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 Wednesday, December 3, 2003, 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

John "Jack" Grobe,
Senior Manager, Region III Office
& Chairman, MC 0350 Panel
William Ruland, Senior Manager NRR
& Vice Chairman, MC 0350 Panel
Christopher Scott Thomas,
Senior Resident Inspector
U.S. NRC Office - Davis-Besse
Jon Hopkins,
NRR Project Manager - Davis-Besse
Jack Rutkowski, NRC Resident Inspector
Randal Baker, Reactor Engineer
Region III Office
Geoff Wright, Team Leader
Management/Human Performance Inspection

FIRST ENERGY NUCLEAR OPERATING COMPANY

Lew Myers, FENOC Chief Operating Officer
Mark Bezilla, Vice President Davis-Besse
Clark Price, Owner - Restart Action Plan
Steve Loehlein,
Manager - Nuclear Quality Assessment
Linda Griffith,
Employee Concerns Program Manager

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MR. GROBE: Good afternoon. Welcome to FirstEnergy and to members of the public. Thank you for accommodating this meeting today. This is a public meeting between the NRC's Davis-Besse Oversight Panel and the FirstEnergy Nuclear Operating Company.

My name is Jack Grobe. I'm Senior Manager from the NRC's Region III Office in Lisle, Illinois and I'm the Chairman of the NRC's Davis-Besse Oversight Panel.

Could I have the next slide, please.

The purposes of today's meeting are to discuss the NRC Oversight Panel activities, particularly focusing on those activities that have occurred since our last public meeting on November 12th and to allow FirstEnergy to present the status of activities in their restart plan.

Next slide, please.

The agenda for today's meeting is similar to our prior meetings. We'll make some introductions and opening remarks. Then, I'll summarize very briefly the information that was discussed at the November 12th public meeting last month. Discuss the current NRC activities that have occurred since November 12th.

FirstEnergy has a presentation that they plan on making regarding their Return to Service Plan. Focus today will be on restart activities, the Cycle 14 Operational Improvement Plan and Safety Culture and Safety Conscious

Work Environment.

After FirstEnergy's presentation, including whatever questions the NRC has, we'll adjourn the business portion of the meeting, take a brief break, and then have an opportunity for public comments and questions for members of the public that we'll attempt to answer.

I would like to take a moment and introduce the NRC staff that are here today. On my immediate left is Bill Ruland. Bill is the Senior Manager from our Office of Nuclear Reactor Regulation in our Headquarters Offices in Rockwell, Maryland, and he's Vice Chairman of the Oversight Panel, the NRC Davis-Besse Oversight Panel.

On Bill's left is Jon Hopkins. Jon is the Licensing Project Manager for the Davis-Besse facility, also in the office of Nuclear Reactor Regulation.

On the far end of the table is Jack Rutkowski. Jack is one of the Resident Inspectors at the Davis-Besse plant, works at Davis-Besse every day.

On my immediate right is Scott Thomas. Scott is the Senior Resident Inspector and Scott supervises the inspection program at the Davis-Besse site.

On Scott's right is Geoff Wright, and Geoffrey is the Team Leader of the Management and Human Performance Team. That's the team that's looking at Safety Culture, Safety Conscious Work Environment, Employee Concerns

Resolution, and other activities that focus on the culture of the Davis-Besse facility.

We also have Randy Baker. Randy is running the slides right now. Randy is a Reactor Engineering from the Region III Office in Lisle, Illinois.

Jan Strasma is the Public -- one of the Public Affairs Officers in Region III and he's in the audience somewhere.

Also in the audience is Rolland Lickus. Rolland is the State and Government Affairs Officer for Region III.

And, of course, we couldn't live without Nancy Keller, who is out in the foyer. Nancy is the Resident Office Assistant, and she provides invaluable service in having these meetings run smoothly.

Lew, would you take a moment and introduce your staff?

MR. MYERS: Sure. Okay.

We have a couple people in the audience. Gary Leidich, the President of FENOC, is with us today here.

Bob Saunders, our previous President; and his wife, Carol, is with us today. Glad to have Bob back up from Virginia.

Joe Hagan, the Vice President of Engineering Services and Oversight, Engineering and Services with us

today.

Fred von Ahn, VP of Oversight is also with us.

And then, at the end of the table, Linda Griffith; she's new at the table, our Employees Concerns Manager. She will be providing some insights today.

Clark Price, the Restart Program Manager is to my left.

To my right here is Mark Bezilla, our site Vice President.

And then, Steve Loehlein, Vice President -- the Manager of Oversight, Manager of Oversight, is also with us today.

So, with that, I think we're ready to go forward.

MR. GROBE: Thank you very much.

I believe we have some public officials here in the audience today. Would you like to stand and identify yourselves, please?

MR. ARNDT: Steve Arndt, County Commissioner.

MR. PAPCUN: John Papcun, Ottawa County Commissioner.

MR. KOEBEL: Carl Koebel, County Commissioner.

MR. WITT: Jere Witt, County

Administrator.

MR. GROBE: Okay. Very good. Thank you very much.

As I mentioned before, this meeting is open to public observation. Please note that this is a meeting between the Nuclear Regulatory Commission and FirstEnergy. At the conclusion of the business portion of this meeting, but before the meeting is adjourned, the NRC staff will be available to receive comments from members of the public and answer any questions that members of the public may have.

There are copies of our December newsletter in the foyer. This is another edition of our monthly newsletter that provides key information regarding the NRC's activities at the Davis-Besse facility.

In addition to current activities, there is several pages of historical background information; and on the very last page is specific information on how you can contact the NRC regarding matter concerning the Davis-Besse facility and also how you can access information easily on Davis-Besse on the NRC's Web site.

There is two additional aspects of the monthly update that I wanted to just touch on briefly. As many of you are aware, we've received several thousand letters and emails from concerned citizens regarding the Davis-Besse

facility; and attached to the back of the December newsletter is a copy of the letter that we have sent. We have responded to every letter and email that we've received that contained a return address or email address. So, you can feel free to read the letter that we use to respond to those. We will continue responding to letters that we receive expressing concern about the Davis-Besse facility.

On the very first page of the NRC update there is a brief description of the process that the NRC goes through in situations like plants that are in the condition Davis-Besse is in, to evaluate the readiness for restart. It describes the process at Davis-Besse includes several steps. The FirstEnergy provided a restart report in late November to the NRC, which documented holistically all of the activities that they have accomplished over the last approximately two years to evaluate the issues at Davis-Besse and address those issues. And that report concluded that they were ready to discuss with the NRC restart authorization.

There is several inspections that are ongoing, and I'll talk a little more about those later, that are necessary to complete before restart should be considered.

