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

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Meeting held on Tuesday, September 17, 2002, at 2:00 p.m. at the Oak Harbor High School, Oak Harbor, Ohio, taken by me Marie B. Fresch, Registered Merit Reporter, and Notary Public in and for the State of Ohio.

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PANEL MEMBERS PRESENT:

U. S. NUCLEAR REGULATORY COMMISSION

Mr. John Grobe, Chairman, MC 0350 Panel
William Dean, Vice Chairman, MC 0350 Panel
Anthony Mendiola,
Section Chief PDIII-2, NRR
Christine Lipa, Projects Branch Chief
Douglas Simpkins, NRC Resident Inspector
Scott Thomas, Senior Resident Inspector
at Davis-Besse

FIRST ENERGY NUCLEAR OPERATING COMPANY

Lew Myers, FENOC Chief Operating Officer
Robert W. Schrauder,
Director - Support Services
J. Randel Fast, Plant Manager
James J. Powers, III
Director - Nuclear Engineering
Clark Price, Manager - Business Services
Michael Stevens
Director - Work Management
Michael Roder, Manager - Operations

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MR. GROBE: Good afternoon. Why don't we get started. My name is Jack Grobe. I'm the Chairman of the Davis-Besse Overview Panel. It's a special NRC panel that the NRC has chartered to provide oversight of the Davis-Besse facility during this extended shutdown situation.

This is a continuing, continuation of our regular meetings. These meetings are publicly observable. Purpose of the meeting is to discuss with FirstEnergy the status of the project at Davis-Besse and to provide feedback that we might have.

The agenda is up on the screen. Before we get started, let me take a moment and introduce the NRC staff, and then we'll ask FirstEnergy to introduce their staff.

On my far left is Scott Thomas, Scott is a Senior Resident Inspector at Davis-Besse. He inspects at the facility every day; lives in the local community here.

Next to him is Tony Mendiola. Tony is the Supervisor of Licensing Activities in the NRC Headquarters Office, responsible for the Davis-Besse project.

On my immediate left is Bill Dean. Bill Dean is the Deputy Director of the Division of Engineering in our Headquarters Office, as well as the Vice Chairman of this panel.

On my immediate right is Christine Lipa. Christine

is Branch Chief in the Region 3 Office in Chicago, responsible for Davis-Besse.

We also have Doug Simpkins, who is operating the overhead right now and he'll be joining us at the table in a moment. Doug is the Resident Inspector at the Davis-Besse facility for the NRC.

And in the audience, there is two NRC staff, Jan Strasma. Jan raise your hand. Jan is our Public Affairs Officer out of the Region 3 Office. And also Rolland Lickus, and Roland is a our State and Government Affairs Officer. And they're also here to answer any questions you might have.

There is a number of handouts in the foyer, including a monthly public report that the NRC is issuing on the status of the Davis-Besse project. A copy of the handouts, the agenda and handouts that we're going to be using today as well as a copy of the Licensee's handouts.

There is a couple other things I would like to bring to your attention. The NRC is always looking for feedback. There is a one-page feedback form. You don't even have to put 34 cents on it. Just fold it up and send it back to us with any comments you might have for and including the format and content of our meeting here today. Please take an opportunity to fill that out. We're always looking for opportunities to improve.

Lew, would you like to introduce your staff?

MR. MYERS: Yes, thank you very much. To our far left we have Clark Price. Clark is one of our Building Blocks, Review Process, and Return to Service Process.

Next to him is Bob Schrauder. Bob is in charge of Support Services Director at our plant. Additionally, he's been lead Project Manager for Head Restoration.

Jim Powers is next to me. Jim is our Director of Engineering.

Randy Fast, our General Manager of Operations, Plant Manager.

Mike Stevens, next to him. This is the first time that Mike has been here with us. Mike came to us with a broad base of experience from energy plants and Excelon plants, and has been with First Energy for several years now. Brought him over as Director of Maintenance, Work Control, if you will. So, he's with us today. This is his first time up here.

Then Mike Roder is also with us today. He's the Manager of Operations. He's going to talk about our Restart Plan, if you will. Okay.

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

I would now like to ask if there is any

representatives of, local public officials or if we have local officials here, I would like to ask them to stand up and introduce themselves.

MR. KOEBEL: Carl Koebel, Ottawa County Commissioner.

MR. GROBE: Thank you, Carl.

Anybody else? Okay. Very good.

Our agenda today is very simple. It's the same agenda we use for each of these meetings. I'm going to ask Christine Lipa in a moment to give a very brief summary of our very last public meeting, and present a little bit of background information on the status of NRC activities.

After that, we'll turn it over to the Licensee for their presentation and certainly questions from the NRC staff here.

At the end of our business portion of the meeting today, we'll adjourn briefly, and then reconvene for an opportunity for members of the public to ask questions and provide comments.

Christine?

MS. LIPA: Okay. Thank you. The next slide. This shows the Building Blocks that we talked about at the last public meeting, which was held on August 20. We did cover most of the Building Blocks during that meeting, but not all of them. And, the Licensee gave

us an explanation of the current status of the ongoing work in these areas.

We also heard from Bill Pearce, the Vice President of Nuclear Oversight on his assessment of QA's role. And during that meeting, the NRC folks presented some recent results of NRC inspections, including the AIT Follow-up Inspection and the Containment Extended Condition.

One of those inspection reports has been issued, The Extended Condition, and it will be available on our website. And the plan is as each of these inspection reports is issued, they will become available on the website, and available in ADAMS.

And the rest of the discussion at the August 20 meeting is available on our website at the transcript that's been posted.

Next on the agenda is the NRC Restart Checklist, and this was issued in August, so it hasn't changed since it was issued. And, I won't go through all the items, but the purpose is to ensure common understanding of the specific activities that will need to be corrected and reviewed before restart. And this will be a living document, and if it's updated we will brief you on that at future meetings.

And then another item is the status of NRC inspections. I mentioned we completed two inspections; an AIT Follow-up and the Containment Extended Condition. And

right now, there are five inspections that are ongoing. The Vessel Head Replacement Inspection is ongoing, the Containment Extent Condition Part Two is ongoing. There is also a Program Effectiveness that started last week and that will continue on. Also starting last week was Management and Human Performance Inspection; and that will be ongoing for several more weeks. And then finally, System Health Inspections has started.

And then just to let you know some other items in your handout today, are the agendas that we'll be using for tonight's meeting at 7 p.m. and tomorrow morning at 9 a.m. at the Davis-Besse Administration Building, we'll be having another public meeting.

So, those agendas are in your handout.

That's all I have.

MR. GROBE: Okay. Let me just expand a little bit on the meetings, because it's, our schedule of meetings is a little different this month than it has been in prior months.

On August 15th in a public meeting, the Licensee FirstEnergy presented to us what they believed were the root causes of the problem that occurred at Davis-Besse in the area of organizational effectiveness, and that involves management, programs, processes and human performance.

Tomorrow, since August 15th they've completed their

Corrective Action Plan to address those causative factors. That discussion would be fairly extensive. I plan on having a fairly extensive discussion tomorrow on that. It would have dominated this meeting and prevented us from having thorough broad base dialogue of what's going on at the plant. So, we decided to schedule a separate meeting.

That meeting, like Christina indicated, is tomorrow at 9:00 in the morning. In an effort to not be too disruptive to the school activities, we're holding that meeting at the Davis-Besse Administration Building, which is on Route 2.

So, as I indicated, that is a public meeting and you're welcome to attend that if you so desire.

Lew?

MR. MYERS: Thank you.

Our agenda is changed somewhat today. We have several desired outcomes. First, we want to demonstrate Davis-Besse is making good progress towards restart. And we wanted to discuss our resolve and identify and fix any problems in doing the job correctly the first time.

To that, Mike Stevens will provide you information on the schedule and our milestones and also some of the quality problems that we are having from time to time.

We will discuss the major restart items. Mike Stevens will do that. And our integrated schedule, will be

the first time we discussed that at this meeting.

Finally, there is some updates we would like to provide you, been in the favor of recent events with the old head inspections. We'll do that today. Jim Powers will do that.

We'll try to provide you with some updates on some of the Building Blocks, the System Reviews which are through our discovery phase now, and the program reviews.

And then Clark Price will provide you information on performance indicators today and what you sort of see there, the discovery is beginning to level off. And that's a good indicator for us.

Then finally Mike Roder for the first time will talk about our Integrated Restart Plan and how we plan on approaching restart of the plant.

With that, I'll turn it over to Mike Stevens.

MR. STEVENS: Thank you Lew.

Can you all hear me okay? Not too good? How about now? Okay.

I'm Mike Stevens. I'm the Director of Maintenance at Davis-Besse. I've got about 20 years experience in nuclear power, both in engineering and maintenance. I've worked with Intergy, Excelon at the Perry Nuclear Power Plant, as Lew said, here at Davis-Besse now.

What I would like to discuss this afternoon is our recovery plans and the schedule that supports recovery at Davis-Besse. We've taken our schedule and incorporated into it not only the work activities for restoring plant equipment, but also our program reviews, our NRC Checklist items; and additionally major work activities that this management team wants to complete prior to start, restarting Davis-Besse.

With that I would like to talk about the milestones some, if I could. The first one is Restore the Containment Vessel and the Shield Building. What that milestone is, is to weld back the containment plate and pour the concrete after assembling all the rebar to reestablish the containment vessel itself.

There has been a lot of activities going on here. We're currently setting the opening in place, making preps for welding that. We've qualified the concrete to repour that containment vessel. That entailed mocking up the time it would take to go from the batch plant to the station. We've had concrete trucks driving around the area for about 70 minutes simulating that. Then we poured the concrete, test it, to ensure it's of the right quality and meets the specifications.

Then you can see we have our System Health Readiness Reviews, our Latent Issues Reviews. The Latent Issues and

the System Health Reviews are centered around reviewing our plant systems to make sure that they're ready to perform as designed from a readiness to start the plant up.

The Latent Issues Review looks at the longstanding problems that may have been recurring, and we want to identify those to get those corrected as appropriate.

We have a milestone for FENOC Decision Making procedure to be implemented.

We have the Containment Extent of Condition Inspections and Evaluations. That's from the activities where we expanded the containment, initial inspections into the overall health of containment.

Then we have the Regulatory Compliance Program to be implemented. We'll complete our Program Reviews. And we'll implement Conduct of Operations Policy effectively.

Next slide.

Some of the more major milestones lead up to Core Reload, on or around October the 30th. I say that for a couple reasons. As we've laid out our schedule and our plans and integrated that altogether, and are executing that work, we're finding as we provide oversight and inspect how the work is going that there is certain times it's more appropriate to stop the work, revisit the standards, ensure that the quality of the work meets the highest standards. And we've had to do that on a couple of

occasions.

Most recently, I stopped the work associated with upgrading our polar crane, because it didn't meet the high standards for performance as well as return to service.

That's having an impact on some of the milestones. I'll tell you, that milestone looks like it's on track for October the 30th, but our containment vessel closure, even though we're to the point of welding it up, it's about a week to two weeks behind what we originally planned.

So, our schedule is sending a message, that I'm sending to the folks and this management team is holding its support to make sure that the job is done correctly and if it's not, we'll take the time to get it done correctly, and of high quality.

The next milestone is Implement Corrective Action Programs and Systems Reviews; get our new reactor vessel head on the reactor; and enter Mode 5, November the 3rd.

Now, that Mode 5, means the reactor vessel head, the new one is installed on the reactor with all the bolts tightened. It's the final closure of the reactor vessel itself. Then we will fill the Reactor Coolant System and vent it, and do an extensive review of the restart readiness for the plant.

What that entails is revisiting all of the activities we put in place, inspection of those activities,

and as well as the paperwork and the documentation from the reviews.

When we're satisfied that we're ready for restart, we'll enter Mode 4 on November the 19th. Mode 4 is an important milestone, because that's when we'll establish the containment, and be ready to heat up the reactor nonnuclear, to normal operating pressure and temperature, which is what we call Mode 3.

The next slide.

Once we get to that point, without having the reactor critical, we're going to do a full pressure containment inspection of the reactor coolant system and associated piping, to make sure that it is intact and leakfree.

We want to do that to revalidate what we know from the work activities we perform as well as assure ourselves there is no other unknowns there.

Then we will go to our Restart Overview Panel and ask them for recommendation. If they recommend restart, we'll be asking the NRC for approval on or around November the 18th.

Then, we'll enter Mode 2, which is currently set for December the 4th, and that's actually starting the reactor up leading to a hundred percent power, December the 7th.

MR. GROBE: Mike, before you

go on, just two questions that I have. On your first slide, your last bullet, you talked about conduct of operations effectively implemented. Were you going to talk more about that today?

MR. STEVENS: Mike has a portion of that in his presentation.

MR. GROBE: Okay, good. And then, in discussing Core Reload, you talked a little about the polar crane. Could you get into a little more detail on that; what you found and why that occurred?

MR. STEVENS: Okay. We -- everybody hear the question okay? He's asking about the polar crane.

Polar crane is a pretty good size crane we have in our containment vessel that we use to disassemble and reassemble the reactor. While we were down, we took the opportunity to upgrade that polar crane and install new motors, new electrical panels, new controls, to improve its reliability when it's in service to be used.

We had taken a look at that work that was performed, and I went over and looked at the polar crane and I wasn't satisfied that we had taken all the tools off the polar crane that we could have, and clean it of some of the leftover debris from putting it, putting those cabinets and stuff up there. We had some minor metal shavings, but that

was unacceptable. We had some screws missing in some panels.

Later on, we're going to be able to meet the perform maintenance on that polar crane. When we went to look at the wiring, we had to label all the wires like we should, so we could trace them out later during the construction. And we didn't set the upper and lower limits on the hook. There was backup limits for that, that would physically interfere with moving the polar crane. But there is gear limits, so that we don't challenge those backup limits.

