

A-0305



UNITED STATES
 NUCLEAR REGULATORY COMMISSION
 WASHINGTON, D.C. 20555-0001

April 11, 2002

PETER BURG
 3/20/02

MEMORANDUM TO: Joseph W. Shea, Chief
 Regional Operations Staff
 Office of the Executive Director for Operations

FROM: Anthony J. Mendiola, Chief, Section 2
 Project Directorate III
 Division of Licensing Project Management
 Office of Nuclear Reactor Regulation

A handwritten signature in black ink, appearing to read "A. Mendiola".

SUBJECT: VISIT BY FIRSTENERGY CORPORATION, FIRSTENERGY SERVICE
 COMPANY, AND FIRSTENERGY NUCLEAR OPERATING COMPANY
 OFFICIALS WITH COMMISSIONERS MCGAFFIGAN, DIAZ AND
 MERRIFIELD ON APRIL 17, 2002

On April 17, 2002, Messrs. Peter Burg, Chief Executive Officer for both FirstEnergy Corporation and FirstEnergy Service Company, Michael Dowling, Vice-President of Federal Governmental Affairs, FirstEnergy Service Company, and Robert Saunders, President and Chief Nuclear Officer, FirstEnergy Nuclear Operating Company, will meet with Commissioners McGaffigan, Diaz, and Merrifield.

Attached are six copies of the background briefing package in preparation for the meeting. Included are:

- Schedule for Visit
- Facility Unit Data
- Current Plant Issues
- Background Information on FirstEnergy
- Organization Chart
- Resumes of Visiting Officials

Should you require any additional information or clarification, please contact Douglas Pickett at 415-1364.

Docket Nos. 50-334, 50-346, 50-412, 50-440

Attachments: As stated

cc w/att: S. Collins/J. Johnson
 J. Zwolinski/T. Marsh
 B. Sheron
 G. Grant, RIII
 M. Oprendeck, RI

CONTACT: Douglas Pickett, NRR/DLPM
 (301) 415-1364

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SCHEDULE FOR VISIT
FIRSTENERGY CORPORATION
FIRSTENERGY SERVICE COMPANY
FIRSTENERGY NUCLEAR OPERATING COMPANY
WEDNESDAY, APRIL 17, 2002

Visiting Officials: H. Peter (Pete) Burg, CEO, FirstEnergy Corporation
CEO, FirstEnergy Service Company

Robert (Bob) F. Saunders, President & Chief Nuclear Officer
FirstEnergy Nuclear Operating Corporation

Michael (Mike) J. Dowling, Vice President of Federal Governmental Affairs
FirstEnergy Service Company

Facilities Represented: Beaver Valley Power Station, Units 1 & 2
Davis-Besse Nuclear Power Station
Perry Nuclear Power Plant, Unit 1

9:30 - 10:00 a.m. Commissioner Merrifield

10:00 - 10:30 a.m. Commissioner Diaz

10:30 - 11:00 a.m. Commissioner McGaffigan

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FACILITY UNIT DATA

BEAVER VALLEY- Units 1 & 2

Licensee: FirstEnergy Nuclear Operating Company
Reactor Type: PWR
Vendor: Westinghouse (3 loop)

	<u>Unit 1</u>	<u>Unit 2</u>
Power Level:	847 MWe(2689 MWt)	848 MWe(2689 MWt)
CP Issuance Date:	06/26/1970	05/03/1974
OL Issuance Date:	07/02/1976	08/14/1987
OL Expiration Date:	01/29/2016	05/27/2027

DAVIS-BESSE

Licensee: FirstEnergy Nuclear Operating Company
Reactor Type: PWR
Vendor: Babcock & Wilcox
Power Level: 873 MWe
CP Issuance Date: 3/24/1971
OL Issuance Date: 4/22/1977
OL Expiration Date: 4/22/2017

PERRY

Licensee: FirstEnergy Nuclear Operating Company
Reactor Type: BWR 6
Vendor: General Electric (Mark III)
Power Level: 1320 MWe
CP Issuance Date: 05/03/1977
OL Issuance Date: 11/13/1986
OL Expiration Date: 03/18/2026

CURRENT PLANT ISSUES

DAVIS-BESSE

CURRENT STATUS

The facility shut down on February 15, 2002, for their 13th refueling outage. Due to the discovery of significant degradation of the reactor pressure vessel (RPV) head, the facility may remain shut down for an extended period of time.