In the process for restart, the NRC intends to conduct a public meeting; and that meeting will be noticed

in our normal process, our normal procedures, where we give members of the public ten days prior notice regarding the scheduling of the meeting.

I anticipate that that meeting will be sometime in the third week of December. Once we issue a meeting notice identifying the date of that meeting, as I mentioned we'll give ten days notice, that's our best estimate of when the meeting will occur.

Of course, there could be activities that occur at Davis-Besse which would result in the postponement of that meeting, but we want to give as early notice as possible when the meeting may happen. It may be delayed, if necessary, based on activities that go on at the plant, but at the time we notice the meeting, that will be our best estimate of when the meeting will occur.

At that meeting, FirstEnergy will present their bases for belief that the plant is ready to restart. One of the key items of information in addition to all of the historical information that's occurred to-date will be the assessment of the operating organization; and that doesn't just include the Operations Department, but it includes all of the departments that are necessary to support effective operations of the Davis-Besse plant.

The assessment of their performance during the early heatup of the plant and this heatup will be very similar to

the heatup that occurred prior to the Normal Operating Pressure Test that occurred a couple of months ago. There were a number of operating challenges that came to the forefront during that heatup process and the transition to what we call Mode 4 and Mode 3 of Operations.

Those activities will occur without nuclear heat, the plant will be heated up using the heat that's generated by just simply operating the reactor coolant pumps, but that's a much more challenge operational time at the plant, and we will be interested in FirstEnergy's assessment of how their operators perform during that process.

We will also have inspectors observing during that round-the-clock timeframe.

So, if for whatever reason that meeting is postponed, it may result in postponement of the restart meeting, but again, we tend as best we can to notice that meeting ten days ahead of time.

Following that meeting, there will be no decision made by the NRC at that meeting. Following that meeting, the NRC will evaluate our ongoing activities, inspection activities, and evaluate FirstEnergy performance. And, at an appropriate point in time, if the panel concludes it believes the plant is ready to restart and operate safely, it will make that recommendation to Jim Caldwell, the Region Administrator in Region III. Jim will then

certainly question the panel on the basis for its conclusions and recommendations, and consult with two individuals in headquarters, at Headquarters Office; one is Jim Dyer. Jim is the Director of the Office of Nuclear Reactor Regulation, has responsibility for all 103 operating reactors in the United States, as well as Sam Collins, the Deputy Executive Director for Reactors. Once Jim consults with those two individuals, and if he's satisfied that the plant can be operated safely, at that point in time the NRC would make a restart decision.

We are not focused on schedule; we're focused only on safety, and our responsibility is in that area.

Once a restart decision is made, appropriate people will be notified and then a press release will be issued so that the public will have information regarding that decision. In addition, a letter will be issued to FirstEnergy documenting the basis for the restart decision.

So, that's described in a little bit more detail in the December newsletter; and, certainly, if you have any questions on that topic, we'll be happy to answer them at the appropriate time during the meeting.

Also in the foyer is a copy of the NRC Public Meeting Feedback Form. We appreciate the feedback we get from folks. We get several of these after each meeting.

And, please, if you have any suggestions for how we can improve our meetings, we would appreciate getting them, because we're always looking for an opportunity to improve.

We are having this meeting transcribed today by Marie Fresch.

Welcome back, Marie.

The purpose of that transcription is to maintain a record of the meeting. The transcription will be available on our web page in approximately 3 to 4 weeks. It's important, because we're having this meeting transcribed, that the speakers clearly use the microphones to ensure that Marie can hear the speakers and also to ensure that the audience can hear.

Next slide, please.

Let me just give a very brief summary of the November 12th meeting. The NRC presented the results of a number of inspections during that meeting; including the results of the Normal Operating Pressure Test Inspection and the Corrective Action Team Inspection. And FirstEnergy presented information regarding their progress toward restart; two activities that were a result of the Corrective Action Team Inspection, and that is the Improvement in Engineering Calculation and Improvement Activities in Improvement Program. Those two improvement

activity topic areas are contained among eight other topic areas for continued improvement during Cycle 14, contained in the Restart Report that we received in late November. So, if anyone's interested in a more comprehensive listing of the Operations Improvement Plan, it's available on the NRC Web site as an appendix to that report.

FirstEnergy also discussed the results of the Normal Operating Pressure Test, and other key events that need to occur prior to restart of the facility.

Next slide, please.

There is two activities that have occurred on our side of the table since the last public meeting; one of them is the NRC has closed Restart Checklist Item 2.c, the title of that checklist is Structures, Systems, and Components inside Containment.

There was a series of inspections that were conducted beginning, I believe, the summer of last year through early this year, that addressed much of the work that we needed to do to have confidence in FirstEnergy's assessment of the safety equipment that was inside containment. There were three outstanding technical issues. I won't go into them. They're documented in our inspection reports that we needed to follow up on.

FirstEnergy addressed those issues and we did follow-up inspection of those three technical issues and

found them satisfactorily resolved. Resulted in the panel having comfort that sufficient work had been done regarding Structures, Systems, and Components inside Containment and that we could close that Restart Checklist Item.

In addition since the last public meeting, three Senior Reactor Analysts, these are individuals that have extensive experience in nuclear plant operations and inspection, and also have training and experience in the area of probablistic risk assessment were at the site; and the purpose of their activity was to evaluate the backlog of work that will be remaining at the time of restart.

This was a comprehensive review of the risk significant systems. And, the systems were chosen such that over 95 percent of the safety of the plant, what we refer to as risk reduction, was addressed and a review done by the backlog inspection team.

The team did a comprehensive review of backlog work, including things like maintenance work orders, engineering work change requests, design changes, temporary modifications, operator workarounds, as well as reviewing procedure change, outstanding procedure change requests, preventative maintenance, and outstanding Condition Reports.

The team also reviewed System Health Reports that were conducted by FirstEnergy, and a risk analysis that

FirstEnergy had conducted of the backlog inspection.

The team concluded that the Licensee had appropriately categorized all of these backlogged issues as post-restart work, meaning that this work was not necessary prior to the restart of the plant to assure safety of the plant operations; however, a significant number of the backlog work items have no target dates for resolution. It was a concern of the team that there was a significant necessary resource commitment to effectively manage the backlogged work, particularly in the area of Design Engineering and System Engineering.

So, overall, the team was assured that restart scoping was satisfactorily accomplished and deferred actions would not have a significant impact on the safety of the plant, however continued management attention would be necessary to assure that the appropriate resources are committed to being able to work off that backlog concurrent with safe operation.

That's an activity that should the plant be authorized to restart would be a continuing focus of the NRC.

Next slide, please.

