work Environment at
19 Davis-Besse supports safe operation.

20 MR. GROBE: The heavy lifting
21 on the change management is yet to come. The changes that
22 you've announced so far at the director level, and I think
23 the next level down, were fairly small numbers of people.
24 The change in management going forward is going to effect a
25 much larger number of people in the organization. We'll be

1 having new direct supervisors or the same supervisor with
2 different section signs and all sorts of things are going
3 to be happening.

4 So, I just want to emphasize the importance of
5 recognizing the heavy lifting as far as effecting a changed
6 management, which is yet to come which I think you
7 recognize.

8 I do have a question though. What role does SCWERT,
9 I love acronym, the Safety Conscious Review Team; what role
10 does it play in the development and implementation of this
11 change in management structure for the organization?

12 MR. BEZILLA: Jack, that's a
13 good question. What role does SCWERT play in this role
14 management process.

15 What we've done is at each of the selection levels,
16 we made those selections, we then took that to the Safety
17 Conscious Work Environment Review Team and ran those
18 selections through that body, if you will, identifying who
19 was chosen, who wasn't chosen, the basis for that. And
20 then there was dialogue that occurred as to, is that
21 acceptable, isn't it acceptable, is there any chilling
22 effects that might occur, what would those be, what actions
23 need to be taken, et cetera. So, that's how we've used
24 that process.

25 We've actually, for the first level, we picked the

1 directors, and we had a three-site Safety Conscious Work
 2 Environment Review Team, and now that we're into the, I'll
 3 say, manager, superintendent, and then supervisor level,
 4 we've also run that through SCWERT.

5 MR. GROBE: So, the SCWERT
 6 focus is more a narrow focus on the individual selections
 7 as contrasted with a broader focus on the ramifications of
 8 changes on Safety Conscious Work Environment decision?

9 MR. BEZILLA: No, I would say
 10 they're looking at the detail, but they're also taking a
 11 holistic look at what kind of impact could this have on the
 12 organization, so it's both.

13 MR. GROBE: Geoff Wright and
 14 one of his team members, Dave Persinski, were out here
 15 observing the results of this assessment, and evaluating
 16 what activities had been performed. I believe beginning
 17 next week one day, the entire team will be out here doing
 18 our independent evaluation to validate or identify
 19 discrepancies in the result of this assessment.

20 This is an area of very high importance to us, and
 21 folks that will be out here are the same folks that were
 22 out here before. I want you to make sure that we have
 23 comparability in that system.

24 MR. BEZILLA: Okay.

25 Next slide.

1 What I would like to do now is briefly talk about
2 the Mid-Cycle Outage.

3 Next slide, please.

4 The current start date for the Mid-Cycle is January
5 17th. The duration is about 20 days; it's a little less
6 than 20 case. The key items in the outage are boric acid
7 corrosion control inspections, reactor head, control rod
8 drive flanges, bottom mounted instrument nozzle and
9 pressurizer nozzle inspections, once-through steam
10 generator inspections, and reactor coolant pump group 2
11 gasket inspections. Those are the key items.

12 We currently have about 120 corrective and elective
13 maintenance items, 34 preventative maintenance items,
14 130-ish surveillance and test items, and about six
15 modification items in scope in that outage. And what you
16 can see there is, that it's pretty much an inspection test
17 outage.

18 Our focus is going to be on safety, the work being
19 performed, as well as how we do the work, and equipment
20 reliability. We're going to be doing those things that are
21 required to ensure safe and reliable service at Davis-Besse
22 until we get to the next refuel. The next refuel is
23 currently targeted for the spring of 2006.

24 One last item of note is, we have a fleet review of
25 our readiness scheduled for July 30th. This is a chance

1 for us to present our preparedness and obtain feedback from
2 the fleet; Lew, Joe, some of those program managers that I
3 talked about, some of the other sites; on our readiness,
4 areas of continued management focus, or maybe new areas of
5 management focus.

6 If there aren't any questions, I would like to turn
7 it over to Ralph.

8 MR. HANSEN: Okay, Mark,
9 thanks.

10 Okay. Three things I would like to discuss;
11 positive trends that we've seen, some areas that we're
12 continuing to focus on, areas that we're going to be
13 looking at more in the future.