DISCUSSION TOPICS

BULLETIN 2001-01 - Issued on August 3, 2001, the bulletin required licensees to inspect the J-groove welds of the control rod drive mechanism (CRDM) penetrations by December 31, 2001. The licensee initially argued that their CRDM penetrations were adequate to support continued plant operation and requested deferral of inspections to coincide with their scheduled refueling outage date of March 31, 2002. The staff and licensee eventually negotiated a shutdown date of February 15, 2002. In light of subsequent events, there has been public questioning of this decision.

AUGMENTED INSPECTION TEAM - Due to the identification of extensive degradation to the pressure boundary material of the reactor pressure vessel head on March 7, 2002, the NRC dispatched an Augmented Inspection Team to the site on March 12, 2002. The AIT public exit meeting was held on April 5, 2002, in Oak Harbor, Ohio, adjacent to the site. The AIT final report is expected to be published within 30 days of the exit meeting.

BULLETIN 2002-01 - Issued on March 18, 2002, the bulletin required licensees to provide justification that their RPV heads do not have degradation similar to that found on Davis-Besse. The bulletin also requests licensees to verify that their boric acid inspection program provides reasonable assurance of compliance with applicable regulatory requirements discussed in Generic Letter 88-05. Davis-Besse requested deferral of the bulletin's requirements and stated that full compliance would be met prior to plant restart.

CONFIRMATORY ACTION LETTER (CAL) No. 3-02-001 - The CAL was issued to the facility on March 13, 2002. The CAL, in part, requires the licensee to:

- (1) determine the root cause of the degradation and meet with the NRC to discuss their findings,
- (2) obtain NRC review and approval of the repair or modification and testing plans for the RPV head, prior to implementation of those activities,
- (3) obtain NRC review and approval of any modification and testing activity related to the reactor core or reactivity control systems, and
- (4) obtain NRC approval prior to plant restart.

A public meeting was held on April 10, 2002, allowing the licensee to present their repair concepts for the reactor pressure vessel head. In addition to proposing repairs, the licensee has separately ordered a new reactor pressure vessel head.

SPENT FUEL POOL RERACK - The staff has approved a license amendment to permit reracking the spent fuel pool (SFP). The storage capacity of the SFP will be increased from its present capacity of 735 fuel assemblies to a new capacity of 1,624 assemblies. The licensee is continuing efforts to rerack the SFP.

POWER UPRATE - The licensee submitted a 1.63 percent power uprate amendment based on feedwater flow instrumentation. The staff is continuing its review of this application and a license amendment is not expected to be approved prior to restart from the current refueling outage.

ESCALATED ENFORCEMENT, NON-GREEN FINDINGS AND NON-GREEN PERFORMANCE INDICATORS

There has been no identification of any non-Green findings or performance indicators within the last year. Also, no escalated enforcement or non-Green findings are pending.

Region III plans to conduct followup inspections to assess the significance of the AIT's findings (missed opportunities to identify earlier) and potential associated violation(s).

OPEN ALLEGATIONS

There are currently no open Nuclear Reactor Regulation (NRR) allegations.

OPEN INVESTIGATIONS

There are currently no open investigations.

RECENT LICENSEE PERFORMANCE

The staff's annual assessment letter, issued on March 4, 2002, provided the End-of-Cycle plant performance assessment covering the period between April 1, 2001, and December 31, 2001. Plant performance was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). The annual assessment letter indicated that the staff plans to conduct only baseline inspections at the Davis-Besse facility through March 31, 2003. This decision will be reviewed pending results of the AIT inspection report.

BACKGROUND INFORMATION ON FIRSTENERGY

FirstEnergy Corporation is headquartered in Akron, Ohio, and is the parent organization of FirstEnergy Nuclear Operating Company (FENOC). FENOC was formed in December 1998 and became the operator for the Davis-Besse Nuclear Power Station, and the Perry Nuclear Power Plant. Following an asset transfer between FirstEnergy Corporation and Duquesne Light Company in December 1999, FENOC became the operator for the Beaver Valley Power Station, Units 1 & 2. Wholly owned subsidiaries under FirstEnergy Corporation include the Cleveland Electric Illuminating Company, Toledo Edison Company, Ohio Edison Company, OES Nuclear Incorporated, and Pennsylvania Power Company. The above utilities represent the ownership of these four nuclear units.