There is several activities that are continuing. I introduced earlier, Geoffrey Wright, the Team Leader on the Management/Human Performance Inspection. He's here today

because a number of the topic areas we're going to be discussing directly affect his ongoing inspection in a Safety Culture and Safety Conscious Work Environment area. That inspection is ongoing and will likely be ongoing for a couple of more weeks.

In addition, of course, we have the three Resident Inspectors. Scott Thomas and Jack Rutkowski are here at the table, and Monica Salter-Williams who is working. And they are inspecting day-in and day-out routine operator activities, maintenance and testing activities, as well as engineering activities.

In addition, the High Pressure Injection Pump Testing began late last week, continued through the weekend, and continues as we speak. And we had a pump specialist from our office at Nuclear Reactor Regulation out through the weekend observing those testing activities and our inspection in that area continues.

Next slide, please.

There is several activities that have not yet begun. First is a Restart Readiness Assessment Team Inspection. That team has been established and is staffed with Senior Resident Inspectors and Resident Inspectors from across the country. They will be on site beginning next week, December 8th, I believe. The inspection is currently scheduled for two weeks, but will continue as

long as necessary, such that the NRC has an opportunity to observe the complex plant operations that occur during the heatup and transition to Mode 4 and Mode 3.

The purpose of that inspection is to do the final evaluation of the Licensee's control of returning equipment to an operating status, and then managing that equipment through the transitions of the plant up through normal operating temperature and pressure.

We do anticipate later this month a Restart Meeting. And, as I mentioned earlier, we'll be noticing that meeting at least ten days before the meeting is scheduled. And we have our next routine public meeting scheduled for January 13th here at the high school. So, we look forward to you being back visiting with us at least on January 13th, if not at the public meeting on restart.

Next slide, please. That's the first slide for the evening, so I don't think I'll go into that at this time.

Without any other opening comments from the NRC, Lew, I would like to turn the meeting over to you.

MR. MYERS: Thank you very much, Jack.

I think our opening slide is very interesting shows the major milestones and accomplishments that we've made to-date, and we're at the point, you're correct, where we have submitted our report for NRC review and approval of

restart.

Next slide, please.

Today, our desired outcome is to demonstrate that the plant has a robust Safety Culture and good Safety Conscious Work Environment. We're going to spend a lot of time in that area in our presentation today.

Additionally, is to provide you with information on our Cycle 14 Operations Improvement Plan, which will address some of the issues concerning backlogs and all that you brought up.

And finally, the proposed work scope that you asked for last time, Mid Cycle 14 Outage. Those are the areas that we're focusing on.

The agenda, I'm going to spend quite a bit of time today talking about the Employee Alignment Sessions on Safety Culture. So, a combination of Alignment Session on all the activities that we have to accomplish the next cycle in Safety Culture. And then the Readiness Restart Reviews, which we perform our own Safety Culture Assessment as the Management Team as part of that Restart Readiness Review. I'm going to spend the time there.

Then, the Safety Conscious Work Environment Survey Outcomes. We have Linda Griffith with us today. She's new at the table. So, Linda is going to provide us new information on the outcome of that survey.

The Nuclear Quality Assessment Overview is something we continue to do. Quality Assessment performed their own interviews to assist Safety Culture and Safety Conscious Work Environment. We look for correlation there.

Then Cycle 14, Operational Improvement Plan, Mark Bezilla is scheduled to talk about that. The work scope plans for the Mid-cycle Outage, Mark will take that.

And then, if time permits and hopefully does, Schedule for Remaining Activities; Clark Price is with us today and will cover that presentation.

With that, move on to the next slide.

From a Safety Culture standpoint, Performance Safety and Health Associates Incorporated led by Doctor Sonja Haber performed an independent assessment of the Davis-Besse Safety Culture last February of 2003. Many of the areas at that time demonstrated a positive Safety Culture, were identified in her report.

They included; safety is clearly recognized by most of the organization as a value; accountability for our safety was present and clear in most organizations; safety is integrated in most of the activities in the organization; and, a safety leadership process existed at the plant during the time of that review.

Several areas, however, needed increased management attention that were identified in the report. Problems

still existed in the, in the transition to accomplish implementation of the safety message. Do people really understand the difference between Safety Conscious Work Environment and Safety Culture?

Accountability and ownership for safety were not yet visible and it's accepted in some organizations; safety is not yet or was not yet consistently integrated into the key activities of the plant; and, the values and attitudes of the work force were generally positive, but personnel were not aligned, they were not aligned with a common set of values and understanding of safety; and, safety was not a learning driven in the organization.

All Restart Actions provided. We'll provide you a Management/Human Performance Excellence Plan, and they're now all complete. In fact, we have overperformed in several areas. For example, we have trained each of our employees on Safety Culture and Safety Conscious Work Environment. I don't know of another utility that's spent the time to train each and every employee under Safety Culture and Safety Conscious Mods.

After that, we had each and every employee assess our Safety Culture. So, assess us as a management team, and grade us on a Safety Culture standpoint. We want to know what the employees were thinking.

Don't misunderstand what I'm going to tell you

then. Safety Culture is learning driven and much work is yet to be accomplished as we move into our long-term operational plan. We have not arrived. I don't think that's a term that you've ever arrived.

I am pleased to tell you, however, that we have built an enduring organization rooted in safety practices and consistently aligned at all levels within the organization.

We are implementing the vision of performance, the characteristics are present in our management, in our processes, and in our people that ensure daily activities receive a strong safety focus.

Our core values are seated in recognition that each and every employee can make a difference. Management must provide the attention warranted to plant activities and we think we're demonstrating that in the field every day.

This value is guiding our daily schedule, our plant material conditions, our improvements in safety margin, and our perception of preparation of the daily work activities as we do our risk assessments on each and every activity.

Next slide.

At one of the public meetings, you asked us about the FENOC values. I remember that well. You know, the Executive Leadership Team internalized that question since that meeting. Under Gary Leidich's, President of FENOC,

leadership, we have worked diligently to ensure our vision, our values were built to last, and are clearly communicated and understood within our organizations.

Let me share these values with you. First, Teamwork; a cooperative effort by a group or a team. I believe that what doesn't kill you will make you stronger. Davis-Besse's outage has improved not only our teamwork at Davis-Besse, but between the teamwork between our other plants, and most importantly our new corporate organization.

Accountability. Accountability and Ownership has to have the power to perform an activity in a quality manner. This value is rooted in individual Safety Culture Assessment.

Accomplishment; something done admirably or incredibly. We have many incredible accomplishments during this outage that we're pleased with.

We have established a strong senior leadership team and management team at the Davis-Besse plant, and we believe they're walking the talk on a daily basis.

I believe we have made great strides in our employee indoctrination through both training and performance.

Our goal setting, problem solving, and decision-making practices have been anchored in our procedures and we have demonstrated these practices each

and every day as we run into problems in our daily activities.