I took a look at that. I had the electricians in the maintenance shop go up and look at it. There were some light bulbs out on the polar crane. Our procedure for checking out the polar crane is check those light bulbs, make sure they were in good working order. They weren't.

We had a couple broken globes that protect light bulbs that weren't in place. We didn't want to put it in service like that.

MR. GROBE: The issue regarding wiring and the limits on movement of the crane hook; were those part of a, is this a maintenance work order or was this a modification that you were doing?

MR. STEVENS: Those were from a maintenance work order; they weren't part of the modification.

MR. GROBE: How was it that these activities weren't caught in your post-maintenance testing that's required and they had to be caught by you?

MR. STEVENS: The post-maintenance testing for the modification was performed. It was performed satisfactory. It did not include adjusting those limits, or the lighting and some of the other activities. I think it goes to lack of understanding and a teachable moment of what the standard is from years of not attaining that standard.

MR. GROBE: Should those checks have been included in the post-maintenance testing? Was that part of the maintenance activity?

MR. STEVENS: I thought so.

MR. GROBE: And these activities, as far as the maintenance were being completed, that was completed and signed off by your mechanics and electricians and then reviewed by the supervisor and it had gone through all its reviews and approvals?

MR. STEVENS: No, we had a project manager using some outside contractor help; and I don't think they had, we had the appropriate supervision over those personnel to ensure that this work was performed to the correct standards.

MR. GROBE: Okay. I think

it's great that you were in there and you took a look at it and asked questions, but I'm trying to understand what the root cause of this was, and what actions were necessary to address the root cause.

MR. STEVENS: Well, we documented that on a condition report, had the team taking a look at that. And what occurred here, as well as some of the other activities we stopped work on, to make sure that we understand and have the right level of supervision and oversight on these activities, because quite frankly, if we stop the work going back, these milestones won't be met. But we will do that to be sure the work is high quality and done correctly.

MR. GROBE: You indicated that this work was being performed by contract electricians and mechanics.

MR. STEVENS: Yeah. They were experts in the field of crane maintenance, and that's why we were utilizing them.

MR. GROBE: Did their training and qualifications meet your standards?

MR. STEVENS: No, and I took them out of the picture as far as actually working on plant equipment at this point, and I'm treating them as consultants. I have a good sense of the equipment and how

it operates and bring a lot of experience to the table in that regard. That's what we need for going forward.

We have qualified mechanics and electricians. We need to rely on our contract resource and that's why we're putting a team together, to make sure we're helping them be successful; making sure we're integrated with them going forward and they're working to the correct standards.

There is another piece of that, and that's the sense from some of the individuals, particularly one of the guys that was leading this project had a sense that the schedule was important. And he was hurrying through and made some decisions about not putting all the screws in the panel for future work and whatnot, not taking the time to correct the light bulbs. He was interested in meeting that scheduled date.

And if it's not right, we can't go forward. So, move the date, and we'll go get it right.

I think that takes a lot of courage. I think it has to be demonstrated, and taking a leadership role is what I was willing to change that to be. So, I think it's appropriate that I got involved, stepped up and did that; so that it's okay. I think at any rate it's not the end of the world, and we're getting the right stuff going forward. So, if there was any question in that individual or other individuals mind on how we're going to proceed,

that should be alleviated.

MR. MYERS: One of the other things also is, Mike is also a Director, so we're going into an added mode since the last meeting, so he is the Director. He's not really doing a function right now, Director of Maintenance, as much as Mike being that Director, so you would expect him to take these kind of actions.

MR. GROBE: You have a lot of contractors on site now doing a variety of work. How do you assure that the contractors come on site meet your standards as far as competencies and work quality standards?

MR. STEVENS: Well, there is a lot to that question. We go through quite a few ways. Many of the contract supervision that we use, we put them through training and we qualify them to our standards. If they don't meet that qualification, we don't let them supervise personnel.

For the majority of the building trades that come up out of the local union, most of those folks we know. For the other folks that come in that we don't know as well, haven't used before, we rely on the union hall and some of our key contractors to provide us with information about those individuals, and we try and pair them up with folks

that have been on the station before.

MR. MYERS: There is two things, specialty contractors, the crane mod, you know, we're not crane experts, and we work on our own and work maintenance, but you wouldn't come to us to buy a crane. So, we want to update this crane, we went to a crane vendor; well known crane vendor, who we saw their standard of workmanship in the field.

We're a customer. They work with cranes and bridges and everything else, but they're crane experts. And we brought some modifications from them.

So, contractor oversight here is a key part of this. We have an extreme situation, and we bring contractors in. There is a lot to manage there.

MR. GROBE: You mentioned the project manager that worked the schedule that may not have met your quality standards. Is that FirstEnergy's Project Manager?

MR. STEVENS: Yes.

MR. GROBE: What, how did that come about, that your oversight of this contractor's activities didn't ensure appropriate quality?

MR. STEVENS: I'm not sure I understand the question. How did my --

MR. GROBE: How did it come

to a situation, where you're depending on what should be a qualified contractor, accomplish work at an appropriate level of quality, but with some oversight, and your manager is one of the people that's providing that oversight, but he puts schedule ahead of quality; how did that come to be; what was it that caused him to do that, or her?

MR. STEVENS: I'm not sure I know what he was thinking there. We found that, I found that by going in and looking to validate, so I was sure and confident that I understood what that piece of equipment is; and followed up.

I don't know how else, it all goes back to management performance. Have employees working, you follow-up with what they're doing, provide feedback; ask what you can do to help them be successful, make sure they have the right resources.

And then you have to take a look at the work they're doing. If the work they're doing doesn't meet the standard, then you have to provide the leadership to get them up to the proper standard, and carry on.

Now, not everybody is not meeting the standard, but there are some.

MR. GROBE: This is truly good news, bad news story. I truly appreciate that you were in containment and provided some independent oversight

of this work, but of course, the bad news is that the contractors weren't performing at a quality standard and your people on the job weren't providing oversight to assure appropriate quality. They placed schedule ahead of quality.

Have you talked to other project managers after this situation?

MR. STEVENS: We certainly did; talked to project managers, talked to the shops. And like I said, we have a team put together of some of our more experienced people taking a look at what are, what are the circumstances surrounding this mark here, so that we don't make assumption and not get it. That's what we're doing.

MR. GROBE: Okay, how did you do that? Did you stop work and get all the project managers together and use this as a, you used the word, teachable moment?

MR. STEVENS: Through the work support center, which is a team of folks we have from each of the disciplines. We brought this problem up. We discussed what we needed to do. I have a strong project manager individual that's going, we just brought over from Perry, that's the Outage Manager. Also had Supervisor of Projects, where more critical projects are taken by that projects group per se.

Then we have, so I had them pull together. They know how to be successful in projects. We discussed where the shortcomings were. I reiterated to the Outage Team the need to perform in a quality manner, and take the time to do it right.

Last Friday, we had an all-hands meeting at the station. I gave a presentation to the power plant. Used this and a couple other examples; it's the right thing to do it right the first time. I don't have a whole lot of time to do it right more than once. You got to get it right the first time.

And changed the way during the outage meeting that I had set up previously, I believe. And at least that's the feedback I'm getting from some of the participants. We go around the room and ask them; what can I do to help you be successful; what concerns or problems are you having; and, flush out any other issues.

In addition to that, what the Work Support Center Team -- everybody know what that is? That's the maintenance guy, ops guy, engineering, the scheduler, safety, the containment manager.

We get those guys together and we're looking at the upcoming projects, and we're bringing the project managers in and being proactive to make sure we understand what their needs are, where they're at with their project and

what we can do to help them be successful, or maybe reschedule a couple activities that aren't critical in the chain to give them some more time to prepare and get ready.

MR. MYERS: We did work, we had a stand down for a couple days.

MR. STEVENS: Yeah, we still, that polar crane is not going back into service until I inspect it.

MR. MYERS: And, now with the crane, we're putting a hold on that, it knocks some other job off.

I would comment that we're not talking that the crane was falling apart or anything like that. The issues we're talking about, if you went to a normal-type business, you probably wouldn't find the little wires we're looking for; you wouldn't probably find a bolt out of a cabinet, but this doesn't meet our requirements, and we're trying to improve the requirements.

One of the good things we have now is, I think it's different than we've seen the past couple months, our directors are the Outage Directors. Mike is one of our directors in the past.

And I asked someone the other day at Davis-Besse, you know, how long have you been Outage Director. It was

one of the directors of the plant. He couldn't remember the last time.

So, it's setting new expectations and that's what we've got to do. So, when we talk about a schedule here, or to schedule, I don't think the schedule means everything is going to go perfect; not everything is going to go perfect. If we need to stop, we'll stop. And that's the main thing we need to do.

MR. GROBE: I think we spent enough time on this, but I just wanted to emphasize -- okay, Tony, go ahead.

MR. MENDIOLA: I need to understand the timeline of moving the two heads; the old head out of containment and new head into containment; and the realization of the polar crane problems. Were they discovered after the heads were removed or prior to the heads removed or during the heads were removed?

MR. STEVENS: They were discovered after the heads were moved.

MR. MENDIOLA: By a walkdown of the crane after the heads were removed?

MR. STEVENS: Yes.

MR. MYERS: You know, you don't understand. We tested that crane, did a load test and everything else, for our head move. We found on the

low limits, which is where we were going down to the very bottom of the containment, we found the crane hook; this is a massive hook on the side, and we found a problem there and that's when we started checking the limits and all. We totally tested the crane to make sure it was fine; we moved loads and everything else before that, you know.

MR. MENDIOLA: My reaction to that quite clearly is some of the stuff that you've indicated that you're modifying and correcting with the maintenance work order was stuff, if you will, that was already there, if you will, when you used the crane, rather than occurred after the crane is used to move the heads.

MR. MYERS: That's correct. That's correct.

MR. STEVENS: It goes to minimum compliance, the crane tested fine. You go to the panel and there is a dozen bolts to hold the panel on, and five of them are missing, that's not right.

MR. MENDIOLA: I understand what you're saying. You have to understand that I can't rationalize, you're indicating to me now that you can't use the crane because of its current status, but you were using crane.

MR. STEVENS: I understand. I said I took it out of service so that we could get it

completed and correct. That's all.

MR. MYERS: We could probably make a management decision to use that crane in the state it's in right now, but it's not correct, it's not the standard you would look for. That crane would work fine.

MR. MENDIOLA: So, you hold that the crane is currently in compliance and you're just improving it; is that the, is that your current view of the crane?

MR. STEVENS: I think the crane is in compliance, minimum compliance. I think per ANSI standards, we performed the inspection on the hook lock and wire rope and what's required, it would probably meet that.

MR. MYERS: Absolutely.

MR. STEVENS: I don't think that's the way a crane should be operated, and I've got some, I'm not the only one; I mean, other people know or will know or will come to learn that that's what's in place, and that's not the right standard for performing work at the station. And we are finding and using those types of work activities to raise the standard beyond what the minimum procedure requirement is.

MR. MYERS: Once again, we have a team doing detail investigation. And once we get

that done, we can share more information with you, but right now, you know, I don't know of anything that would say that crane was unsafe in any way. I don't know of any. It could come to light, but I don't know it now.

MR. GROBE: The, I just wanted to wrap up this topic by simply observing that the quality of the work being performed by the folks at the working level and the emphasis of schedule over quality are two of the issues we are going to be discussing tomorrow morning; and it's clear that, at least at this one work activity that you haven't adequately addressed those issues.

And there is a lot of work going on at the site and I'm glad to hear that you've stood down and had an opportunity to talk with everybody about your expectations. It's critical that those expectations come to life in the plant. And, these kinds of behaviors that resulted in this, fortunately, Mike, you were in the plant and you observed these activities, need to change.

MR. MYERS: We have 1,300 contractors inside now. You're right, there is a lot of work going on. And we need to stop this. This does not set the standard.

As we finish our investigation more and more, we'll share that with you. This rigorous standard is what we

want as a working standard. This provides the workmanship that we like, you know, going on.

MR. GROBE: Okay.

MR. THOMAS: Can I just ask a question?

MR. GROBE: Go ahead.

MR. THOMAS: Just along the same lines, you said you had a large number of contractors on site. Do you feel you have an adequate staff to enforce your expectations to, Davis-Besse expectations on these contractors while they're working on the system?

MR. MYERS: You know, that's a hard question. I have to answer that every day. You know, something we should be concerned with, but at this time, I don't see that being a major issue. In fact, what I anticipate is staffing should be reduced in the future, because, we're in the startup phase now; all the system reviews, all the steps getting done. So, I would look for the total number of staff, contractor staff reduced by this time next month.

I don't think we have a serious problem right now, but we're at our limit, 1,300 contractors is a lot of contractors.

MR. GROBE: Okay, thank you.

MS. LIPA: I have one more

question before we go on, Mike.

On this very slide, you show Core Reload October 30, and then a couple bullets down entering Mode 5 on November 3th. The second bullet on the page is very important. Corrective Actions for Program and System Reviews Implemented. It's my understanding that those reviews are still ongoing now and all the corrective actions have not yet been determined. So, what's your window for completing your reviews and starting your implementation of those corrective actions to get them all done by November 3rd?

MR. MYERS: We'll talk about that tomorrow.

MS. LIPA: This is the Program and System Reviews.

MR. MYERS: A lot, the big one is Corrective Action Program. That is on our agenda tomorrow, is Corrective Action tomorrow, so we'll spend quite a bit of time on that program tomorrow.

MS. LIPA: Okay. We'll talk about it tomorrow.

MR. GROBE: Okay.

MR. STEVENS: Any other questions on this?

Let's go to the next slide.

Here's the NRC Restart Checklist items that we have

integrated into our schedules. I just put the bullets up there.

The next slide.

Here's some of our current work activities. Some of the big ones we felt were important, wanted to share with you in addition. We have the Reactor Coolant System Hot Leg Thermowell Repair. Cut those old thermowells out, weld new ones in. That's been a recurring problem for us.