14 In the area of positive trends, we've seen
15 improvements in the area of Operations Support. Two
16 specific things, we've seen good team response to some
17 emergent issues. One we kind of discussed here was the
18 elevated radiological levels in the plant. So, a good team
19 response to that event.

20 The other area that we've noted was good sensitivity
21 to potential increase in Reactor Coolant System leakage.
22 There was plant conditions, it could indicate some
23 potential increase. The plan was put together and the team
24 went into Containment. They made some inspections to see
25 if there was any evidence that there was a conditions

1 change in there.

2 Also, we've seen recently improvements in management
3 focus on the health in training program. That's a starting
4 point. What we see there, is that the, through the
5 extended outage, we had reduced the emphasis on training,
6 seen the management team response. We've got to bring that
7 forward, so that they use training to drive sustained
8 performance in the plant. What we need to see now, what
9 Oversight is looking for, is a good plan and execution of
10 that plan.

11 The area of Work Management. We've already heard
12 that we've seen, in the area of work completion and work
13 management process, we see the percentage of completion
14 improving in both the execution and in the countdown areas;
15 however, we see that as positive because that builds rigor
16 into the execution of the process; however, what we need to
17 see now is improvements in the efficiency of the execution
18 of the process. So, we'll be looking at that also.

19 In the area of Corrective Action Review Board, we've
20 seen a strong questioning attitude displayed. As you
21 heard, we've seen some increase in the number of
22 rejections, which this in and of itself may not necessarily
23 be something we want to see. It's an indication that that
24 barrier process is effective.

25 MR. GROBE: Who chairs that

1 now; is that Mike Ross?

2 MR. ALLEN: Typically, it is

3 Mike Ross that chairs.

4 MR. GROBE: Just a question,

5 Ralph. I think I agree with you that at the end of the

6 assessment -- by Reactor Coolant System leakage, were you

7 referring to the question that came up on pressurizer boric

8 acid?

9 MR. HANSEN: Yes, the

10 stratification.

11 MR. GROBE: I think as it

12 turned out, that problem was thoroughly evaluated and the

13 solution was identified, but I'm curious as to your

14 thoughts on the time between the Condition Report was

15 initiated, which was an excellent Condition Report, and the

16 initiation of the Problem-Solving Decision-Making, what's

17 your assessment of that?

18 MR. HANSEN: I don't have the

19 data together, Jack, I would have to look back and review

20 that.

21 MR. BEZILLA: Let me answer that

22 for him, Jack.

23 We had an issue with the pressurizer delta and

24 pressurizer Boron, RCS Boron. We believe we understood

25 that and it was not an issue. Scott asked us a number of

1 questions. We gave answers. Scott, I don't want to say
2 refuted, but put on a doubting Thomas. No pun intended.

3 Based on that feedback, we said, hey, we need to
4 package this thing up, let's write the Condition Report,
5 let's get the Problem-Solving and Decision-Making Team in
6 place, let's put this thing to bed. We did that.

7 That also included a Containment ~~exit~~ entry, which we had
8 planned on making, we did earlier because of the additional
9 sensitivity. I'll say what I got out of that, even though
10 we -- I may have that squared away. Until I document it so
11 that others can review it and understand the same thought
12 patterns and processes, that's not good enough.

13 So, my lesson on that is put the team together,
14 document it, and leave it available for others to review.
15 So, that was a Lessons Learned.

16 MR. GROBE: As I said, I
17 thought the Condition Report was just outstanding. The
18 individual clearly had understood what his responsibilities
19 were. Was tracking what was going on. And at the point
20 where it got to his level of, hey, there might be something
21 wrong here, he issued a Condition Report.

22 I thought the Problem-Solving Decision-Making, I
23 actually got a copy of that and read it, final report. I
24 thought that was well done. It seemed like there were,
25 prior to initiation of Problem-Solving Decision-Making

1 Team, there were maybe not sufficient challenge to the
2 assumption or beliefs in what was going on.

3 And Scott asked a lot of questions. We were asking
4 him a lot of questions. But it seemed like the easy answer
5 was sought instead of being sufficiently challenged to
6 believe assumptions. So, I'm glad you got to the
7 Problem-Solving Team, and the team did a good job. There
8 was some question in my mind at that time.