When we attack problems, we now look for long term performance and improvements to safety margin. That's a major difference in justification of the normal regulatory requirements. I believe that we have the standard for safety culture throughout the FENOC organization.

Next slide.

The concept of Safety Culture was originally defined within the nuclear industry in the International Atomic Energy Agency in ISEG-4, which we reviewed a document published in 1991. The ISEG-4 definition of Safety Culture, "That assembly of characteristics and attitudes in the organization and individuals which establishes that an overriding priority nuclear plant safety issues receive the attention warranted by their significance."

We use that as the basis of our definition. At the beginning of this outage, myself included, I believed that most of our people did not know the difference between Safety Culture and Safety Conscious Work Environment, nor their relationship. We've grown a lot since that time. I now believe that most of the employees can clearly respond to these two definitions down to the mechanical effort and the attributes important to these concepts.

Let me remind you of the FENOC definition that has

been cursive, our cursive process. It is that assembly of characteristics and attitudes, both characteristics and attitudes, in organizations and individuals, an individual rooted in safety, if you will, which establishes an overriding priority towards nuclear safety activities, and we ensure that these activities receive the attention warranted by their significance.

Safety Conscious Work Environment is the environment in which people are encouraged; you don't wait for them to come forward, you encourage them to identify problems; are confident that the problems will be effectively evaluated and corrected, corrected and are protected from retaliation.

Next slide.

The Shine Presentation, presentation of Model Safety Culture, 1992, was recognized as the first assessment concept. In the Shine model, culture is assumed to be a pattern of shared basic assumptions which are invented, discovered, or developed by an organization as it learns to cope with problems of survival and cohesiveness. Shine had three, a three-level model that assessed the organization's artifacts, claim values, and basic assumption. You know, that just really doesn't fit a group of engineers.

In our model, which is very similar, and is based on the ISEG-4 model, we have three commitment areas that are

assessed. They consist of Policy Level Commitment Area, Local Management Commitment Area, and most importantly, the Individual Commitment Area. Filling these commitment areas are 17 attributes that we have enhanced using about 40 pages of criteria that the company has developed over the past year.

Our process is multiple methodologies to ensure convergence of the facts. It also has strong line in management ownership that ensures team alignment.

A yellow criteria is not necessarily a failure. It indicates that all major criteria are acceptable in our definition, with a few requiring management attention.

A red criteria, however, indicates that several major criteria do not meet accepted standards, so they don't meet our accepted standards, and require immediate management attention.

Next slide.

Many actions have been taken to assess the Safety Culture since we performed our Management/Human Performance Root Cause. This root cause took several months. It was completed in July of 2002, not that long ago.

The Root Cause Analysis Team used the event and cause factor analysis, hazard barrier analysis, management oversight and the risk free, MORT, if you will, process, change analysis to determine the root cause of the failure

to identify, to grade reactor vessel head issue.

The Root Cause Analysis Team consisted of FirstEnergy Nuclear Operating Company employees from Perry and our Beaver Valley Plant, who were very experienced in assessing and performing root causes. The team was augmented by an independent contractor who specialized in conducting root cause analysis and assessments of nuclear power plants. Additionally, members of the Institute of Nuclear Power Operations provided input as well as industry oversight of the team's activities.

The team established a system that captured over 69 personnel interviews and 229 documents, with a causal factor chart that was approximately one hundred feet long. We found that a production focus established by management existed that resulted in taking the minimum actions to meet regulatory requirements, and accepted the degradation of plant equipment.

We developed a strong Management Action Plan and the Management/Human Performance Improvement Plan to correct these problems and ensure sustained performance. We presented that plan to you at one of these meetings.

To ensure continued improvement after startup, the plan included development of a Long-Term Improvement Plan for actions that we present to you in our Restart Return to Service Report. We have submitted that plan with our

Integrated Restart Plan in November.

Many actions have been taken that would prevent similar issues in the future. Let me share some of these with you.

A new corporate organization with corporate governors now exists that did not exist before.

We created a Safety Culture and Safety Conscious Work Environment that I truly believe is unique to the industry.

We chartered an Independent Assessment Team by recognized experts. We shared the results of our assessment with you in a public meeting. We compared their attributes and the model with our process on Safety Culture to ensure consistency. We anchored our process in a procedure and performed internal assessments at every critical evolution as we've returned the plant to service.

We had to make sure that we were ready to perform each and every step. We have completed our Restart Assessment. That will be shared with you today.

We went beyond our plans by training each and every employee on Safety Culture and Safety Conscious Work Environment. We then had each employee rate our Safety Culture. No names were used in these ratings.

We have developed a comprehensive Long-Term Business Practice that routinely will assess Safety Culture

throughout the FENOC organization, not just at Davis-Besse. The results show good alignment between the management team and our employees.

I am extremely pleased, extremely pleased with the correlation of the areas of strength and the areas needing continued improvement between our management assessment and the employees' reviews.

Next slide.

There are some very important areas showing positive results from our employees. 99 percent of our employees indicate that our policies on Safety Culture and Safety Conscious Work Environment is now a core value, and most importantly we are walking the talk. This core value is a normal way of doing business at our plants.

Being a nuclear worker has certain requirements that each of us must accept as part of our legal responsibilities. 99 percent of our employees understand this unique responsibility to raise either a nuclear safety question or a quality concern.

Several areas require management long-term attention. 66 percent of our employees believe that management values training and the development of our employees. This is a basic part of accomplishment of our accomplishment value that we must continue to focus on. This is understandable considering the effects of this long

extended outage.

We now have a new operator licensing class and we'll start another next year to ensure we address the operator problem. We have many new engineers that need to complete the FENOC specific qualifications. We'll be working on that next year. There is a strong focus next year for training.

Another area of focus is cross-functional communications. We believe that as an, as we implement our normal schedule, which is now scheduled to start any day, that we will see improvement in this area. We will continue to focus at the 4-C's meetings; Mark will be taking those meeting over; and the organizational team to look for areas of improvements in this functional area.

I am very pleased with the alignment of our employees on their survey compared to the management survey. Not necessarily the scores, but the alignment of the specific areas. I believe the alignment sessions were a positive experience by both our management team and our employees.

With that, I brought with me today a short tape that I would like to share with you on that process.

(Tape played as follows)

Title: FENOC, A New Beginning

RANDY FAST: I'm really excited about

today, truly an opportunity to get all of our employees together and walk through some learning maps. The current realities map. That map uses the Nuclear Energy Institute's common process for operating the plant, maintaining the plant, our engineering reliability to support elements. As we walk through the current realities, we will we look at our current performance against industry standards.