We're going to upgrade the Containment Emergency Sump; make it almost 30 times bigger than it is now as far as square foot opening goes. That will improve the safety margin at the station.

We have a, major work activities for coatings inside the containment. 40,000 square foot dome in containment is being stripped of its paint and being recoated, as well as some of the other areas in the containment, like the flood tank and clean air grooves.

The Safety System Performance capability --

MR. GROBE: Mike, let me interrupt you just for a moment. Could you talk a little more about the containment sump and what you found when you inspected that, and the relationship between that issue and containment coatings.

MR. STEVENS: Jim is going to talk more about the technical side of the emergency sump in

his presentation.

MR. GROBE: Okay.

MR. STEVENS: So, from a work standpoint, we're going to add a great deal of square feet to that surface structure. Work entails some of the undervessel area, as well as repairing some of the area by the decay heat pit. There's pretty extensive amount of work in the containment to make that modification.

MR. GROBE: Okay. We'll be patient then for Jim.

MR. STEVENS: The Safety System Design Performance Capabilities, with the Service Water System, the High Pressure Injection System and the 4160 Volt Electrical Distribution System.

We are recoating our main condenser, although it's not a safety system, it's on the secondary side; and we're doing that to prevent any leakage at our condenser.

We're going to upgrade and modify our Emergency Diesel Generator Air Start System. A couple things that does for us, is it relieves the maintenance department of some recurring maintenance. Gets some components that we don't think are as reliable as they'd like them to be out of the system, as well as improves the capability of them, of the air start.

MR. GROBE: I also had a

question about service water system and particularly service water supplied in containment air coolers; is that also on your agenda, Jim?

MR. POWERS: I could touch on that, Jack.

MR. GROBE: Okay.

MR. THOMAS: What's the date these activities will be complete prior to restart?

MR. STEVENS: We're intending for all these to be completed prior to restart. We're driving to make the plans to that effect.

MR. THOMAS: Cutting the restart amount?

MR. STEVENS: Only, the only uncertainty there is whether or not the manufacturer is making the receiver tank for us, but preliminary it looks like it can, and looks like it fits in our schedule.

MR. MYERS: As a minimum, we'll get the dryers in.

MR. STEVENS: We have our high pressure Feedwater 1-6. We're replacing the pumps in it. We've elected to take two of the reactor coolant pumps out of service. We're going to take the impellers out of them, totally refurbish them and take motors, or put new motors on the reactor coolant pumps.

Talked a little about the Polar Crane Reliability Upgrades.

We're going to install a permanent seal for the reactor cavity.

MR. MYERS: That's a major project too, the cavity seal.

MR. STEVENS: We have the two valves in the decay heat pit. We want to resolve the leakage into the decay heat pit, make sure there isn't any. We're going to make a modification to that and provide a good seal.

We've included all the Operator Workarounds, Temporary Modifications, so our intention is not to have any of those when we start up.

With that, I would like to ask if there is any more questions?

MR. MYERS: I think it's important, none of these things, feedwater pumps or the reactor pumps; the cavity seal would prevent any -- the plant came with original temporary seal, a seal which you--

(Requested speaker to repeat.)

MR. MYERS: Cavity seals, like installing the other pressurized water reactor. And, you know, those are the pretty big mods that we're making to include an overall margin of safety and reliability of our

plant. So, we're pleased with that list.

MR. DEAN: I have a couple questions. First, going back to the discussion of restart milestones. I think you're all aware that historically plants that are in the O350 process, extended shutdowns, historically, there is a pattern of slippage as things emerge. We've discussed the polar crane is going to be an example. I heard you all talk about that today. Your intent is to make sure you're doing things right, and if that results in schedule slips, so be it. You want to do things the right way.

In terms of then the dates you've established here, and I particularly note one where it says, we are entering Mode 4 on November 19th, and then Full Pressure Containment Inspections entering Mode 3. Then you have NRC approval for restart November 18th.

I think it would be unlikely for us to provide approval for restart until we have an opportunity to see things like, you know, did the system hold LP and LT. So, I'm guess I'm trying to point out there is some discontinuities here already.

Given all that, in terms of confidence level and the types of things that you're seeing, just had a long discussion of the polar crane issue, revealing some of the things that led to the vessel head degradation, production

orientation, minimum compliance. So, clearly, you know, those are underlying issues that we're really interested in seeing resolved. Clearly you're not there yet.

Given all that, what's your confidence level in terms of these milestones?

MR. MYERS: Let me sort of answer that. We spent a lot of time since the last meeting, in fact, we brought a copy of our schedule today. How many pages is it?

MR. STEVENS: About 1,240.

MR. MYERS: We have thousands of activities in there. You know, we're, from what we know, all boils down, and system reviews, that we've done, from hardware standpoint; we feel pretty comfortable in the range that we're talking about. We could be a few weeks off here and there, but generally, we believe we can get most of that work done. And we feel real good about it, as a matter of fact.

MR. DEAN: So, your projections are based on physical work accomplishment.

MR. MYERS: Physical work. And we do have, before a lot of management stuff, management reviews, all of the training that we plan; all that's loaded into the schedule also. So, it's really a totally integrated schedule. And it is a very, very

aggressive, it's an aggressive schedule.

But the quicker that we can take the plant to a point where the head is back on and we can pressurize up, and go around and look for leaks -- we're going to repack a hundred valves. So, you know, whenever you repack a hundred valves, you may have some leakage from some of the repacks.

The quicker we can do that, the quicker we can go, cut back down and fix these things that need fixed. And the other thing it does, is give us confidence to regulate our public, we're coming with a very leak tight plant, a very, very leak tight plant. You know, it's not minimum standards, but extremely tight.

MR. DEAN: I think that would be an important way to come up.

MR. MYERS: You're exactly right.

MR. DEAN: Given the meeting we're having tomorrow, talking about the Management Human Performance Plan; can we expect to hear tomorrow more how you expect to assess the efficacy of the plant and how you're going to do that?

MR. MYERS: Yes, sir; and also some compensatory measurements we have in place. I could sit here and say, we're not quite, have the standards

at levels we would like them to be before we start up, but we'll have compensatory measures in place to ensure we're doing high quality work.

For instance, our Engineering Oversight Board will not go away. We'll keep that as a permanent part of the process. It's like another barrier that we ensure the quality of that documentation. So, we'll do some of that.

MR. DEAN: The second question I have, it gets to the issue of standards. And the fact that, you know, mentioned 1,300 contractors on site, the challenge that it is to oversee quality work of all these contractors. Do you all have anything in your contract or arrangements that either provides an incentive or disincentive to contractors relative to quality and work?

MR. MYERS: Depends on the contractor and the contract. Like this crane job, we pay for that in steps. And sometimes it's an incentive. We have, like our building trade, we normally use NPA's for building trades and we have engineering agreements with some of our engineering firms, but the smaller contractors, specialty contractors, typically, not, no.

MR. DEAN: Then the last question I have, goes back to the work that you described now I think in terms of major activities. I guess I would

like to get a sense for how much of this work was in your original outage work package and how much have you added either because of moving forward, capital improvements you had planned on the future or have resulted from discovery activities over the past several months?

MR. STEVENS: I don't know if I could give you the exact percentages, but I know we first did our Operational Readiness Reviews, we identified some work activities. We needed to go improve system performance.

Then, as we've gone through system reviews, we haven't really found a whole lot more. I think we found minor stuff and rolled it in, but I think the majority of this work was identified back when we did our System Readiness Reviews in May; about May time frame.

So, there is a few since then. And, you mentioned the Service Water Header Expansion. That's a part of the reviews that are ongoing, so that's popping up. In containment air coolers, we're going to go do that after we went in and looked at them. It was just whether or not we could get by or we should upgrade it.

MR. DEAN: So, getting back to the original part of that question, which was the original outage work scope package before February or March when the head degradation was discovered, how much has been

added to that?

MR. STEVENS: Just about everything.

MR. MYERS: About all of it.

MR. STEVENS: We had March, March time frame, about 85 to 90 percent of the outage work scope completed, so.

MR. DEAN: Okay.

MR. MYERS: You know, the plant, you know, like our condenser. Our condenser was probably in decent state, but while we're down this long, we have an opportunity to go put a new coating on it. And that includes, that should be reliable in years time. So, we won't have to fight this in another outage, so might as well take advantage of it now.

Same thing with the reactor coolant pumps. While we're down, we have fuel out of this core so long, rather than just hit and miss, we normally have a packing program, we get a few valves an outage. We're going to go down and repack about a hundred valves. So, we're going to work now, as much as, so that should set us up for the long term.

MR. DEAN: Okay.

MR. STEVENS: I feel like I need to say something to some people in the audience. These

aren't bad people doing this work. It's one thing to say, I want it done and I want it done right, and take your time you need to get it done. That's the big explanation; and then live with that.

Some folks may have got caught up in previously being trained that the right thing is to meet the milestone and get everything done to get to some understanding.

I don't mean in answering questions that there aren't good people at Davis-Besse. They have the right standard. We have to support them, and support what their needs are to get that done right.

I just thought I needed to say that, because we've got some good people sitting in the audience that are part of this success at Davis-Besse, and I didn't want you to think that I'm the only one or this team is the only team here that has high standards.

MR. GROBE: I appreciate that, Mike.

And Lew, you commented on the potential of having some compensatory actions in place at the time of restart.

The thing that is particularly troubling in the situation is the polar crane, that's why I wanted to explore that a little bit, that your project manager placed schedule over quality. And certainly down at the level of first line supervisor, I would expect prior to restart that

every one of those people is operating at a level that you expect as far as quality standards.

You folks are demonstrating, as you have Mike, that you have the right standards, but there is only eight of you, and there is a thousand people working in that plant, so you can't be everywhere all the time. So, we're going to need to continue to understand what corrective actions and human performance area are going to be in place at the time of restart, which ones you will have confirmed in fact are effective prior to restart and what role compensatory measures will play.

Okay, let's go on.

I'm sorry, Tony.

MR. MENDIOLA: Just one more quick question. Was the polar crane part of a system readiness review?

MR. STEVENS: I don't know the answer to that.

MR. POWERS: No, I don't think it was ever part of a system readiness review.

MR. FAST: We did cover as part of readiness review, the individual crane engineer did present information to our Operation Readiness Review. We had talked about being able to implement the upgrades. So, that was done at the tail end of the Operation Readiness

Review, because I was the chair of that and recall the discussions that we had.

MR. MENDIOLA: So, it was a part of another readiness review, not its own readiness review?

MR. FAST: Just to take us back in time, I sat on a board looking at system readiness back in May. I had operations, maintenance, engineering representation and had system engineers come and present information. We did look at the polar crane at that time.

MR. MENDIOLA: Did you consider the polar crane and understand what it was going to do; I know it's the operation of the polar crane to move the head, or only as a self-contained system?

MR. FAST: No, as a self-contained system.

MR. MYERS: We also knew the head, we had cranes that we brought, we brought in; temporary cranes would be brought in and move stuff off the truck. And we look at the quality of the polar crane now. It doesn't mean -- we're upgrading the control panels, the control panels we have removed from our operations. So, we have to work on them, the plug-ins.

So, it was a pretty nice upgrade that we bought from this vendor. The material condition of the polar crane does not follow in the footsteps. It's still a very nice

looking crane. Probably better quality than what you can go rent from some vendor on these temporary cranes that you get. Doesn't meet our standards as a permanent piece of plant equipment. I don't want to leave this audience with the thought that that crane is falling apart. It's just not falling apart.

MR. GROBE: Okay. Other questions?

Jim?

MR. POWERS: Okay, thank you, Lew.

I'm Jim Powers, Engineering Director. I want to talk about an issue that has become apparent over the past several weeks and many of you probably saw it in the press. It relates to the cladding that was on the exposed head due to the boric acid corrosion on the old head. And, we had an ongoing evaluation in a laboratory down in Lynchburg, Virginia that has been underway since the time we cut this sample out of the head at the site.

Just to refresh you on what we did. We cut a 17-inch diameter piece of that head out, using a water jet process. And, working with NRC review of what we were doing and approval of each step, cut that sample out and quarantined it and sent it down to the laboratory for further evaluation. All those evaluations tests have also

been approved, jointly developed by ourselves and approved by the Nuclear Regulatory Commission.

So, this ongoing process, the laboratory cleaned up the cladding there, and prepared it for further evaluation. One of the things that was found was some cracking on the top surface of the cladding. You can see it there where the arrow is pointing in the picture on the screen. And what we've got is several small cracks that are parallel and they appear to be on the welds leading between two pieces of clad application weld.

And when you look at the, initially at this magnification, you can see, based on the ruler that is in view, about a 3/8 inch long crack. Now, we have more detail reports come in since the time this photograph was sent up to us. If you look very closely along that weld seam, it looks like those cracks may extend to about two inches long. We're still in the process of evaluating those cracks and what they mean.

The laboratory is looking very carefully at the bottom side of the cladding to see whether they had penetrated the neck or not and is holding the pressure boundary as we had believed, but this does concern us in terms of capability of the cladding; done quite a bit of analysis of that, as you know, and we need to factor this finding into that analysis and revise what we've done

there.

And, I'll point out also, that that, this also changes the plans that we're going to be going forward on. So, we are bringing metallurgists to bear on this finding to determine what further tests we should do and how we should change the test program, so we got as much information about the cladding as possible, and get a very accurate picture on what its capability was and what those cracks mean, the pressure capability.

There was also in the lab was found that the cladding in general was measured there a bit thinner than what we measured when the cladding was in the reactor. And so, we are investigating that to find out what those discrepancies, what the cause of those discrepancies are.

We use ultrasonic testing at the site, tape measurements of clad. We also compared it to measurements at Framatone facility in Virginia; with half the Midland head, the Midland being two heads down there; and got very comparable results from those UT measurements, but the laboratory tests are a bit different. We're not sure what's that related to, perhaps some clean up of the sample, and perhaps that affected it, but we need to get to the basis on what those differences are.