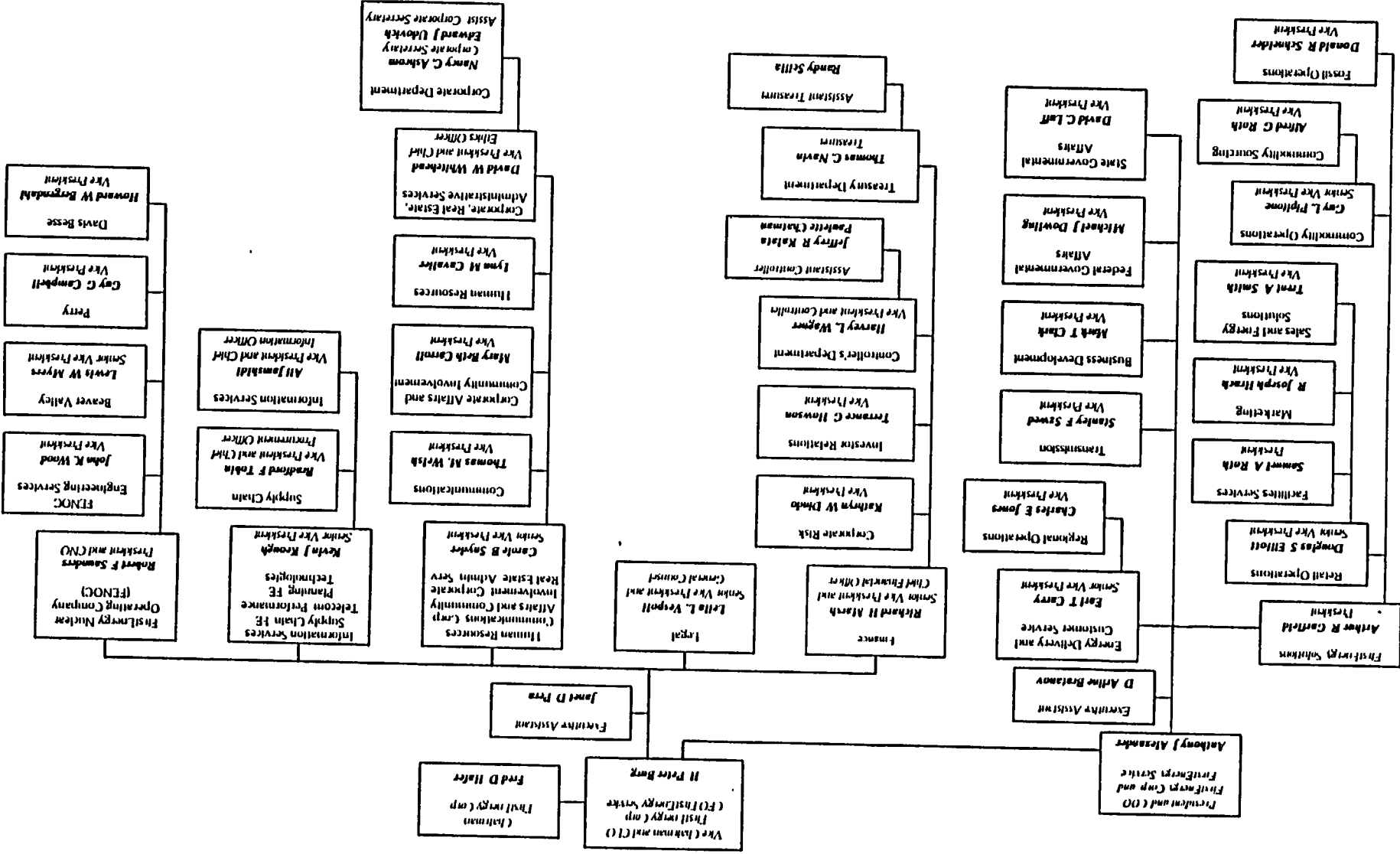
FirstEnergy Service Company is a subsidiary of FirstEnergy Corporation and is a non-utility company focusing on the needs of individual home-owners (e.g., service contracts).