LYNN HARDER: My responsibility will change significantly with respect to going forward and the Adventures Map Training we've gone to the last couple of weeks, focusing on our new strategic objectives with fleet alignment of top performance in our new shared applicance of the safety operation of the facility. It will be incumbent upon the leadership of the organization of all people to ensure we're properly focused on our Safety Culture and Safety Conscious Work Environment for safe operation of the facility.

ANDREW MINGAS: We keep the map in line, in line of what we're doing, it will help us to focus on what we need to get done in order to do our job better and how much we are integral to the whole plant. We're not just a person or someone working on our own little project, but what we do impacts on others in the way they get their job done.

LEE MITCHELL: I can see where everybody now is taking more of an ownership accountability aspect of things and we've learned through the 18 months that it starts with the individuals. The company and management can stress things over and over again, but each individual has to take that personal accountability and that ownership and I have to apply myself and we can do all the pretty maps and all the pretty learns that we want to do, but unless each individual takes it upon theirself and say, I make a difference, I, it has to start with me, then things are really as they were. That's what we want to get away from. Things are not as they were. We can not do business as we've done it.

COREY HAMILTON: The meeting today was rather enlightening. I got to see a lot of the different plant interrelations, with the different part, departments how they work together.

TODD PLEUNE: I think the important thing I want to take back from this is when I see an opportunity for process improvement in another group, to find a way to bring it up, maybe that group's manager or through the Corrective Action Process, but some of those ideas I have let go in passing, maybe there is someone else who might be able to run with them.

ANONYMOUS: All of us need to

take a little bit more time to understand each other, listen more closely at what's being said, and again have an empathy for who we were and how we fit together as a team. I think all of us can be stronger and safer for our future.

AL DAWSON: I can take this back and say this is what I believe in and behave like it and make it important to me and encourage others around me to behave like it.

MR. GRABNER: We're on the right track in these sessions and I'm very pleased with the way we're going. The way we've improved, getting the different groups together, is an excellent method of really driving home the point that we all depend on each other, we all have to work together. It's not someone elses problem, or some other group has to solve it, it's every one of us doing our jobs, and cooperating with all the rest of the people here on our site, get the plant restarted, and more importantly, get a sustained good operation once we restart.

WENDY ROBY: I think this team building effort right now is really good and strong, the different methods of different groups. And how we're working together and working with other people from the organizations that usually we don't work with, and understanding what their jobs, who they interact with, and

what complaints they might have or positives that they have, that they see, that I didn't see.

ANONYMOUS: The invigorating part of the meeting was to see all the different departments, all the different controls that were a part of our tables. And that way, it had more of an understanding of how an order comes to play when I receive it and it goes to the field, and the word process in between each other.

ANONYMOUS: What we're doing is a very good step in the right direction of trying to make us work as a team. I think that's key to us getting back to a normal plant.

POLLY BOISSONEAULT: It's about the team, I think. Communication is very important. We have to make sure the other department or individual understands our expectations, and through communication, that improves teamwork.

RANDY FAST: What you'll see as you monitor the folks that are in this process, they're very engaged; they're talking, you see various smiles and very pensive looks. The facilitator really is not drawing any conclusions. They're only driving the process and the individuals are coming to their own conclusions.

ANONYMOUS: It's a tug of war, but it can't be management on one end and employees on the

other end. We're all in this together and we all need to pull the same way.

ANONYMOUS: It's like we're at halftime right now. The ball is going to be on our side of the field. It's our turn to do something with the ball, start trying to run with it. And to be strong and to take over that second half. You know, focus that part of our restart, to let us move on with the plant and let Davis-Besse run strongly and come back as a full, strong, number one running again in the nation plant.

(End of tape).

MR. MYERS: That was a much better presentation that I could ever do.

Both Mark and I attended each and every one of these sessions. We found them extremely valuable and exciting.

I would like to take a few moments now to go to the next slide, share some of the data with you. This slide is very busy, difficult to use, so let me just sort of walk through it.

This slide, if you will, is sorted by departments. Then, up above, by questions that were part of the survey that the employees completed. And then as you look down, it shows on a grade of 1 to 6 how we fared in each one of the areas.

If you take a few moments and look at this slide,

this slide then demonstrates the results by area. So, we got the three basic areas, you know, management level, policy level of commitment, management level and individual level of commitment and then by group.

In the policy, in the policy area, the average rating was 4.9 out of 6, indicating good agreement with the implementation of each of the Safety Culture criteria.

Our employees strongly agreed that safety was a core value. The quality oversight area is a concern that, the concern is self-assessment is used for improvement. The Quality Assurance Organization, if you will, there is a number here of about 2.7, and that number is the largest deviation that we saw in any of the groups to that particular question.

And it came from our Quality Assurance area, and Steve is trying to understand that now.

In the plant management area, the center area here; the plant management commitment area; the average rating indicated agreement to somewhat agreement. In the criteria, visible commitment to raise safety, we were extremely happy with a 97 -- or rather an 87 percent agreement rating. In the criteria of management value and training, we need to apply additional management focus in that area. And if you go back and look at the assessment that we did as a management team, the same two issues are

there.

In the individual commitment area, which is this area here, individual commitment area, 80 percent of the people agree that Safety Culture attributes are in place. What we are most happy with is the understanding that it is my personal responsibility to raise a safety or quality concern was, our employees gave a rating of 97 percent. We're extremely pleased with that number; however, not satisfied. We won't be satisfied until that number is a hundred percent.

Next slide, please.

This slide, if you will, has the data that, and the next few slides show the distribution of how each of the 776 employees that assess the Safety Culture rated a specific area. The slide shows the distribution and policy -- this slide shows the distribution and policy level commitment. I'm not going to go through all that.

In questions 1.d and 1.g, there are high numbers of disagreement, numbers of disagree, higher numbers than we would like to see. We're rolling out our new business plan at the present time with specific performance criteria and the budget to support the performance goals as we speak. We will focus on the communications of this product in the Townhall Meetings and the 4-C Meetings and expect to see some improvements of the, this area of questions 1.d

through 1.g.

Once again, in those areas, even though we're not satisfied with the overall rating, the rating was still high, above 70 percent.

Next area, next slide.

Once again, shows the distribution of the 776 employees in our plant to the management commitment area. So, here's the questions, here's the organizations, and there is the various scores.

The overall rating was 88 percent of our employees either strongly agrees or somewhat agrees with each of the criteria. None of the criteria had a rating below 74 percent.

Two areas of focus would be in teamwork and training qualifications. Once again, in alignment with what we believe as a management team. We are already, already working to implement our online scheduling process that we believe will help with the teamwork. We will also focus our folks on our operator pipeline, we started that, and the maintenance training and our new engineering qualification as we move into the next year. And that was addressed in the areas of concern in this section.