When we did our assessment capability of the pressure retaining strength of the cladding, we had

analyzed two thicknesses; one was an average as found thickness, which was .297 inches; and the other was a minimum specified allowable thickness from the original design and that was 1/8 of an inch. And we didn't have any areas of 1/8 of an inch, they were .125.

We haven't seen anything that low in any of the measurements that we've taken either at the site or at the laboratory. So, that minimum case analysis still presents an accurate picture of the clad capability, a very thin, what's assumed to be very thin.

So, we know there is more work to be done in this area. This concerns us in terms of what the capability was of that clad.

Any questions?

MR. MYERS: We found out about this, and really it was a joint effort, but we bore that sample out. We sent it to the lab, and it's been an ongoing laboratory research project. As soon as we found this indication, you know, for the public, we picked up the phone and within an hour, let you all know what we found. It's been in the paper somewhat, but we wanted to share the results at this meeting.

MS. LIPA: Appreciate that.

MR. MYERS: It's going to take some work on the analysis.

MR. GROBE: I know you've been working very closely with the chemical laboratory at Lynchburg, Virginia.

MR. MYERS: I'll turn it over at this point to Bob Schrauder.

MR. SCHRAUDER: I'm Director of Support Services at the plant. One of my major roles right now is overseeing the replacement of the reactor vessel head.

We have continued to make progress on that. We are somewhat behind schedule, as Mike indicated, largely due to modification and waiting for the crane to be available for us to move the old head out of the reactor; or out of containment and move the new head in.

Once we did get the, once we had tested the polar crane and were able to use it, those lifts went very well for us. And as we speak today, the old head has been removed from containment. It is placed in our turbine bay in temporary storage.

We are preparing a more, more permanent temporary storage, if you will. While we have the head on site, we're going to move it over to the pad that we poured for our dry cast storage some years ago, and we're going to construct a temporary building around the head weld and maintain that at the Davis-Besse site, waiting to take some

more samples out.

Our new head has been transported into the containment building and has been lifted and set on the reactor head safely inside the containment.

Just a comment. It was a major milestone for us that we managed to get that new head in place inside the containment. The crews and the people who had been standing by to make those moves were visibly excited to see the job finally go off.

We had prepped them for several days going into the activity. And the cranes were available to lift the head. And people were pleased to see the new head inside containment.

The service structure is the next step in the process for us. It is ready for installation on the reactor vessel head. We have repaired the access openings that were cut into the upper portion of the service structure to allow us access into the upper region above the installation when our approach was to attempt to repair the old reactor vessel head.

We had to put some temporary openings in there. We have restored those temporary openings. We have taken the surface structure down to bare metal again after that repair and we have repainted the surface structure.

The next step along the way will be to lift the

structure, lift the surface structure from its current location, place it on the reactor vessel head itself, and then there is a series of very careful and precise alignments to make sure that that surface structure sits exactly on our new head to allow proper movement of the control rods through that. So, we'll carefully align it.

And, then as we talked about, the massive service structure will be welded onto the lower skirt that sits on the reactor vessel head and we will be bolting it on.

Then, we'll begin the process of bringing back our control rod drive mechanisms and bolting them back onto the head. That in turn will raise up the space that we need to move the reactor cooling pumps off the location. That's kind of the next step where we will be going with that.

Containment restoration is in progress. As Mike talked about before, what we call the door or the large piece of pressure vessel itself which was cut out to allow access into containment has been lowered back into its location, and we will be welding that back into place in the next few days.

The other thing we have to weld is the reinforcing bar that, in the concrete shield structure itself, there is a series of bars, as in any reinforced concrete, that will be rewelded back into place, a process that uses cad welders. We began that work yesterday. We expected that

work will probably be complete late this weekend or very early next week.

And then of course we go in and pour concrete back into the shield building again, restoring the containment back to its original design specifications. And later on in the process as we complete the rest of the work in the containment building itself; do an integrated leak grade test on the containment building to assure ourselves that it is a leak tight containment pressure vessel itself.

Now, this job has gone very well for us, but it has not gone perfectly. The next slide shows a couple of difficulties that we've encountered along the way, caused us some schedule delays.

One was simply waiting for piece of equipment that we use to move those heads; that was the polar crane upgrade that Mike has talked about.

Then after we had moved the head in, we were preparing to restore the containment. We did have some work practice, following issues that we had to deal with our contractor here. In our preparation for a couple of these activities, we have to do some training, some testing. One of the testing activities that we had to do is, we talked about it before, verifying our concrete supplier was going to give us high quality concrete. And it's a way, about an hour away from the plant.

So, we had to go through a series of qualifying the concrete, making sure as we bring it onto the site, its transport won't take too long and it will be good concrete when we put it in. And in that process, we noted some failure to follow some of the procedures set up for that testing activity. We identified those earlier. And then, we had identified that on a condition report from our oversight of the project.

Then, as we got towards qualifying the welders to this head welding process, they were in training. And one of your inspectors as well as our project managers were in that training, and confirmed that some of the process documents from the manufacturer with specific setup and configuration we were using were not being used in that training.

At that point, these issues were coupled or aggravated, I'll say, by quality oversight of the job. Bechtel, our contractor, part of their responsibility was also to provide quality control and quality assurance oversight. Of course, we have our own quality oversight. They were responsible to have their own quality people observing what they were doing.

These people were on the job. We had some problems with them not spending enough time specifically at the location inside containment where we wanted them, and also

were in the same class as these categories where this activity was not being done properly and the quality organization is not responding appropriately in our minds.

So, at that point, we identified those concerns on another condition report. The contractor in this case stopped all their own work, put together a going-forward plan for us, and included changeouts of personnel. Re -- I don't want to call it training, but had a standdown with all the personnel involved with this job; reaffirming the expectations and the need to precisely follow the procedures and to make sure that we were provided with quality trained people.

They undertook their corrective actions. They provided us with their plans for going forward. And, we approved that plan and put them back to work on the permanent plan structure.

Now, I said that they were, we did get new quality oversight from Bechtel in that process. We also confirmed that none of the work that was done to-date suffered as a result of any of the problems that we had seen. We did verify that there was sufficient quality control oversight.

The real job of certain, taking the concrete out, is not, not much to do to harm the rest of the containment there. But in cutting the steel on the pressure vessel

itself, containment pressure vessel, there is some controls that you need to keep by way of keeping that proper heat and stuff. We did have the records to indicate that those heats were maintained, that there was system quality oversight to that, so we confirmed that none of the work that had been done to-date suffered as a result of those.

So, that's where we're at with that. Next couple of things, just a few pictures. This is kind of an interesting picture where the old reactor head is being transporting out at the same time it's going right past the new one coming, on its way in. It was out with the old and in with the new.

The old reactor head is covered in blue. That is a temporary paint that's put on the head itself to make sure that the examinations go right on the head during its transport. That was on its way over to the place where we stored it.

The next picture shows the new head. It's a work platform. Above it is the opening in containment where the crane is moving the head into the containment.

The next picture is --

MR. MYERS: Wait a minute, come back. If you'll look on the head, that's the polar crane. That's the crane we rented to make the lift on the outside, but you see the taped off area at the top of the

gray or the top of the head, that's; what are those?

MR. SCHRAUDER: Right there, these are the new, this is the lower support of the service structure, and actually the next picture we'll go to that. This is the reactor vessel head sitting on the stand in the containment. These gray cores that you see here, are the openings that were made into this service structure, lower support service structure, to enable us to do accurate and adequate inspections of this reactor vessel head.

The new service structure comes on, will sit right on that ring, on the support skirt and then it will be welded into place there.

These things that are covered here, are the bottom flange where the control rod drive mechanisms will be brought over and service structure put on and bolted in place.

That is the reactor vessel. The new reactor vessel head is sitting on the stand in containment.

Next slide shows the old -- not the old, but the yellow picture up there is our service structure as it was standing on the stand. It is a nice new white coat down there in the lower right hand corner. The service structure is waiting to be lifted and placed on the reactor vessel head.

And this, the next picture is just, we talk about

cad welding and placing the rebar and reinforcement bar back to containment. That's what rebar looks like. The center section here is the piece that's packaged onto the rebar. This is actually in a test rig here.

One of the things we had to do is qualify this cad weld while we were doing it. So, we take that in and put it onto a representative piece of the rebar, and then apply pressure to it. And the goal is to have the rebar itself break before this weld apparatus let's loose. In this case, we have a successful activity there where we did break the rebar before the splice was.

Questions on the reactor vessel head, and status?

MR. GROBE: Nope. Thank you.

MR. SCHRAUDER: Okay. The next speaker is Randy Fast.

MR. FAST: All right. Thank you, Bob.

Myself and Jim Powers both worked on the System Containment Health.

Go to the first slide.

We've already talked about a lot of the major projects that we have going on. I just have a couple of items that I want to update in relation to containment health. First of which is our inspections are essentially

completed. We're about 99 percent complete with those inspections.

We had some minor areas that were obscured, because of scaffold or something else that have been noted; that detail has been identified and we'll go back for a subsequent inspection. But the areas are small. We don't think there will be anything significant that comes from those inspections.

The good news is as well, we didn't find a lot of different things. Most of the issues are minor in nature. There is some minor surface corrosion in the areas that have to be recovered, but most of those can be recovered by minor maintenance and using the existing work practices. So, we don't see any major challenges in that arena.

Next item is the containment sump. And if you just go to the next slide, you'll be able to show really a conceptual drawing of what that emergency sump will look like.

Took a page from water technology, you'll see on the far right toward the bottom is the existing emergency sump.

Thank you.

You'll see a drilled pipe that connects to that, and goes to what I'll call a boxcar arrangement, which extends the sump surface area from the existing 50 square feet into

an array that actually will go to upwards of 1100 square feet.

Because of the flexibility of this design, this will also allow us to extend the sump in the other direction. We don't have that artist's rendition here, but it will actually allow us to extend the sump in the other direction around the containment down into the access core that goes under the vessel.

So, this is a very flexible design. I think this is really going to add opportunity for the rest of the pressurized water reactors to take a page from the lesson learned here at Davis-Besse. We'll share this technology and these ideas, and be able to help others. Actually, improving this margin will put us in the leadership role or at the high end of PWR, Pressurized Water Reactor technology in the surface area. We feel pretty good about what we're able to get in the way of containment sump.

And the last item I was going to talk about is all the insulation has been removed in the piping systems and containment coatings walkdowns are completed.

We do have about 15,000 square feet of surface area that are not qualified coatings. We have a couple options. We can take those coatings and evaluate those for qualification, or we can remove those. And, one of the areas Mike had talked about for flood tanks about 3,000

square feet each; those coatings will be removed and reapplied with a coating that does meet the standards.

Those coatings were existing from the original plant design. So, we do have some, about 15,000 square feet of remediation for coatings in the containment.

MR. GROBE: What went into determining the surface area design for the new containment sump? How did you conclude that you needed 1100 square feet?

MR. FAST: Lew just said, as big as possible. This is one of the cases where we gain considerable margin. Because this is an industry issue in having available surface area to ensure that through a design basis accident, that water can free flow and provide the net positive suction head necessary for the pump for recirculation. The larger the sump the better, is the bottom line; and it allows a lot more margin for.

So, we took existing space that was available in the containment and that's why this, this actual boxcar arrangement provided that flexibility.

MR. POWERS: Which also, Jack, there has been some studies on the industry in general or PWRs containment size versus sump size. And we took a look at that, experience benchmarking in other plants and this size will put us at the top, top desk level in terms of

size of sump relative to containment. So, that's another benchmark we used to make sure we had the capacity we needed.

MR. GROBE: Just to make sure I'm clear. You have not concluded that the original sump size was insufficient to provide net positive suction head for the pumps?

MR. POWERS: Let me talk about that. We had a concern as we got into the details to evaluate the sump capability on its size. It's a relatively small sump. And it was designed as were many of the emergency sumps back in the original design of the structure of the plants for 50 percent blockage, and the pumps would have adequate suction through that if it was 50 percent blocked. And that was provided in the regulations, that was the requirement, and we followed that.

Now, on more recent walkdowns on containment health, including the coatings qualification issue, we've found, and as Randy described, we found that a number of areas we don't have qualified coatings. That includes the four flood tanks, there is some smaller pieces of equipment that need touchup work in the containment, and as well as the coating on the dome of the containment requiring restoration because it was beginning to peal off.

So, we found a number of areas where coating may

come off in an accident-type situation. And that's typically from design basis. Accident with a large break, lot of energy, temperatures, high temperature steam is released, and coating can come loose. And if it is enough flow through the containment of steam and condensed water, that coating debris can get washed down to the containment sump and potentially block it. So, that's what we're concerned about.

Now, there is a lot of work that goes behind assessing and evaluating that. That leads to the transport theory, in terms of what are the pathways that, where it has to navigate to get down to the sump. There is in many cases a tortuous path that it needs to take.

So, we're in the process of evaluating the ramifications of the coatings in containment and the size of the sump. And, we're looking where we stood relative to the sump's capabilities in the past. In the future, we're going to have one of the largest sumps in the industry. And we'll have quite a bit of margin over the plant.

MR. MYERS: You know, really it's the coating we talked about. We've got the qualified coating list, provide some of the coatings on the simple things. If we go to another vendor to get that coating qualified, then the issue is not nearly as big. So, we don't know that it couldn't qualified the coating we're

talking about, but the simple thing to do, when you need another coating is take it off and replace it. From a management standpoint, it might be the easiest thing to qualify.

MR. GROBE: When you did the containment inspections, did you find any other deficiencies with the sump?

MR. POWERS: Yes. There was a couple deficiencies we found in terms of, we found one small opening in the sump that didn't meet its specified criteria. The sump is intended to have quarter inch, screen out quarter inch particles from the suction flow. And we found that an opening, small rectangular opening, I think it was in the range of 3/4 inches wide by 5 or 6 inches long. That would not have met that requirement, so that's another, another issue we found with the sump.