A FENOC transition team has been formed to explore means to streamline operations between its four nuclear units at three sites. FENOC has begun to implement common practices between the three sites. Included in these practices is a common quality assurance (QA) program and corrective action program.

A new site Vice President was assigned to Beaver Valley when plant operations were transferred from Duquesne Light Company to FENOC. In addition, the Duquesne Light Company employees became FENOC employees at that time.

A new site Vice President was assigned to both Perry and Davis-Besse in December 2001. Howard Bergendahl was named Vice President of Davis-Besse and Guy Campbell was named Vice President of Perry.

CORPORATE



H. Peter Burg

H. Peter Burg is Chief Executive Officer of FirstEnergy Corp. and of its FirstEnergy Service subsidiary. Pete also is Vice Chairman of the Board of Directors of FirstEnergy. Prior to the 1997 merger of Ohio Edison and Centerior Energy, which formed FirstEnergy, he was president, chief operating officer and chief financial officer of Ohio Edison.



Pete began his career at Ohio Edison in 1968 as a financial analyst trainee, with subsequent positions including those of associate financial analyst, economic analyst and director of financial studies. He was elected treasurer in 1974, vice president in 1985, senior vice president in 1989 and president in November 1996. He also served as interim president of Ohio Edison's Pennsylvania Power subsidiary from 1994 through 1995. He was named president and CEO of FirstEnergy in April 1999 and elected chairman and CEO in January 2000. He was elected to his current positions in 2001.

A native of Akron, Pete received his Bachelor of Science in Business Administration and Master of Business Administration degrees from The University of Akron. He attended the Harvard Graduate School of Business and completed its Program for Management Development.

Pete serves as a member of the boards of: The Edison Electric Institute; Energy Insurance Mutual; KeyBank — Akron District; Nuclear Electric Insurance Limited; Nuclear Energy Institute; Ohio Business Roundtable; Regional Business Council; Akron Tomorrow; Cleveland Tomorrow; Ohio Foundation of Independent Colleges; Law Enforcement Foundation; Catholic Diocese of Cleveland Foundation; Musical Arts Association; Children's Hospital Medical Center of Akron; and The University of Akron Foundation. He is chairman of the Summit County Chapter of the American Red Cross and also is chairman of the United Way of Summit County 2001 Campaign.

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Robert F. Saunders

Robert F. Saunders is President and Chief Nuclear Officer of FirstEnergy Nuclear Operating Company.

Bob began his career at FirstEnergy in February 2000, after nearly 30 years of experience in the nuclear power industry. Most recently, he served as vice president of Nuclear Site Operations, at Pennsylvania Power and Light's Susquehanna Nuclear Site.



A U.S. Navy veteran, Bob joined Virginia Power in 1975 as an engineer at the Surry Nuclear Power Station. He was later named station manager in 1984; assistant vice president of Nuclear Operations in 1990; vice president of Nuclear Operations in 1993; and vice president of Nuclear Engineering in 1996.

Bob earned a Bachelor of Science degree in Mechanical Engineering from Virginia Polytechnic Institute. He is a Registered Professional Engineer and a member of the American Nuclear Society and the Association of Mechanical Engineers.

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Michael J. Dowling

Michael J. Dowling is Vice President of Federal Governmental Affairs for FirstEnergy Service Company, a subsidiary of FirstEnergy Corp.

Mike joined Ohio Edison — which merged in 1997 with Centerior Energy to form FirstEnergy — as a member of the Communications Department in 1986. In 1990, he joined the Governmental Affairs Department and was named manager of Federal Governmental Affairs in 1997. Mike was appointed to his current position in 2001 and is responsible for overseeing all legislative and regulatory issues of interest to the Company before Congress and federal agencies.



Mike is a graduate of The University of Akron with a Bachelor of Arts degree in Communication. He chairs The University of Akron/FirstEnergy Alumni Club and also serves on the school's National Alumni Board of Directors. In addition, Mike serves as a board member of the United Way of Summit County's Young Leadership Club. He also has held several leadership positions with the Edison Electric Institute, the Nuclear Energy Institute, the U.S. Chamber of Commerce and the National Association of Manufacturers.

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