The last and most important section, next slide, is the individual area. And once again, that shows the distribution of the questions for the 776 employees that

rated this commitment area. And what I like about all the questions here, the lowest, all the, all of the questions were somewhat agreed to or higher, at least 87 percent of our employees. So, we were really pleased with that data.

MR. GROBE: Lew, before you go on. Some of the numbers you just quoted don't exactly match with the slides I'm looking at. Could you go back to slide 11 for a moment?

MR. MYERS: Which one?

MR. GROBE: Slide 11. Have you done these surveys at all three of the FirstEnergy sites?

MR. MYERS: No.

MR. GROBE: This slide on the very left slide under departments, first department listed is Beaver Valley. Is that, you kept using numbers.

MR. MYERS: We had Beaver Valley people in the sessions.

MR. GROBE: I see.

MR. MYERS: Of the 776 employees, some were from corporate, some were from Beaver Valley that were surveyed. We have people from all of our organizations, some people are on loan at our plant, so it included them.

MR. GROBE: You keep saying a

number in the high 700s. There is a number that N equals 833, number of site population, in the upper left-hand corner of that slide.

MR. MYERS: Yeah, if you go look at that number, let me go back to that.

MR. GROBE: I wanted to make sure.

MR. MYERS: The number I'm using is the number of our employees at the site.

MR. GROBE: So this could include contractors?

MR. MYERS: Yeah, there may be some also.

MR. GROBE: And then slide 13, if you go with that slide for a moment. I think I heard you state that there were no numbers below 70 percent where there was agreement, some level of agreement, but at 2.h, which is management values training, I read that as 66 percent. Am I not reading this correctly?

MR. MYERS: That's correct, Jack. I'm sorry.

MR. GROBE: I just wanted to make sure I had the right data, because I was having a little trouble following the numbers.

MR. MYERS: Sorry, I didn't

see that number. Okay?

MR. GROBE: Okay.

MR. MYERS: Okay, but the numbers were very good in those areas.

The next area I would like to discuss are the Safety Culture Assessments that we have performed. I discussed that Doctor Sonja Haber performed a Safety Culture Assessment earlier.

Prior to fuel load in March of 2003, we, FirstEnergy, FENOC, performed the first Safety Culture Assessment. At that time we shared the results in a meeting similar to this, where all three areas, commitment areas, these are criteria, all three commitment areas were rated as yellow at that time. Eight of the seven criteria were rated as yellow -- 17 criteria, I'm sorry.

We shared those results previously, so I won't go into it. A yellow rating does not mean by our definition that the commitment area of the criteria is broken. Yellow is defined in our process as all major criteria and attributes are acceptable with several requiring prompt management attention.

We look, we took strong actions as provided to you as part of that Management/Human Performance Action Plan to address these issues at that time.

Then in July, the next slide, we performed another

assessment prior to performing the Near Operating Pressure Temperature Test. We were performing these assessments as we return the plant to service and every minute lost. We found in our second assessment, showed very good improvement. In fact, the policy level and the individual level commitment areas were rated at that time and we shared that with you as white. We still had some concerns in the plant management commitment area, and there were a couple of the criteria that also had some concerns, and we shared that with you at that time. Those were areas still needing improvement.

Next slide, please.

We just completed in November, our Restart Readiness Safety Culture Assessment between November 13th and 19th. And Mark led that meeting, it lasted four days. When I did it, it only lasted two days.

The assessment over that four-day period was, we think, comprehensive and thorough. This assessment showed substantial improvement in all commitment areas. This would indicate that all major criteria and attributes are acceptable with a few criteria requiring management attention. So, that's what the white indicates. And there is a few criteria that require management attention.

I believe that this performance is very noteworthy, since the criteria was revised between those assessments to

be significantly more stringent than it was in the first two. In other words, we took, as you guys know, we took some of the criteria, the specific criteria, and what would have been rated probably a, a white in the past, would now maybe be a red. Not in every case, but some cases. The criteria was much more stringent.

So, this overall improvement with that changing criteria being more stringent, we're pleased with.

In the policy commitment area, all criteria was assessed as either white or green.

In the plant management commitment area, two criteria were rated as yellow, needing management attention. So, that's the plant management area and there is the two criteria.

Commitment to Safety was assessed as a yellow, because of the -- yellow, because of the actions and operational events during the NOP/NOT Test.

Problem-solving criteria was assessed as yellow as management prerogative. In other words, it really did not grade out as a yellow, but we just, we thought that it should be, so as a management prerogative, we made that yellow.

Management observations were assessed as yellow, due to the lack of our intrusiveness to allow these issues to happen; that were discussed at the last meeting. Even

though they were not, Jack, as you said, extremely significant to safety, we should have found and prevented the issue.

In the commitment to continuous improvement area, we assessed that as yellow. That's the one here, because of the need to complete several of the activities in the work schedule, such as operator workarounds, control room deficiencies, maintenance rule systems needing attention.

What did you say the numbers were?

MR. BEZILLA: At the end of the week, the control room deficiencies should be at two; operator workarounds should be three or four; and maintenance R1 systems prior to restart should be one in red, A1. And that's actually a new one, I believe it's heat trace, what will be one A1 at restart.

MR. MYERS: In summary, most of these activities were scheduled, many are completed now. And we would expect that as we come to you for restart, that area should be at least white.

In the individual commitment area here, the drive for excellence was assessed as yellow because of the need to complete scheduled activities also. Sometimes the criteria hits you in both of the areas. So, the need to complete scheduled activities, drove that yellow. And the management decision to extend several open restart --

Nonrestart Condition Reports.

Our process has you complete a Condition Report after 60 days or something like that. We've made a lot of management extensions during the outage just because of the massive number of Condition Reports we created. And, as you know, we have a workload that we have to address of Nonrestart Condition Reports after restart. So, that's the reason we assess that yellow.

We made that management decision, thinking it was a good decision, but it still did not, we wouldn't make it a visible. That decision was made, and we need to continue to work on it, on the non-workload after restart.

In summary though, we are confident that the Safety Culture at Davis-Besse Station fully supports restart. I believe that the film demonstrated many of our values. We will continue to monitor the effectiveness at various plateaus during the startup and power ascension.

Thank you very much.

MR. RUTKOWSKI: Lew, I just have one or two questions about comparing your recent survey results with the roll-up, which I believe is the roll-up, I believe has to do, rolls up to the Restart Safety Culture Assessment, so basically slide 13 rolls up into slide 17.

MR. MYERS: They were different assessments.

MR. RULAND: Okay. I understand that, but the most, well, two thirds of your folks said, that when answering the management values training development, two thirds said they essentially agreed to some degree.

MR. MYERS: That's correct.

MR. RULAND: And about a third disagreed with that.

MR. MYERS: That's correct.