There was also some work having done in the past that really wouldn't meet our standards today, in terms of closing off other small openings in screens. And this is typically an industry issue where structural steel penetrates through the screens or the screens interface as a box is put together for a sump, there may be openings that are screen size along those interfaces.

And we found some of those that in the past had been covered over with lead bricks to sit on top of any of those

openings and it doesn't meet our requirements, expectations or standards for modification in containment for the sump.

We're going to rectify that along with this modification. So, there is a couple of other issues there that we're addressing in terms of health and functional capabilities of the sump and where we're at.

MR. GROBE: You mentioned insulation removal, when you complete this work, or it's completed now, does that mean that all fibrous insulation has been removed from containment?

MR. POWERS: I think a large portion of it is going to be removed. Insulation removal is ongoing for continued inspection and pressure boundary of the Reactor Coolant System is part of completing our inspections there. So, that refers to initially going in and engineering replacement of insulation. So, there may be some areas where the established insulation is encapsulated and it's nowhere near any pipe break zones or any other events that could break it free. We're going to the major extent, most of the pipe installation will be removed and replaced with alternative insulation that is not fibrous.

MR. GROBE: Okay. Thank you.

MR. MENDIOLA: I may have missed

this, but where does this idea, this concept come from? What was its origin?

MR. POWERS: Over at the Perry Plant, we put in what was at the time the largest suction strainer in the world during a refueling outage in 1996. That was shortly after Lew arrived at the plant.

MR. MYERS: We've done this before.

MR. POWERS: Right, and that was over a hundred feet in diameter. And the containment at Perry, one of the water reactors is quite different than this. There is a water pool at the bottom that the pumps take their suction from, emergency pumps. And we put a strainer there that went all the way around. Some of the engineers affectionately refer to it as a naval strainer.

But it's over a hundred feet in diameter, over eight pieces weighing four tons each. And we put it in at a refueling outage in 12 days underwater with divers bolting that and putting it into place.

So, we have that experience, and we have brought the same engineering organization to bear upon this, same individuals personally containment walk this down; for bringing this perforated screen concept to this, it's slightly different, but it's the same, same type of concept.

MR. MENDIOLA: It's not exactly what I was asking. But what I'm saying, somebody had to step up. Some engineer someplace said, hey, look, I have an idea; and offered it to you or your organization and my concept with an understanding of how, a radical move idea like this, germinates to an actual plant modification?

MR. POWERS: How the idea goes forth? Really, it's looking to see the longstanding issues at the plant, and with experience that we've brought from the outside, what improvements could be made. In talking to the engineers at the plant on various -- that they would like to see improvements, and asking about this. We knew from our experience at Perry that there was an issue with sumps that were being addressed in the industry, and there is a lot of operating experience in the industry.

So, there was a looking forward to what is going to evolve. The NRC is setting of course some regulations on that in the near future. And, some of the industry groups; Nuclear Engineering Institute, or Nuclear Energy Institute, has provided guidance on it.

Collective significance of all that knowledge on the industry issue led to us going in there and assessing where exactly do we stand and found out that the size of the sump was relatively small relative to the industry peer plants.

And so we put one of our plant employees as a project manager to work on coming up with an appropriate solution and we gave him the resource of our outside engineering firm, to provide designs.

So, they've been working in concert and this engineer is going to be able to see his concept come to fruition. Basically, getting behind it and making it happen as priority for safety function.

MR. SCHRAUDER: The sequence of events, Tony, was we identified we wanted to increase the size of the sump. That was the first idea. Then set a team of engineers in place to say, go look at some options to see how we can be able to increase the size of the sump. And they looked at several opportunities to increase the size, increase the pit size, opening up some more areas on containment.

One of the persons on the team came up with the arrangement of how we should increase the size of the sump.

MR. MENDIOLA: I take it this has been months in the making, years in the making, since the first of the year?

MR. POWERS: I would say we have been working for several months on this one.

MR. MYERS: It wasn't one

person. We brought some stuff in from Perry Plant that we had done. We had an engineering firm there. We were talking about the issues and industry experience. I think it was a team effort.

MR. POWERS: Right, talking with the people at the site, how they felt about it, looking back on it, and where we stood. So, it was a team effort.

MR. MYERS: It was a good team effort. There isn't one person you can point to. It was a team effort. We had the engineering firm together and everybody sat in a room and this is what we hammered out.

MR. POWERS: The nice feature, although it hasn't been going on for a long time, it's made up of perforated pieces of pipe, stainless steel pipe that we bolted together. So, a large amount can be built in the shop in a controlled environment and shipped to the site.

MR. MYERS: Pretty neat.

MR. GROBE: Okay. Okay.

MR. FAST: With that, I'll turn it over to Jim talking about System Health Plan.

MR. POWERS: The System Health Plan, we had talked at the last meeting about the walkdowns coming to completion. At that time, they were just about

complete and we have completed those walkdowns and that was by multi-disciplined teams of maintenance, mechanics and engineers, operators, system engineers and management members going out and walking down systems.

We have our 31 reviews ongoing is what we refer to as Maintenance Significant Systems, System Health Readiness Review level. And those reviews, they're ongoing, making good progress. Each system engineer of the systems had several experienced contractors from the outside that have gone through plant reviews such as this supporting, and they're going through the past work orders, modifications and corrective actions in our system, to assure themselves that the right thing has been done; and if not, we have questions about it and document it on a CR and Corrective Action Program for evaluation.

And thus far, we have had 500 of those questions in the Corrective Action Program, that the Restart Safety Review Board has categorized as restart related requiring evaluation prior to restart.

We have a pretty low threshold for issues. Walkdowns, we found a number of small issues. I talked about them the last time. Areas of the plant where there may be some rust. It is a 25-year-old plant. So, there is some areas where refurbishment would be recommended, some cleanliness issues.

There is also a few issues where we needed to make changes to restore operability. So, we had the full gambit of small housekeeping observations to equipment issues. And, good thing about the whole process was we have teams of people working together to find out what standard they had been living to and was it really acceptable to them collectively when they got out as a team. They found no.

It was easy for them to write down things they felt were areas for improvement, and we got positive feedback even from the maintenance people on the teams. They thought it was very worthwhile to get together with some of their other peers, working together. We're going to carry that forward into a future requirements over at the Davis-Besse Plant and other FENOC stations to do these type of walkdown reviews.

We have five of the System Reviews have been completed by the responsible engineers and their teams. Of those, there is four reports that were prepared and sent to the Engineering Assessment Board. Two of the reports were approved in terms of their comments noted on those, are being incorporated now, but they passed muster through that review board.

Two of the other reports need further work before they go entirely through the board. One is getting, addressed to get prepared for the board. It's issues like

format, consistency and looking at this work for several of these, we're trying to get comments on these, taking these back to the other reports ongoing.

So, we're at the beginnings of issuing out the product. We have to go to the Engineering Assessment Board and Comments Incorporated. Then, they will go through validation process where an independent team will look through them to see if they meet procedures provided to you. And tell us what we're going to do. When they believe they're completely correct, it goes to a Restart Management Team, which ultimately recommends approval of these reports. And then they'll be available for your inspection.

So, we're beginning to see that process now, and continuing that. I think it's bearing fruit in terms of improvement to the plant and raising the standards.

Next on Program Review?

MR. MYERS: Yes.

MR. POWERS: Approximately 70 percent overall completion is how I characterize where we're at. As you know, we have two levels of system reviews; the 31 systems we're talking here; the maintenance, our working system.

We also had five systems that we were looking at in greater detail, very eye level detail. We had good

sampling, digging down to things like calculations and design basis. And those are going along pretty well also. And overall, I would say our effort is about 70 percent through.

We've done an assessment recently on how well we're doing in terms of staying on track, because we do have multiple teams working on individual systems. We want to make sure we have consistent quality, consistent expectation of driving into the documentation and following threads on issues that are found. So, we've some individuals, experienced individuals, who are planning recovering items and assessments and we think we're doing pretty well.

Reinforcing the people of quality. It's important, important to schedule. We want to make sure quality gets incorporated completely into the effort. We're looking at our management team every day to what we can do to provide resource, remove obstacles and barriers to get the work done on the schedule, but with the appropriate quality. So, that's what we're, that's what we're about.

In terms of issues, there is tremendous smaller issues. We're looking at those. We're looking at those from a microsignificant standpoint of getting into evaluation of the issues to see, see that there is, if there is anything major.

One of the ones I wanted to talk about was tornado missle protection. I think I touched upon it in the last meeting. This would show a typical issue that we've come up with in the plant, and given this plant is 25 years old.

This is the missle shield that's over in exhaust, an exhaust pipe, if you will, from diesel generator at the plant. And during the system health walkdowns, it was found that the attachments on the parapet on the building roof, there was some standing was cracked and it was falling, probably from water intrusion and freeze/thaw, cracking in the concrete.

So, that is not acceptable. That's not standard we want to abide by when we're out there in the plant. So, that's being addressed, and resolved.

We're also, as we address this, we're looking at a broader picture on our tornado protection features at the plant and looking more broadly on how we stand at tornado missle protection. And we have that up to par the way we want that, to importance of license basis and sign basis of the plant. There is more work in that area.

MR. GROBE: Jim, missle shield is a concept that we talk about all the time. Folks in the audience might not understand what you're talking about. These are not SCUD missles. Let's talk about what

a missle shield is.

MR. POWERS: Right. At the nuclear plants, we design in case of a tornado, a tornado can pick up missles like, that might be lumbar that's around the plant, or trees or fencing, or you know, you've been out in the tornado damage. Well, we're designed for the maximum credible tornado in the area to withstand that in the plant for safety systems. So, they have barriers over them to protect them from tornado missles.

So, that's what this is. And, that's what tornado missles is about. Thank you.

Okay, the next slide.

I talked about recent assessments of how we're doing with System Reviews and work is on track according to the plant. We're essentially answering the right questions, working our way completely through the plants. We do have some issues I'll touch on briefly. We're several days behind, and as I mentioned, we work with this every day to see what we can do to help the teams be successful, get the work done, high quality for the plant. Targeting the schedule we would like it to be.

A couple of technical issues we'll be working on that's been identified, our Aux. Feedwater System. There is strainers in there to pump function. There is a function in the system that would be provided from not in

it's normal source within the plant concept system, but from the Service Water System.

And service water to the systems take outside pond water, if you refer to, refer to it that way. And, process it through the system. And that, those pipes can sometimes collect silt and dirt, and there was a concern identified that it's not used very frequently, so that supply may need to be cleaned to make sure it's clean and won't block the strainer; and also inside the strainer, whether that needs changed.

Another one is HELB stands for High Energy Line Break. In the plant, we look at our high energy line, a 200 pound PSI pressure lines, and if they were to break, for some reason, what would happen. And we protect all throughout the plant the important equipment should that happen sometime.

And the calculation basis of that is the engineers going through and looking at this. This is part of the System Reviews. Looking at this type of detail, how, what state of calculations are easily retrievable. They reference each other well. They've been kept up-to-date. They meet today's standards for analyses and calculations.

And there is areas in here, collective significance of some of the issues that they've found. We'll be going through those calcs.

That's kind of, two typical problems that we identified. We think what we've seen so far the restart activities that are being accomplished in the plant. The corrective action documents that we're issuing; issuing a number of them every day as we go through here and finish up with them. We do them, and turning our attention to evaluate them, not only individually, but collectively what they mean, and putting resource on them.

It's going to be a process of discovery, as we then go with a problem that's been identified, research it, determine what needs to be done to fix it. Some things may be a minor matter of work. Some things may need more work. So, we're getting that done in the plant. Determine that, and find a lot of resource on that to make sure that happens.

Questions?

MR. GROBE: Any questions?

MR. DEAN: Jim, I had a couple questions. One is going through the System Health Plan Reviews and working with the staff, is I think a good opportunity for you all to reinforce your message regarding standards.

I guess what I would be interested in hearing is, what are you using to ascertain whether something makes it to your restart list, as opposed to what's been a

nonrestart item?

MR. POWERS: Bob could answer that.

MR. SCHRAUDER: I chair the Restart Station Review Board and it is our charge to review all of those documents that have come out for whether they are classified as restart or not.

What we're doing as far as the corrective actions go; we categorize them as either being specifically addressed on the O350 criteria. That's table one.

Table two is a series of related things to deal with nuclear safety, radiation protection, reliability of the plant, a couple of other activities. And then there is another category, there is minor maintenance does impact the functionality of the system, some minor issues.

We're taking each of the CR that comes out on a daily basis. We put it back to the first day of the outage, an issue for. And myself, and the production, what I call the production managers at the plant, that is the operations manager, the design engineering manager, plant engineering manager, radiation techs manager and maintenance manager sit on a daily basis, go through those lists and see how they match up with those two tables.

We're also looking at work orders, at all the open work orders. We're looking at determining whether they are

needed to be done prior to restart. How they impact the, potentially impact the functionality of the system. Are they on-line work? Are they just old issues that we've decided we want to get done?

The work orders we've categorized as a series of one hundred, two hundred, three hundred, four hundred; let's take one hundred; those represent issues that are again identified as part of the head issue and the review process.

Two hundreds are as management just said, we are going to complete these prior the restart and we are willing to hold up the restart if they're not completed.

Three hundred are a lot of less significant issues that we're saying, well, we're down right now. We have the work force here that we have. We would like to get as many of these tests accomplished as possible, but we do have some flexibility. If they don't get done, we can come back to them before restart and decide whether we can complete them or not.

And four hundred, are items that are on-line work activities that aren't impacting the systems capability, and they can be scheduled for after the outage.