9 Okay. Thank you.

10 MR. HANSEN: Next slide,
11 please.

12 MR. RUTKOWSKI: Before you go on.
13 You mentioned on work management problems, that you're
14 going to be looking at efficiency. Could you help me
15 understand a little more what that is?

16 MR. HANSEN: You can see we're
17 completing a high percentage. What you can see is the
18 number of tasks we're completing per week is the amount of
19 out of service time for the plant is being reduced, the
20 amount of time in elevated risk, well managed. Those are
21 the efficiency elements.

22 Then, that all plays into an overall material
23 condition improvement. As you do that better, you should
24 see the system health improve, backlogs reduced, these
25 issues like we've talked about with the work request

1 backlog, the preventative maintenance issues. You should
2 see that become less of a challenge for the organization.
3 That's what efficiency looks like in a process to us in
4 Oversight.

5 MR. RUTKOWSKI: Thank you.

6 MR. HANSEN: The area that
7 we're continuing to look at, we were seeing issues in the
8 procedure use adherence and content. One of the reasons I
9 did this, Mark, we didn't see a correlation, but we saw
10 that a number of these areas were centered around the
11 surveillance program.

12 So, we're going to look at the Collective
13 Significance Assessment, plus look at it from our own
14 viewpoint and see if we can see inside that issue from our
15 viewpoint.

16 We also noted that there was some procedure, what I
17 call compliance areas, in areas such as chemistry,
18 radiologic controls, security, that we would characterize
19 at this time as attention to detail issues, and the
20 organization is aware of those.

21 In the area of Engineering rigor, we note that
22 Engineering is doing a lot of work. This is an
23 organization that works a lot of knowledge base. So, we're
24 executing that work. We want to see that quality is kept
25 at a high level. And right now we don't have any strong

1 concerns, but we want to continue to look at that.

2 In the area of Corrective Action Program, we
3 discussed that and we've seen that the -- we talked about
4 trending. There is a piece that I'll talk about later.

5 We carried an issue into oversight about the
6 trending program not being effective. What we've seen is
7 that we've taken measures, we've put CR analysts in place,
8 we've done training. We've yet to see the results of a
9 really well executed trending process. So, we need to see
10 that issue across the line. And we need to see the results
11 from that.

12 MR. THOMAS: What are the
13 stumbling blocks, what are the challenges that prevent that
14 from occurring?

15 MR. BEZILLA: I'll answer that,
16 Scott. At first we had to get the tool in place. I'll,
17 when I say the tool, it's taking the data, slice and dice
18 the data and providing a trend that's usable. Okay? We
19 believe we have that in place.

20 Step two now is having the management, the managers
21 review that and say, okay, what is this information telling
22 me. There is so much that analysts can do and then the
23 managers have to take ownership. We're into the managers
24 taking ownership phase.

25 Now that we have a good tool and we have a product,

1 now they need to take it and see what it's telling me; is
2 there an area that I need to focus on that I might not be
3 currently focused on; there is some low level trending here
4 that I need to be taking action on, so they don't have some
5 challenge later on down the road. That's where we are with
6 that.

7 MR. THOMAS: Okay.

8 MR. HANSEN: In addition, we
9 mentioned before, we're seeing challenges coming to the
10 Corrective Action Review Board. We need to see that the
11 quality of documents reaching that level of review,
12 improvement in those documents. We still want to see the
13 core challenge them and eject them, if necessary, but you
14 should see less challenges to that barrier, effective
15 crossover.

16 In the area of vendor control, there is two pieces
17 of that. We have an upcoming outage and a lot of vendors.
18 We've seen some problems. An example recently, did some
19 oversight of a vendor who was fabricating relays for the
20 safety feature actuation system.

21 We saw some issues where he was having failures. We
22 challenged him on that, and really weren't looking at the
23 reasons for those failures as it might apply to the ones
24 they were building and were passing the test.

25 So, it's just one area that that's being looked at

1 now, but it's just, as we get into it, we have a lot more
 2 of this business, and we have seen some various type of
 3 under control issues, so we look deeper into that from an
 4 oversight standpoint.

5 MR. HOPKINS: Is that oversight
 6 standpoint just Davis-Besse or also vendor?

7 MR. HANSEN: We're looking at
 8 that. We have issues we've looked at, at the Beaver Valley
 9 and we have some recent issues at the Perry facility too,
 10 with recent pump issues we've had there.