MR. RULAND: I then asked myself, well, how does that reflected in your Restart Safety Culture Assessment; just trying to look for consistency.

MR. MYERS: If you went down and looked at the specific criteria, we had training. I have to pull the report out. In fact, we sent you the report. You'll find the need for training was one of the specific questions in the attributes area that we've rated very, very hard. In fact, we may have rated it red; I'm not sure. I have to look through the report. It was in line with the safety concern that the employees have.

Now, we've taken action. Our subcommittees are meeting. We started our Restart Operations License class. We have another license class starting next year. We're also looking for some additional help in the Operations

area. The Engineering Qualification Program will be a focus for us next year, and we're restarting all our maintenance training too. So, that is an area of concern and we consider it an area of concern also.

MR. RULAND: I understand that. I guess I'm just looking to make, the results should be relatively consistent.

MR. MYERS: You won't see it on this particular slide. If you look at the report we sent you, you will find it's very, very, it's covered very well. Okay?

MR. GROBE: Other questions? Okay, very good.

MS. GRIFFITH: I am Linda Griffith. I'm the Employee Concerns Program Manager at Davis-Besse. I am an 18-year employee at Davis-Besse and a lifelong resident of Northwest Ohio.

I am personally committed to ensuring that we maintain a healthy Safety Conscious Work Environment where employees are willing to raise concerns without fear of retaliation. I am proud to be here today to discuss the results of the survey which was conducted in November.

I have a vested interest in the success of Davis-Besse and will do everything in my power to ensure that the health of the site's Safety Conscious Work

Environment is maintained.

Next slide, please.

My desired outcomes today are to provide you with a summary of the Safety Conscious Work Environment Survey results and compare them to the surveys that were conducted in March of this year and August of 2002.

I am also going to discuss the analysis of the results and the opportunities for improvement based on the results of analysis.

The purpose of the survey is to ensure the Safety Conscious Work Environment is maintained and to provide insight for those opportunities for improvement.

The questions from all three surveys were aligned and all respondents were anonymous. Respondents to the November survey included 780 company and contract employees which equates to a 75 percent response rate, which we were very pleased with.

This slide indicates the overall comparison of the data of the three surveys. The three sets of bars there are on the slide depict the results from the August 2002 data which is the top bar; the March data which is the middle bar, and the November data which is the third bar. And they are split out into the four areas that we assessed with the survey questions.

The green bars indicate agreement with a question

that was asked; the red bars indicate disagreement with a question that was asked; and the white bars indicate the respondents identified a don't know response.

The surveys assess the four pillars of our Safety Conscious Work Environment. Pillar 1 is willingness to raise concerns. These questions included whether the employees are encouraged and willing to raise concerns without fear of retaliation through their chain of command.

The normal problem resolution is Pillar 2. These questions are in connection with Corrective Action Program, initiation of Condition Reports and the effectiveness of the resolution.

The third pillar is the Employee Concerns Program. Questions here referenced the willingness of employees to raise concerns through the Employee Concerns Program if they did not feel comfortable with their management or the Condition Report process. Questions in this category also assessed the support by management of the Employee Concerns Program.

Preventing and detecting retaliation is the fourth pillar, and these questions refer to training individuals and their management have received and whether or not the employees have been subjected to retaliation or know others who have been subjected to retaliation for raising nuclear

safety or quality concerns.

As you can see, based on this overall analysis page, both the March and the November surveys show a significant improvement over the August results. Even more encouraging, the November results indicate continuous improvement in all areas.

If we go on and discuss in detail willingness to raise concern which is pillar 1 --

MR. GROBE: Linda, before you go on, just a couple of contextual questions, if you don't mind.

MS. GRIFFITH: Okay.

MR. GROBE: Was the population surveyed in August, March, and November the same?

MS. GRIFFITH: We surveyed contract and company employees in all three surveys, yes.

MR. GROBE: Okay, second question. You've got three bars, green, white and red here. Did you only ask three levels of question or were there multiple graded options for the individuals to select in the survey?

MS. GRIFFITH: There are a number of questions, and as you go along, you will see the question and the individual response.

MR. GROBE: I didn't ask my

question clearly. For example, in the survey that Lew presented, there were six different options for an individual to choose from strongly disagree to strongly agree. Did you have a similar type of survey where you bin these into three colors or more than three choices?

MS. GRIFFITH: No, there were five choices total. The choices were strongly agree, somewhat agree, don't know, disagree, somewhat disagree, or strongly disagree. So, there were five options.

MR. GROBE: Okay, very good.

MR. RULAND: One more question, textual question. The distribution of the nonresponders, was there any pattern discernible about, you said 75 percent of the folks didn't respond. Do you have information about, were they concentrated in a specific area?

MS. GRIFFITH: There was no common theme to those individuals who chose not to respond to the survey.

MR. THOMAS: Linda, you had characterized March and November, the comparison between the March and November results as continuous improvement, but at least looking at the culmination of the data that's presented here, looks like it's pretty much plateaued and in one case, in Pillar 3, it's actually, there is more

disagree, disagreed in March. So, what piece am I not seeing in your characterization of the results?

MS. GRIFFITH: Well, as we're characterizing these results, we are looking at, for example, we looked at the number who agreed versus the number who disagreed. And there was an improvement in all the areas. Granted in the particular area that you pointed out, Scott, number three, there was only one percent that agreed. As far as the don't knows, you can't really factors those in as agreeing to the question or not agreeing to the question, so.

MR. THOMAS: I'm just looking at the extremes; the red and the greens; especially the reds, I guess I was focused on. It seems like the data has pretty much plateaued within a percent of give or take. So, I was just interested in your characterization of it, it's a continuous improvement. I'm trying to understand the piece that I'm missing that would lead you to characterize it that way.

MS. GRIFFITH: Looking at the agrees mostly; however, as you go through it, there is definite room for improvement in the areas that we do see a larger number of completely disagree with that statement.

MR. BEZILLA: Scott, I think Linda, as she goes through here, I think when she gets in

the next couple of slides, that will help answer your question. Okay?

MR. THOMAS: Okay.

MS. GRIFFITH: Pillar 1, which is Willingness to Raise Concerns, there is an additional item on here; and that's the arrows. The arrows depict whether the trend is noted as steady trend or improving trend.

As you can see on this slide, all the arrows are horizontal, indicating that is a steady trend. The specific questions for each pillar and their trend is comparing them to the March data.

This is the first six questions for Pillar 1, which Pillar 1 had the majority of the questions on the survey. There are 13 that were similar between the three surveys.

This slide indicates that employees understand their responsibility to raise concerns and that they feel they can approach management with their concerns without fear of retaliation. This is encouraging; however, the challenge will be to ensure that these results do remain strong.