That's kind of the process we've been through. We're also looking at seeking changes and we'll look at, what we've done first with the corrective actions is as CRs

are written, we first categorized whether the evaluation itself on that condition needs to be done prior to restart. Then, for all of those that we evaluated prior to restart, we'll go through a similar process to determine the corrective actions that come out of those evaluations need to be done; which ones need to be done prior to restart and which ones can be scheduled after the plant is restarted.

MR. DEAN: So, the decision making process is really an expert panel chaired by yourself and other key managers of the various departments?

MR. SCHRAUDER: That's right. And we also have, we do have an expert on the panel with us, that is going through these. And QA organization frequently comes in and observes our process and monitors how we're doing.

MR. DEAN: Second issue I want to raise.

MR. MYERS: Can I have a moment?

MR. DEAN: Go ahead.

MR. MYERS: One of the things that we've done --

(Requested speaker to repeat.)

MR. MYERS: A couple things

that we're done at our other plants in FENOC, and we've institutionalize here, we do a restart assessment with the senior management team, why we should restart. And we'll do that prior to, before ourself.

And, usually that meeting will last a couple days and we'll bring in various groups, including a private panel, and do an assessment of our overall work outstanding and work we got done, are our departments ready to support restart, our training we've done. And so before we ever move up into Mode 4, we'll sit down for a couple days and do that overall assessment in an integrated manner, until we feel comfortable that we're prepared to go forward.

So, that's something we haven't done at this stage of the process.

MR. DEAN: The second issue I wanted to raise, you talked about the System Health Reviews, but there is also, you didn't provide any information that I saw on five or unless they're included under the five maintenance system reviewed, the latent issues review?

MR. POWERS: Those reviews are going forward. They, the team is making good progress there. We're finding some other issues. In the case of those, we're digging into design basis. We're finding some issues there in terms of calculations and how they can be

cross-referenced.

We're looking to testing programs that have been done for the systems and how well they are linked to the design basis calculations and licensing basis. And, we're finding issues in those areas. And as we get those Condition Reports in, we'll be evaluating that collectively, see what the overall picture is. That we're making pretty good progress, you know, we found some issues, nothing, nothing great.

MR. DEAN: I guess my question there, it would seem to me that the latent issue review would be the process by which you would determine if you had other systems, safety systems that were impacted, similarly reactor vessel head was impacted, due to the determination of latent type issues. So, I was wondering if you would see anything that would replicate that pattern or have some of those factors that you've seen?

MR. POWERS: No, we haven't seen anything, we haven't seen anything specific yet. I talked a little earlier the fact on that line, line break calculation, collective significance. That would be one of those cross-cutting issues.

This is one we found specifically the Auxiliary Feedwater Pump Area. We'll be assessing that to see extended condition, is this a whole set, type of

calculations, needs to be improved or not. So, we are seeing that sort of thing, but a couple cases like that. Program is giving us that type of information.

MR. GROBE: Thanks, Bill. That was an excellent question. It brought to mind something I think I wanted you to talk about.

Could you talk a little bit about the pipe stress issue that you identified on service water and containment air cooler impact?

MR. POWERS: Right. On the containment air coolers, which are in containment, and we've talked about those in past meetings. We are replacing the containment air cooler coils, which are like radiators. And they cool the containment air, keep it cool; and they run service water through the coils, kind of like a radiator in a car.

And they were degrading because of the Boron in the area containment getting on the cool phase, and into the piping. And so we replaced those, we're upgrading to stainless steel and we're providing more easily inspection of the cleanliness of the inside of them.

What part of the specification process is going through the engineering to put in the new coils, we developed some questions on the past design in the area of these coils. In that the, the annulus, I assume that the

nozzle connection from the piping to the coil, that's basically the bolt to flange connection, was very flexible and that thermal growth in a high temperature condition in containment, thermal growth of piping pushing against those nozzles would be acceptable.

Our engineer is looking at that now, to question that input. So, we're getting good detail in terms of fitting, looking for what's been done in the past, not just accepting things as they are, but questioning them.

In this case, there is a question on that. We think nature nozzles were stiffer than what was assumed in the past analysis of the old coils and we're evaluating now what that means. They may have been overstressed from a code op, stress standpoint, but they may have been functional in terms of some defamation, but maintaining functional capabilities, structural integrity.

So, we're evaluating that captured in the corrective action process, Jack, and that's what that issue is about, an issue we found. And we're addressing it both past operability concerns, plus looking forward on that. We've changed the design of those manifold through pipe connection coils. We've made it much more easy to access and inspect cleanliness inside the piping and now we're looking at probably adding flexible hose fashion, so there is very little thermal stress.

MR. GROBE: Any questions?

Before we move onto Clark, I think you were ready to move on; is that correct?

MR. POWERS: Yes, I'm ready to introduce Clark Price to talk about Performance Indicators.

MR. GROBE: Before we do that, why don't we take a five minutes break. It's 5 to 4 according to my watch. Let's be back at 5 after. Okay, thank you.

(Off the record.)

MR. GROBE: I had a couple of questions during the break regarding the board. I want to emphasize that the technical issue with the crane were not uniquely safety significant. The issue that Mike Stevens identified was a workmanship quality issue, more than it was a safety concern with the crane itself.

The reason I spent some time on that issue was not so much the importance of the deficiencies with the crane, it was more the root cause, as the individual worker commitment to quality and supervision of the workers in the field. The fact that it took Mike Stevens, the senior management out in the field to identify the concern; that's the good news. The bad news is, it was there.

I just want to make sure everyone is understanding that the specific conditions with the crane itself were not

particularly safety standard.

Why don't we get on to Clark.

MR. PRICE: Thank you, Jack.

Good afternoon. My name is Clark Price. I'm the Manager for Business Services at Davis-Besse for the Restart Plan. I am the owner of the Restart Action Plan.

As you've heard, we're making good progress towards our restart, but we also have many challenges ahead and the next slide I'll show will demonstrate that.

One of my responsiblities as owner of the Restart Action Planning Process is to maintain a set of performance indicators for the Davis-Besse Restart Management Team. To both assess our progress towards restart, and also to monitor a number of performance improvement areas that we have targeted in our restart efforts.

The first slides we chose for today's presentation will monitor our progress on three of the building block areas that we discussed today. The restart actions that we'll talk about are those conditions that we have found through many inspections and reviews that need evaluation and correction prior to restart.

And Bob Schrauder explained what the Restart Station Review Board does in the evaluation of those activities. So, that led real well into this discussion. If you have any questions on these charts as I go through them, please

stop me at any time; and myself, or one of the panel members will try to address them. Otherwise, I'll keep going through them.

This first performance measure tracks our Extent of Condition Reinspection on the containment for the Boric Acid conditions. And as you can see and Randy talked about earlier in his discussions on containment, we are just about completed now with those reinspection activities. So, this marks a very major milestone in our efforts for the extent of condition as a result of the, the head issue.

This next performance measure, performance indicator tracks our Open Containment Health Restart Actions. One of the things that we've done differently this time from the last presentation, I need to point out at this time, is that we removed the corrective actions from this performance indicator. We had both the corrective, the Condition Reports and the corrective actions. We were trying to combine them on performance indicators for overall restart actions. It got way too complicated and we weren't able to monitor it well. So, we broke those two part.

This particular indicator here is looking at Condition Reports that have been generated from all the inspection activities as a result of the inspections in

containment. As you can see here, we have over five hundred Condition Reports.

The latest activity you see with the dark bars in the chart represent the reinspection activities that are going on as well as coating inspection activities going on for the last several weeks. As you can see now, the inspection findings and the condition, of course, is starting to drop off in that area.

The next performance indicator is our System Health Readiness Reviews.

MR. GROBE: Clark, before you go on. Each conditional report may have several corrective actions that are necessary to resolve it.

MR. PRICE: Yes, I'm glad you stopped me here. There is one thing I failed to mention. One of the things that we had done with our restart actions, as you can see, our pile got quite high with Condition Reports. On each of these three Building Blocks I'll be discussing here, the restart station, our senior management team has assigned project managers for each of these. And, they are responsible for working, putting together the plans and getting necessary resources to work these Condition Reports off.

Jack, what was your specific question? I failed to answer it.

MR. GROBE: Corrective actions necessary.

MR. PRICE: Oh, yes. It's part of that, as a matter of fact, the project manager who discussed this at the last senior management team meeting discussed about six corrective actions will come out of these Condition Reports on average. With about four of those corrective actions actually resulting in field activities.

MR. GROBE: Okay.

MR. PRICE: You can give an idea how that will expand.

MR. GROBE: Okay, thank you.

MR. MYERS: Again, there is a lot of these corrective actions in groups, like something, or one work order, could be a whole bunch at one time.

MR. PRICE: This also represents the Condition Reports. As Bob Schrauder mention earlier, we've been very conservative in our application of restart required classifications relative to the Condition Reports that come out of all the inspection activities.

Our next phase will be looking at the corrective actions and then also finding restart criteria to the corrective actions. And some of these corrective actions may or may not be required before restart, but a fair

number of them will be.

In the System Health Readiness Review area; as Jim discussed earlier, Jim Powers, we have completed two reviews, our first two reviews now. And they are going through validation process and they will be ready for inspection by the NRC.

In the small box there you can see that we have a number of them, these are in various phases they go through, so there is a lot of work going on in the System Readiness Review area with 25 of those that have been scoped out to be Engineering Assessment Board; five are actually ready for the Engineering Assessment Board review; and two of those that have actually gone through the review. So, eventually, the far right box in the right will fill up to the 31 counts of service, which this is completed; all inspection reviews are completed.

The next slide shows all the efforts of the System Health Readiness Reviews. Offhand, also the Latent Issues Reviews. Also, what falls in here, should note is the Operational Readiness Reviews that were done earlier in the year. All of those have been formulated into Condition Reports for corrective action. But these Condition Reports here now again, were developed with in excess level of five hundred Condition Reports that have been identified as walkdowns and reviews, part of the Restart Action Plans

underneath the System Health Building Block.

You can see from this graph another thing that these graphs are helping us to see, in the dark bars in the graph are the incoming Condition Reports each week. And, about three weeks ago, we see that we peaked out as the inspections and walkdowns were being completed and Condition Reports were being generated as a result of those, that happened in the last three or four weeks.

Now we're seeing that tapering off. So, we believe we're well getting through the discovery phase on this. Although the Latent Issues Reviews, which are probably the area where Bob would say 50 percent complete right now, we still generate some Condition Reports going forward.

Again, we have a project manager now assigned to work on these directly associated with getting the resources and putting together a plan to work down the Condition Reports to get those evaluations completed and corrective actions identified for System Health.

In the program area graph here today is representing Phase One Program Reviews. This is the Program Reviews; we're doing 66 of these. And, what this graph represents is that we have completed now 15 of those reviews. They have gone through the Program Review Board and approved as ready for restart by the Program Review Board. So, we're making good progress on that.

There are another 17 that have been conditionally approved by the Program Review Board, but they will require going back to the board for final approval before we take credit for them.

MR. GROBE: You just said something, Clark, that confused me. Let me make sure I'm understanding this correctly. I've looked at, I cheated and I looked ahead a couple pages too. I would describe all of these as discovery activities, meaning completing inspections, completing reviews to discover whatever problems you think you need to fix. You just said that with the Phase One Program Reviews, those that have been completed are ready for restart, but they're corrective actions that came out of these reviews, right?

MR. PRICE: With the program reviews in this population of Phase One, the 15 that are ready for restart, there were Condition Reports that did come out of those potentially; however, none of the Condition Reports in those 15 were required to be completed prior to restart.

MR. GROBE: Okay. Were those less extensive programs, less significant programs, is that why -- I would have expected the Condition Reports out of each of these reviews out of more complicated programs rather than just fix before we start.

MR. PRICE: There is an initial recommendation made by the Program Review Board and the Restart Station Review Board then goes through the condition report, and either confirms or may disagree with that classification. The two boards get together and when there is any dissension, and come to a decision on that.

These could be more significant or less significant programs. I can't really tell you the population of 15, however they were determined by the Program Review Board to be ready for restart.

MR. GROBE: Why don't you go to the next slide.

I'm sorry. Bob?

MR. SCHRAUDER: A lot of the findings, Jack, coming out of the Program Review that are being documented on the CRs are in fact recommendations for enhancing the program, not necessarily a fault in the program, but an opportunity to improve the program. And those are being asked for the condition reporting process and tracking.

We had things in there like you have a primary program owner, but not a backup to that program. Owners of the program should leave tomorrow, you don't have somebody waiting in the wings to step into that. That's one that we would not categorize as required for restart, but good

enhancement to the program.

MR. GROBE: Why don't you go on to the next slide.

MR. PRICE: Again here, we have the Open Program Compliance Restart Actions. Again, these are coming out of the Phase One Program Reviews and the Phase Two Program Reviews.

As you can see here, we have in excess of 140 that are currently open. One of the things we see happening in this area of the programs, is as we were writing Condition Reports they're also going, they're being evaluated kind of an as we go basis. So, we've had over two hundred Restart Condition Reports identified. We're around 50 to 60 of those have already been evaluated and corrective actions identified out of them.

So, this performance measure is showing us that, again, we're kind of getting through the large review phase. We're seeing that drop off a little bit, and we're also seeing an increase in evaluations. So, that's one of the things Senior Management Team is going to be focusing a lot of attention on. As a matter of fact, probably on a weekly basis, we'll be preparing the project managers on these three areas to discuss, make sure they have the resources and getting problems out of the way that they have evaluating these Condition Reports.

MR. DEAN: Clark, this is something that triggered in my mind relative to what you're tracking here. The items that are captured under the out portion, does that indicate that corrective actions have been identified and not completed or corrective actions have been identified and completed?

MR. PRICE: They're only identified in this particular chart. We have another chart that we'll track corrective actions.

Okay. This particular chart here now is showing the total restart actions that we have for the plant, have identified through the process to-date. And as you can see, there is over 1400 Condition Reports now are in the evaluation phase and are required to be evaluated prior to restart. And a number of those will require corrective actions that will come out of those that will be required before restart.