11 So, yeah, that is a, a three-site area, but
 12 specifically, we're going to look at some specific
 13 attributes of that here at Davis-Besse.

14 MR. HOPKINS: Okay.

15 MR. HANSEN: In the future, one
 16 of the issues that we're going to do a special look at is
 17 the implementation of FENOC Fleet Standard Organization.
 18 We want to see, as we implement this organization, it's
 19 been described as changed management plans, so there is
 20 elements of this we have the day issues and we have the
 21 going forward issues; we're going to watch and see if we
 22 see any decline in the organizational performance
 23 associated with these changes.

24 The next element we're looking to see, and this ties
 25 partly in the Corrective Action Program, and partly when we

1 get discussion about how quickly we responded to plant
2 issues.

3 We want to see the threshold of the detection of
4 issues reduced by the station so we're not having the
5 events that we're responding, so we're getting into the
6 more precursor, the lower level of issues, we're seeing
7 issues starting to build into the organization. So, we
8 want to see the ability of the organization to detect those
9 things earlier and respond to them and prevent challenges.

10 As was discussed before, we want to see, we're going
11 to watch closely the implementation of the improvements in
12 training, and we need to see that aggressively
13 implemented.

14 Also, Mark mentioned the Mid-Cycle Outage. This
15 period, the key to that safe successful outage is good
16 planning. We're going to look at the planning elements and
17 look at that in the next time period to see that the
18 organization is adequately prepared for the Mid-Cycle
19 Outage.

20 Finally, the emergency preparedness. Our
21 opportunity to really assess and validate preparedness in
22 the program adequacy is during the drill cycle. So, we're
23 going to look at the upcoming drills and we're going to put
24 that together with the performance we've seen to-date, and
25 then see if there is any issues we need to develop in that

1 area.

2 MR. GROBE: I was just
3 thinking that somebody may want to take a close look at the
4 transition from Central Daylight Time or Eastern Daylight
5 Time and Standard Time also.

6 MR. HANSEN: Yeah. There is a
7 vendor element to that too. That was one of the issues.

8 If there is no further questions, I'll turn it back
9 to Mark.

10 MR. BEZILLA: Thanks, Ralph.
11 Jack, Christine, thanks for the opportunity to
12 discuss our performance and prospectus. We appreciate your
13 questions, challenges and comments.

14 Our vision is to have people with a strong safety
15 focus delivering top fleet operating performance and safe
16 and reliable operation is our focus.

17 Thank you. That's all we have.

18 MR. GROBE: Before we close,
19 I have a question.

20 Many of you folks have been at other plants in
21 recent past. What's your experience with performance on
22 periodicity of resetting the event free clock at the other
23 stations?

24 MR. ALLEN: Jack, I think that
25 from some other stations, I've either been a part of or

1 visited, you know, in the fairly recent past. It's pretty
2 common for stations to look at, say, 30 day to 180 day
3 clock resets, but there is a balance there, because
4 obviously you want nothing to occur, so you desire to have
5 a pretty large, 60, 90 days would be great on clock reset;
6 however, a lot of times we look and see many stations are
7 getting 60, 90, more days between. Then you look at the
8 threshold and say, I'm not sure the threshold is low
9 enough. So, there is a balance there.

10 If you don't utilize that tool occasionally, like
11 any other tool, it's not very effective. So, it's a
12 balance, from what I've seen at a lot of other stations.
13 And a lot of discussion, gee, this one was resetting too
14 often; gee, this one is not resetting enough. And it's a
15 balance.

16 MR. GROBE: Judgment call.

17 Other questions?

18 We've asked a lot of questions tonight. And we're
19 in our overtime period at the moment. I apologize for the
20 length of the meeting, but I think we've had very good
21 dialogue.

22 I wanted to highlight a couple of things. First
23 off, you formatted your slides such that you're
24 highlighting areas of safe, reliable operations and
25 opportunities, and I think that's good.

1 It is entirely possible that the plant would have
2 restarted and had many opportunities for shutting the plant
3 down. In fact, the plant has been operating reliably for,
4 what did you say, 107 days?