As you can see here too on the dark bars down below, we have gone through our peak, what we believe is our peak; again, because of the inspections, walkdowns and reviews that have been going on, we're seeing that those numbers reduce, which is good, but we also now start seeing the lighter bar, which is the evaluations increase a rather significant rate, because as you can see, we have quite a workoff here that we have to accomplish. That's our

challenge.

MR. MYERS: If we don't turn this curve down, we can not operate this plant. I'm sure you understand.

MR. PRICE: Okay. The next three performance indicators are looking more for performance in what we've classified or put in our charts as Organizational Readiness, Human Performance Readiness area. This first chart here is looking at the self-identification rate in our condition reporting process. Let me explain that just for a second.

Our self-identified Condition Reports are those that are identified by workers or management, and are identified before they become really a problem; ends up lending itself to us. Something also in nonidentified pile would be our Quality Assessment Organization, if they discover and write a Condition Report on something, that goes into the nonself-identified. Also any kind of NRC inspection or IMPO inspection or any material assessment would be done, would be certainly not self-identified.

So, our goal in this particular performance member is keep identification rate in excess of 80 percent through restart. And we're doing fairly well in that area right now, but we have to keep our eye on this, because we have had a huge population of Condition Reports that have been

through a self-identification process, they're Building Blocks. And as those now start tapering down, we have to make sure we're continuing to keep that performance.

MR. MENDIOLA: Quick question. On the number of Condition Reports that you have measured here, how many of them would you estimate are contractor identified?

MR. PRICE: Contractor identified?

MR. MYERS: What do you mean?

MR. MENDIOLA: Found by contractors, rather than plant staff.

MR. MYERS: We have contractors in the system walkdowns.

MR. MENDIOLA: I understand.

MR. MYERS: Are you including those?

MR. MENDIOLA: Just to get an estimate of how many are from your contractors?

MR. MYERS: I don't know.

MR. SCHRAUDER: I don't have that breakdown, if we're identifying by contractors. We are getting, contractors are identifying issues and are using the Corrective Action Program, but like Lew said, on a large percentage of the walkdowns that are being done on

the System Health Reviews, so the percentage right now is going to be very high, much higher than our typical organization, because that's what we've got the people out doing, is specifically looking for these and the documentation process is the CR.

MR. THOMAS: The process is once they identify issues under the restart programs, that's a part of them, that they issue a Condition Report when they find a problem; is that correct? I guess I'm curious, maybe this is what Tony's asking, is if you have contractors that aren't working toward, or working the procedures directly, direct them to initiate Condition Reports when they find deficiencies, how many Condition Reports do they generate? Do you have any idea?

MR. SCHRAUDER: No.

MR. THOMAS: They actively contribute to the business of Corrective Action Program, though?

MR. MYERS: Oh, yeah.

MR. DEAN: I think why this is kind of a pertinent question. In some of our earlier discussions we had this afternoon, we talked about the large number of contractors, we had an issue with contractor standards; and one of the things that would indicate to you whether the contractors are operating to

your standards are whether they are inputting into your Corrective Action System issues. So, I think that's what Tony's question is.

MR. MYERS: Some of the major contractors, typically, they did very well. I don't know the number. We can go over, work one out.

MR. GROBE: One more observation in this Performance Indicator. It's good that it's above 80 percent, but I'm not sure I can translate that to the health of the organization, for two reasons; one, is you're only out there finding problems. You're in the discovery phase. So, it would be very surprising if it was lower than what it is. Secondly, large number of the staff, as these guys have pointed out, are not your staff, they're contractors, they've just specifically been brought in, because they have experience and capability in this area. So, it's over the next couple of months, that will be the swerve, if that number stays up there.

It's interesting to me how you define self-identification. Let me ask a question or two. If an operator goes out and finds a fitting on something that's wrong; is that a self-identified? Okay. What if that instrument was recently worked on by maintenance? It might be self-identified that the operator found it, but it's a maintenance deficiency that maintenance work wasn't

performed correctly and it wasn't found during the post-maintenance test. How do you handle something like that?

MR. STEVENS: Self-identified.

MR. MYERS: It's self-identified. Put a note on, this is for management to look at.

MR. GROBE: We've talked about this before, but our inspections, as Christine mentioned, we have five inspections with upwards of 15 to 20 people going on right now. Those inspections are going to focus in a number of areas sequential, first looking at the activities that you've planned and you're accomplishing; then doing an independent inspection to confirm not only the results of our evaluation of watching your people do work, but independently confirm that we agree that their outcome is correct, but also look at the performance indicators in each area and all identity of those performance indicators and whether they tell you what you think they're telling you, and we agree those are items.

As we do our inspections, the Human Management Performance Management Team that was on site last week will be looking at these types of issues to be sure the performance indicators you have appear to be valid and also

that they're sufficient to give a correct picture of what you're trying to identify.

MR. MYERS: I think, right now with all the walkdowns, we know, we try to say, we know that this is good. We don't know that we're that good yet, you know. If we can hold this high a level, as we reduce contractor staff, complete our system reviews, program reviews, that would be better to tell us. Right.

MR. PRICE: Okay, this next Performance Indicator we have is on Root Cause Quality. We discussed this last month. This is just a continuation now. What we have, what we're looking for in restart goals, is a positive trend towards our long term goal of 90 percent approval rate by the Corrective Action Review Board.

This performance measure basically assesses whether or not the evaluations are meeting the standards, the requirements of the procedure and the standards set by the Corrective Action Review Board of which Randy Fast chairs.

Right now we're seeing a bit of plateau in that area, over the period of the restart period where we're tracking, we're seeing a positive trend, but we need to see that still continue to climb.

MR. GROBE: Is this like a rolling average or something?

MR. PRICE: Yeah, it's a weighted average.

MR. GROBE: Okay.

MR. PRICE: On the last performance indicator we have for today is, again, was presented last month, Design Engineering Quality. This is a performance measure that's basically created by the Engineering Assessment Board and is a measure of an average score of the engineering products that go through the Engineering Assessment Board.

The EAB or Engineering Assessment Board scores on a scale of zero to 4, with zero being the best. What you can see here is kind of jumping up and down. Our long term goal, restart goals to stay consistently below 1.0 for a weekly average score.

I believe we indicated that our indicators are showing positive progress, and we believe our restart activities are showing improving trends, but as you well know we have some time to spend looking at these, and over the next several weeks, these are going to become some really important indicators for us to focus attention on.

MR. DEAN: Clark, I have one question. I know what you've provided us here is not the comprehensive set of performance indicators that you have. The vast majority of these focus on, you know, tangible

sort of things, these last two you talked about really getting more of qualitative stuff. Tomorrow's meeting, we have a chance to discuss more of the types of performance indicators and the tools you're using to assess the Management and Human Performance?

MR. PRICE: Yes, part of that presentation tomorrow, we'll discuss that. Some of these human performance measurements are in development and we're still working on them. Some of them are included in here. We have a normal batch. We have about 34 per performance measures right now which will probably grow slightly. This selection was kind of hard to package.

MR. DEAN: We'll hit more tomorrow is the question.

MR. PRICE: Yes.

MR. MENDIOLA: My question is more specific to root cause Quality Performance Indicator, the one that you indicate is bottomed out. I think you explained that Mr. Fast's Corrective Action Review Board. Do you have a view of why the root causes approval rate is where it is right now, what needs to be done in order to get it up higher?

MR. FAST: Yes. Typically, we don't see one to one correlation between root cause and corrective actions. They're not aligned. Sometime we see

a root cause is an apparent cause or doesn't meet our quality standards for really asking the question why, why, why; getting to the root of the issue.

So, we are trying to improve the quality of those reports, so we look at them critically as a board, do that as a prereview and come to the table, and we want excellent clarity in the writing and the analysis of the report and we're improving the standards in that area.

So, we're looking at these very closely, very carefully. And if they, very few of them get through right now as everything was done, done well, clearly and root cause was clear and there is a direct correlation between root cause and corrective actions.

So, we have a lot of comments come out of those reviews. We expect that the support of the issue by another review board we have, Corrective Action Review Group, which is a lower level of the organization, really which is where we provide some of the emphasis and the teaching on improving quality on the lower level documents.

So, I think we are, I'm going to call culture change, in that we are, our expectations are high, and we'll provide the feedback for the managers and the root cause evaluators on the quality of products that they deliver.

MR. MENDIOLA: I assume then your expectations are confined to, passed down and everybody understands these are higher expectations this board sees.

MR. FAST: That's one of the actions as a matter of fact that we've been taking, is we're documenting results of the board review, and providing feedback to our management team.

We have a couple of outstanding actions to go back to our membership team and communicate these standards and some of the things we're seeing programmatically.

MR. MENDIOLA: Thank you.

MR. GROBE: Randy, I think there is a different group that reviews basic causes. I can't remember what it's called.

MR. FAST: It's Corrective Action Review Group. What we call CARG.

MR. GROBE: Great. Do you have a similar trend plot on their assessment?

MR. FAST: That's a much more detailed analysis. There is a scoring sheet for the Corrective Action Review Group. It gets into numerical base calculation. That's again an opportunity to provide feedback to the investigative teams groups.

MR. GROBE: Are you trending those or is that not one of the PI's?

MR. FAST: I know we have the data. Can you answer that?

MR. PRICE: The performance improvement unit does track that it's not currently a restart performance level we've established.

MR. GROBE: Any other questions? Okay.

MR. PRICE: If there are no other questions, I'll turn it over to Mike Roder who will discuss the Restart Test Plan.

MR. RODER: Thank you, Clark.

Good afternoon. My name is Mike Roder, the Operations Manager of Davis-Besse. I'm a lifelong resident of Ottawa County. I have 16 years of experience at Davis-Besse. I'm a Senior Reactor Operator License for nine years at Davis-Besse. I'm committed to the safe restart of Davis-Besse and continued safe operation of the facility.

Cornerstone for restart is our Restart Test Plan. This plan is a comprehensive plan designed to ensure our systems, structures, components and operators are ready to support the safe operations. Key components of the plan include reviewing the proposed post-maintenance and post-modification testing for adequacy, create an integrated startup test procedure, verifying operator

readiness for sustained safe and reliable operation.

One item there, reviewing the proposed post-maintenance and post-modification, realize that those activities were proposed in support of our original outage schedule. Conditions have changed. We need a re-review of those modification and maintenance tests to ensure they're still adequate for the new conditions that we've discovered, such as our containment conditions.

The Startup Test Procedure is going to integrate normal plant startup evolutions that we currently have with key activities that will lead to incorporate, verify the systems, structure and component readiness. Part of that will perform an integrated leak rate test to prove containment vessel integrity after we open the vessel and restore the vessel.

We will also establish holds at low pressure and again at a high pressure to verify the highest standards of reactor coolant system integrity.

We're also incorporating management and oversight reviews prior to Mode 4 or the start of escalation and pressure temperature, and again at Mode 2 or prior to reactor startup. And again, approximately 50 percent power, we have the second feed pump in service and also the--

MR. GROBE: Mike, Mode 4 is

where you go over 212 degrees.

MR. RODER: 200.

MR. GROBE: I understand.

And Mode 2 is where you can begin generating heat with nuclear?

MR. RODER: Mode 2 is, actually nuclear heat is into Mode 2.

MR. GROBE: Okay.

MR. RODER: Prior to Mode 4, we're also going to train our operators on the restart test procedures of the OR simulator. After the training is complete, we're also going to have an evaluation of operators to ensure the performance is up to standards and supports the safe, reliable operation of the facility.

In conclusion, the Restart Test Plan is specifically focused on ensuring that my plant will be returned to service only after safety readiness.

I've also included, my operator offered to bring this picture in to show you an example of their commitment to safety. Here's some of my operators on the righthand side. As you'll notice, they're in booties and gloves. It's pretty close there inside containment.

On the lefthand side is our new reactor vessel head. We got the opportunity to tour, touch and look at our reactor vessel head. And it was quite a rewarding

moment for us as we talked about earlier bringing that into the containment.

MR. GROBE: Would you go back a slide, please?

Are you planning on any augmented oversight on shift through the startup evolution?

MR. RODER: Yes. We're going to have, I'm going to have, right now I have two superintendents on days and nights. We will continue that.

So, I'll have a superintendent on shift during reactor startup. We'll have various managers to sign for oversight, that previously held licenses, that type of activity. I'm sure our friends in QA will be there also as additional oversight. And, that's where we plan to go.

MR. MYERS: We wanted the staff, our support center, we take that attitude first, with the NRC support for us too; we decided that management has a lot to do when you go to about 70 percent power. Not half bad. So, then you can see us over on the left.

MR. GROBE: Anything else, Bill?

MR. DEAN: Yeah, I'm probably going to sound like a broken record.

This Restart Test Plan that you generally describe

here, focuses on hardware, focuses on operators. I would expect that tomorrow we'll hear the forward to this, relative to Management and Human Performance, the types of things you're going to do to test their readiness and the processes readiness for restart.

MR. MYERS: That's correct.

MR. GROBE: I think we got the guy that's going to write the agenda for tomorrow's meeting.

MR. DEAN: Just taking notes.

MR. GROBE: There you go.

MR. MYERS: Go back and work hard tomorrow.

MR. GROBE: I just want to emphasize a little bit of what our inspection activities are going to be if and when you get to the point of restarting the plant.

I anticipate that we will have multiple people on site providing 24-hour observation of your operating crews, both in the control room as well as in the field and any emergent work that's going on to give us a sense of their readiness for restart prior to restart authorization.

Any other questions, Tony?

MR. MENDIOLA: On the Operator

Readiness, you talk about training operators, evaluating operator performance and simulator, also evaluating operators startup operations.

But are you going to augment with any outside organization to implement them or is this all in-house?

MR. RODER: What I've talked about is all in-house. We're having a, this is nuclear power is coming up as part of our preparation for restart to assess leadership skills and our leadership plan.

MR. FAST: We do have, I don't know, classify or clarify as independent oversight in that we have Mike Ross, who is a retired plant manager from Three Mile Island working with our staff. He's providing tremendous insight or oversight of our operations crew. So, we are not solely using our own folks. We're getting a good perspective of people like Mike.

MR. THOMAS: I just have one question before your closing remarks, before we get to that point.

MR. SIMPKINS: I have a question on training. Mike normally on cycles, you have operators going through training at all times. Around the plant, I see a lot of those operators participating in the System Health Reviews and tagouts. Are you still maintaining that current regimen of training of your operators?

MR. RODER: Yes, we are. We just started a cycle this week, and we are maintaining all employee activities.

MR. SIMPKINS: So, when will you begin your augmented training activities?

MR. RODER: We are, well, one of the activities, several activities start October 21st. I have set aside that particular week to schedule a lot of activities. So, that really, all that means is being doubled up elsewhere in the schedule so we can maintain consistent recall. And then the rest would have to be scheduled.

Our challenge is, we have our annual exam coming up also, which we will maintain that also. So, it's a scheduling challenge, which is right to do and we'll do.

MR. SIMPKINS: Will you focus on specific crews or will all crews be trained the same?

MR. RODER: Right now, I'm focusing on all crews, just so that I have the ability to be flexible.

MR. SIMPKINS: Okay.

MR. THOMAS: I guess my question is, you know, with issues, with polar crane work, concrete for containment, feedwater heat repairs, cad welding qualification for containment rebar, these are all

issues that in some respect impact contractor quality and quality of their work product.

I know you've touched on this a couple times so far this afternoon, but could you revisit it one more time. I'm still a little unclear on going forward having verified the quality of the operators and contractor work.

MR. RODER: You're asking for--

MR. GROBE: From anyone.

MR. MYERS: Do you want to?

MR. STEVENS: Yeah. Through verification of the system performance, we've got QA involved providing oversight. We've got a team put together. And one of the things that team recommended, I'm not sure we're going to do just yet, I want to understand it, is take our Davis-Besse employees, pair them up and make sure we have the right match, number of Davis-Besse employees to contractors, help provide insight and leadership for the standards.

Some of it, some of the things that are occurring are, we're not necessarily familiar with at Davis-Besse procedure, we're doing the work, not in accordance with. So, we have to stop, get those folks up to speed; like with the feedwater heat work.

So, we've had this thing done, just communicating

the standards. We've utilized our contract resource with NPS and their supervision. We have qualified supervisors are making sure we have the right ratio for them. That doesn't seem to be enough. So, I've got a team assembled. I'm asking them to take collectively and look at these issues to see where and what they need from us.

One of their immediate recommendations is let's pair up some of the craftsmen, some of the engineers, to make sure we have the right mix of Davis-Besse contractors.

Let's also understand, the folks we have doing project management work, are they strong or are they weak? You know what I mean? There's different levels of project management, not used to being a project manager, but to handle the scope of the project, we might have to augment that person with somebody who is familiar with execution of the work in the field, for instance.

That team is evaluating that real time right now.

MR. THOMAS: Thank you.

MR. MYERS: I think also, just so you know, as you see, you read some of the special organizations, we'll be able to focus on, like NPS. And that's going to allow us to have a better focus on a particular contract group.

Right now, we have so many different groups out there, so many different contractors, it makes it more

difficult for us to manage just because of all the organizations. What we want to do is roll back into the, the contract organizations that we typically have during the outage over the next few weeks. So, you will see us lending a number of different contractors we have, companies at the site.

We're doing that now with our corporate organization and we're making moves to really get ourselves in control and only having a handful of different contracting companies on site, which make it easier for management; right?

I don't know if that helps you or not.

MR. MENDIOLA: To be honest, I think the issue here is expectation management. In other words, you had a certain expectation of what you wanted from both your, your own staff and your contractors.

MR. MYERS: Right.

MR. MENDIOLA: And clearly in a perfect world those expectations are passed to your staff and through the line organization, and then the line organization transfers effectively those expectations to the contractors. Well, the contractors who are doing the work, doing inspections, doing reviews, they're the group that's going to, if you will, do the right thing, and meet your expectations.

Clearly, there has been some cases here where there might be an issue or two associated with whether or not those expectations are being understood, and communicated. And, you know, here's some lightning rods; we've picked on the polar crane, for example; that show that maybe the expectations aren't getting down to the guy who is turning the wrench. And they, you know, some more reinforcement may be necessary, and evaluation of how the message is being sent and how the message is being received.

MR. MYERS: We'll get there and we'll work alongside. It's that simple. We'll get it fixed.

MR. MENDIOLA: I'm more comfortable with the first part than the second. Spreading the expectation, and getting the work done correctly the first time is a much more pleasible response.

MR. MYERS: The other day we had a problem with the quality organization, the Bechtel. We had to change some people out. That was a totally unacceptable thing. We gave them fair warning. We worked with them. Didn't fix the problem. So, we changed the resources out.

MR. STEVENS: We're also getting help from our sister plants; putting them in charge of some of the projects and they can bring in what we're

doing wrong too. It's one thing to talk and communicate expectations, it's another thing to actually get in the field and have a discussion on what that really means. There is a lot of what we're doing at Davis-Besse right now to change that behavior and that culture.

MR. MENDIOLA: In order to change the culture, you need to make sure the expectations are heard, understood and followed.

MR. STEVENS: It's significant, if we see bad work, to go do a rework at Davis-Besse, right now.

MR. MYERS: Another thing, I said, that some of the training programs, you know, I think that our training for contractors on expectations is pretty good. It's pretty consistent what we do at our other sites, as a matter of fact.

Once again, a lot of activities going on. And I look for us to push back, produce the number of contracted companies and be able to manage those contracted companies more effectively the next couple weeks.

MR. GROBE: Other questions?

MR. SIMPKINS: I have one. Are all contractors that come on site, trained on the sensitivities of Correction Action Program? In other words, do they understand the appropriate threshold on when

and when not to appropriate Condition Reports?

MR. MYERS: Yes.

MR. SIMPKINS: So, everyone is.

MR. MYERS: Yes.

MR. SIMPKINS: Okay, thank you.

MR. MYERS: I never use the word everyone. Our program has a contractor trained. There's been times I have situations, contractor brought somebody as a visitor or something. Everyone is a tough word.

MR. SIMPKINS: But then they wouldn't be a contractor if they're a visitor.

MR. MYERS: Maybe the key is, we expect people to be trained on Condition Reports.

MR. SIMPKINS: Okay, thank you.

MR. GROBE: Any other questions?

Lew, before you go to your closing remarks, could you please move the microphone a little closer.

MR. MYERS: Sure.

MR. GROBE: Thanks.

MR. MYERS: The last meeting we had, there were some questions on our vision, mission and specifically our values in FENOC. Roughly so, since that meeting, I made the comment that I was embarrassed at

where we are today. Which I am.

Today I felt differently. I will close by talking about that somewhat. If you look at our FENOC plants, the good thing that we have is we have a fleet of plants. Our vision in all of our plants is the same. That's operation excellence. We want to be recognized as operators of excellent plants. And this situation certainly doesn't help us in that area.

To accomplish that, we have a mission of people providing safe, reliable and cost effective nuclear generation.

And the value you start out as safety, as a cornerstone, in the lefthand corner. When we talk about safety, we talk about safety culture, and services made, and commitment that we have as management team operating a safe plant. This event did not help us in that area.

Teamwork is also important. That we have a flexible work force. One thing I'm proudest to say today is, if I look at our organization as a whole, and our fleet, every day at our plant we have a large number of people taking corrective actions for our other sites. In fact, some actions are actually performed at the site before they even come here. Procedures changes, nuclear operator procedure changes, and things like that.

So, the efforts that we're getting from our

employees coming from other sites are just outstanding. In fact, there has been a few of them kept, after they got here. The skilled work force, feedback valued in decisionmaking and open communication; that's all teamwork.

We then go to Accountability and Ownership. One of the things that I believe failed at our plant, we sought to developing our leadership and managers and supervisors four or five years ago at Davis-Besse. At one of our other plants right now, we have our best people in SRO Class and there is 27 people in that class. We haven't been doing that at Davis-Besse, and so, many leaders left and the skills dried up.

We didn't endorse our Leadership in Action Programs. We appeared to train the programs at our Davis-Besse Plant, but they don't seem to be instilled like they are at our other two stations.

Then there is honesty, ethical behavior and management involvement; all of which appeared to be somewhat missing at Davis-Besse Plant. In fact, my boss, Bob Saunders, likes to comment as a President of FENOC, he was actually in the containment more than many of our managers during the last outage; and he was in the containment one time. That doesn't meet with our expectations.

Finally, accomplishment. Once you have good people, teamwork, good training, you can accomplish a lot of things. And what that does is add value to the organization, and adds value to FirstEnergy.

So, the reason I want to go through this today, you know, those are visions, that's our vision, and then our values that I live as an executive for over 30 years and I really believe in these values.

There is only two assets that you have; the plant itself and the people. And the plant itself usually runs very well, from history, if you have good people that are technically qualified, good management and leadership programs in place. And I think that's a very good thing to serve by.

With that being said, we have a new Senior Management Team at our Davis-Besse Plant. One of the things we're sharing with our employees now, we have hanging on all the walls, we want to share with you; is the standards that we developed and we talked about we being part of the standards. We did that ourselves as the Senior Management Team.

On every wall what we're telling our people is, we expect you to grade us and hold us accountable to our standards, and then we expect if we don't meet those standards, you tell us.

And often I'm the poster child probably, you know, not meeting something. But if I don't, we'll correct that. If I don't, I would expect you to go to my boss, to the quality organization, if necessary to NRC. We're telling our employees that in every meeting.

Let's go over the standards we came up with. We are committed to implementing the FENOC Mission, Vision and Values. That's very important. In fact, what we found at Davis-Besse was a different mission and vision than we have for FENOC.

We will demonstrate our commitment to safety; demonstrate leadership courage with safety first and foremost. That's very important to the public, and it's also very important to our employees. Just hold us accountable to that.

We will recognize our value -- the value of our people. Only ask that we have good people. You know, if we let them become complaisant; we don't develop good technical skills, good leadership skills and good management skills; then you find complaisancy that we had that resulted in the head issue we have today.

We pledge to uphold our Leadership in Action Principles. We have a group of principles and standards that we train people to at our other facilities and they're on our walls in every meeting room. And we enforce those

standards and the way we do business every day; and principles.

And what we find is they're not visible at our Davis-Besse Plant, but they will be as of tomorrow; along with these standards in every meeting room we have.

We will earn the right to lead through our behaviors and actions. You know, that's important. Now, we're talking about this more at tomorrow's meeting, but we expect our employees, the public and NRC to hold us accountable to these standards.

We have a lot of work to do to restart the plant and gain public confidence. We know that. We hope we're demonstrating that we're doing more than that. Thank you.

MR. GROBE: Thank you.

Any questions or comments?

Appreciate your presentation today. I appreciate you folks that haven't been here before too.

The message that you've given is clear, that you're well into the discovery phase. That you're completing your inspections. You're completing system reviews, interviews, you're identifying a lot of deficiencies. Some of the issues that you're identifying are substantive, and that's good. We talked about a number of them today.

The next step, of course, is planning all the work to resolve those Condition Reports, and getting the work

done.

We look forward to continuing to have these broad overviews of what's going on at the plant. And as necessary to have specific meetings like what we have scheduled for tomorrow, where we have a unique topic we want to spend a longer period of time on.

Unless there is any other comments, what I would like to do now is take a break for about five minutes. It's 3 minutes after five, so at 5:10 we'll reconvene for public comments and questions. Thank you.

(Off the record.)

MR. GROBE: Thank you for your patience. The purpose of this part of the meeting is to answer any questions that you might have, for receiving thoughts or comments that you might want to share with us, and we certainly are open to those.

I would like to invite speakers to the podium. We have a microphone up there. In a sequence; I would first like to hear from any local public officials or any representatives of local officials that have any thoughts or questions; and follow that with local residents, those with any emergency planning zone; and then continue on with any other members of the public.

And if you have, if you have comments, I would like you to limit them to about five minutes. So, are there any

members of the local elected officials or representatives that have any thoughts or comments that they would like to share with us or questions.

Very good.

Any members of the local community? I'm sure that would include folks that work at the plant.

Okay. Any other members of the public?

Well, this is exciting. That either means that we're highly successful or that we've bored you to sleep; one or the other.

We do have a meeting this evening.

AMY RYDER: Jack.

MR. GROBE: Yes, ma'am. I'm glad you're here.

AMY RYDER: I bet you are. You could use some lemonade out front, refreshments. That's all I have to say.

My name is Amy Ryder. I'm with Ohio Citizens in Action. I have, just have a brief comment, and that is, after today's meeting, I have absolutely zero confidence in FirstEnergy's ability to run this plant. It seems the more they try to restart the plant, the more problems that they're discovering with their operations and the facility; and I think the best solution for this facility is to keep it closed permanently. Thanks.

MR. GROBE: I appreciate your comment. We focused on a couple of issues that have gone poorly today, and exposed those. A recent inspection report on the Containment Health inspections received a great deal of number of activities we reviewed were conducted fine. We did find a lot of problems in some areas, and it will go that way. But I appreciate your comment.

Any other questions? Comments?

Very good.

We're going to reconvene here at 7:00. And, for a change, we might have time for dinner. And, that's good.

I appreciate that, Lew. You were little bit more timely. The meeting this evening, we'll just give a brief, very brief summary of what has happened this afternoon and then seek out questions and comments from the public. Thank you very much.

(Off the record.)

CERTIFICATE

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Norwalk, Ohio, on this 25th day of September, 2002.

Marie B. Fresch, RMR

NOTARY PUBLIC, STATE OF OHIO
My Commission Expires 10-9-03.