5 MR. ALLEN: 107.

6 MR. GROBE: Was that printed
7 this morning?

8 MR. ALLEN: That's right.

9 MR. GROBE: That's noteworthy,
10 that's absolutely noteworthy. While we have a number of
11 inspection findings, in many of our inspections, there have
12 not been any risk significant findings, so the plant has
13 been operating safely.

14 Challenged recently to make sure that we are not
15 holding Davis-Besse to a different standard and I'm
16 comfortable we are not. A plant that has a solid operating
17 history and excellent operating history, human performance
18 errors occur.

19 As one of your county commissioners explained to me
20 today, that pencils have erasers for a reason; human errors
21 occur. The difference at Davis-Besse is there is no
22 operating history; there is no sound basis to believe that
23 these are minor blips in the radar screen, where they might
24 lead something else.

25 That's why we're focusing a lot of attention and

1 questioning extensively the meaning of these human
2 performance errors; are they just periodic blips or are
3 they something else?

4 We identified a number of issues for the next
5 meeting. Speaking more holistically on the organization,
6 individuals in various boxes and what their qualifications
7 are. Getting into some detail, Kevin, on the Collective
8 Significance Review. I think you said the program requires
9 you to complete that in 30 days and it will be done at the
10 end of September. I wasn't sure which one it was. Is it,
11 did you mean the end of July, end of August, or end of
12 September?

13 MR. OSTROWSKI: I will check
14 my program requirements. 30 days would mean 30 days from
15 last week.

16 MR. GROBE: Okay. So, it
17 could very well be done before the next meeting?

18 MR. OSTROWSKI: That is
19 correct.

20 MR. GROBE: Good, we look
21 forward to a lengthy discussion on that, what your
22 perceptions are with respect to what's going on with human
23 performance, a dialogue on the backlog, and resource
24 constraints on routine backlog work activities; what
25 problem areas might exist there. We talked a little about

1 engineering qualifications.

2 Were there any other focus areas for now for next
3 month? Not next month, but next time?

4 Okay, we'll be keeping a log and giving you actions
5 when we get close to the next meeting.

6 I think this has been very productive. I do
7 compliment you on the operating performance. The plant has
8 been operating safely. There are these issues that you
9 need to focus on and you are. And, we'll continue to ask a
10 lot questions.

11 I think right now what I would like to do is just
12 not take a break, since we are maybe in a second or third
13 overtime period, is to go right into public questions and
14 answers.

15 Mr. Stucker, if you have control of the lights, I
16 think you could turn up the house lights, make it easier
17 for us to see who is out there.

18 I'm curious, how many members of the plant staff do
19 we have in the audience tonight?

20 And how many members of the public?

21 Okay. I should have said FENOC organization versus
22 the public.

23 Does anybody from, representing local public
24 officials, have a question or comment, would like to come
25 forward?

1 MR. KOEBEL: We'll pass, Jack.

2 MR. GROBE: Any members of the

3 public have a question or comment they would like to make?

4 MR. PAPCUN: The American

5 League is ahead three to nothing, first inning, Jack.

6 MR. GROBE: I assess a lot

7 of things and give opinions on a lot of things. I don't

8 think I'll get into that.

9 Do we have any sailors in the audience? I think

10 the sheet has been let out. The sails are roughing and

11 we're in the summer goldens.

12 I would like to suggest and see if you have any

13 thoughts on whether or not our next meeting shouldn't be

14 put off until a week or two after Labor Day. Any thoughts

15 on that?

16 MR. POWERS: I think it's a

17 great idea. It's vacation period at the plant, Jack.

18 MR. GROBE: I can't hear you,

19 Jim.

20 MR. POWERS: Much of the plant

21 staff is taking time with their families, vacation period,

22 so from that perspective, I would endorse that idea.

23 MR. GROBE: Kids will be back

24 in school then, most families will be back at home. I

25 think maybe we'll look at sometime in that time frame.

1 Okay, last chance for any questions or comments.

2 Very good. Thank you very much.

3 (Off the record.)

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1 CERTIFICATE

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

8 IN WITNESS WHEREOF, I have hereunto set my hand and
9 affixed my seal of office at Norwalk, Ohio, on this 19th
10 day of July, 2004.

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Marie B. Fresch, RMR

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

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