Continuing on the next slide, the results from four of the seven questions on this particular slide, still with Willingness to Raise Concerns, show an improving trend. The other three show a steady trend. This is indicating, based on the questions that were asked, that employees

agree management wants workers to raise concerns and that their supervision will address those concerns.

Overall there is a noted willingness of employees to raise concerns without fear of retaliation; however, this is an area that requires continued management attention to ensure that all levels of the organization are aligned with the various methods utilized to address issues.

MR. HOPKINS: Linda, let me ask a question for the improving trends, how much difference relatively did you need to be able to call them improving trend versus a neutral trend?

MS. GRIFFITH: I use a factor of two percent. If it was two percent or less difference, it stayed at a steady trend. If it was greater than two percent, it was noted as an improving trend.

MR. HOPKINS: Okay, thank you.

MS. GRIFFITH: Next slide identifies Pillar 2, the normal probable resolution process.

MR. GROBE: Just one more question before you get off Pillar 1. And you can answer this question as we go through each of the pillars.

Last time we received this data, I believe, I'm not sure who presented it, but Randy Huey had a, I think it was Randy, had a breakout of data by department and a rather

detailed analysis of the data that showed that there were certain departments that seemed to show possibly some trends. And I'm certain that you've done similar data analysis and you're just presenting us the summaries of the data today.

In Pillar 1, were there any particular departments that showed a unique trend or an area of concern that you're applying a particular focus on?

MS. GRIFFITH: As far as Pillar 1 goes, the areas that have been identified that need improvement include -- and this is just general, management expectation on safety and quality, and their reflection and appraisals were more discipline for that particular question, as well as management caring more about safety than cost and schedule. Those are two areas of an improvement site-wide that we need to focus on.

MR. GROBE: Okay. When you break it down into individual departments, were there any particular areas of concern of focus?

MS. GRIFFITH: There is Engineering, there is Operations, Quality Assessment, and Chemistry seemed to be the pocket areas that need to focus on that, but as a site, that's an issue that needs to be addressed.

MR. GROBE: Okay, I would be

interested in getting the data breakdown, and just to get a little bit more depth in the analysis, so if you could provide that to us, I would appreciate it.

MS. GRIFFITH: I would be happy to.

MR. GROBE: As you go through the other pillars, if you could provide similar information, I appreciate it.

MS. GRIFFITH: Okay, I will do that.

MR. LOEHLEIN: Jack, I would like to take a look at some of this data in our department, and one of the things you have to be careful about is hard to deal with when you're talking about departments on this data.

(microphone problem)

MR. LOEHLEIN: When you look at the broad range of how the questions are presented, some of them are asking about the departments or the people, individual's supervision for their department, others are worded for the organization at large, so to catch us, get a clear understanding of this by saying a department has a certain vent or lean in a pillar, it's, it does take time to look at the data and say, well, is this an area that this department feels is weak for the organization or is it

weak for their department and/or their supervision. So, it does take time to look through that data and get some sense out of it.

MR. GROBE: Okay, I appreciate that, Steve. Let me make sure I understand what you said. It's very important, if I understand correctly, to carefully look at the question as asked in which you're putting the data down to a department level, make sure you understand whether the question was asking about a department's perception of a site-wide activity or department's perception of that department's activity. Do I understand you?

MR. LOEHLEIN: Right.

MR. GROBE: Okay, great.

MR. LOEHLEIN: A clear example would be questions that clearly reflect whether the people in your organization feel free to raise issues, but there is, there is another question that maybe asks about the Davis-Besse culture at large. Well, that would not be the same context in terms of who, who is being rated on that answer, by that department.

MR. GROBE: Appreciate that, thank you.

MS. GRIFFITH: Okay. We are at Pillar 2. The Normal Problem Resolution, which as I

mentioned before, includes a Condition Report Process, Corrective Action Program.

All of the indicators are showing an upward trend; however, that was a site-wide trend that we need to focus on as far as employee confidence in the Condition Report Process. Some of the questions that were asked in this particular, for this particular pillar, included items like prioritization and timeliness and effectivity of the program.

I think what is important to note here, that although the trend is improving, there is still definitely room for improvement. I think part of negative responses to these particular questions associated with this pillar, are more than likely committed to the large number of Condition Reports that have been initiated, and the time that it has taken to work that down.

We can not let our guard down as far as continuing to strengthen this program, and that will be the going forward plan for the site. Employee confidence in the Condition Report Process is getting better; however, continued management focus is warranted to ensure that the issues are resolved effectively and within a timely manner.

As far as the Condition Report Process, Pillar 2, those areas that rated that significantly low, I did

identify that that was a site trend that we need to focus on; however, the areas include Plant Engineering, Operations, Maintenance, and Security, are the areas that stood out more than the others.

The next slide indicates Pillar 3, which is the Employee Concerns Program. One of the three questions that's indicated here shows an upward improving trend while the other two remain steady. This indicates that employees agree they can use the Employee Concerns Program without fear of retaliation. There is room for improvement in this area as well, and a focus will be to increase employee awareness and improve employee confidence in the program.

Those organizations that rated this lower in relationship to the overall site, include Regulatory Affairs, Chemistry, and Operations.

Pillar 4 on the next slide is Preventing and Detecting Retaliation. All four questions associated with this pillar show an improving trend. This indicates that supervisors have the training and the knowledge to prevent and detect retaliation and employees have not been subjected to retaliation nor are they aware of others who have been subjected to retaliation for bringing up nuclear safety and quality concerns. A challenge to this as well, being to ensure that this positive trending continues.

Those organizations that rated this pillar higher

negative responses than the others, include Security and the Maintenance Organization.

I might point out that the red bar on this particular slide is, indicates, although it was a disagreement with statement, the statement is; I have been retaliated against; and employees disagreed with that. And next question was, I'm aware of others who have been retaliated against; and employees disagreed with that statement too, which is why we have an improving trend in that area.

MR. GROBE: So, on those last two questions, red is good.

MS. GRIFFITH: Red is good. That's right.

As I have discussed today, there is improvement in the health of our Safety Conscious Work Environment. There is a strong commitment of plant site management to ensure there is continuous improvement, which is vital to a long term success as a site.

I would be happy to answer any additional questions you might have.

MR. GROBE: I have one question. It's not actually on the subject matter you presented today; it's since I have you, I have a question.

In addition to the Safety Conscious Work Environment

focus area, you also have a Safety Conscious Work Environment Review Team?

MS. GRIFFITH: Yes, I do.

MR. GROBE: Affectionately called SCWERT.

MS. GRIFFITH: Yes.

MR. GROBE: And that review team has a number of purposes and functions, that one of those is to ensure that when the company is going to be pursuing anything that can be perceived as a personnel action from the most inconsequential activities of moving people to different jobs to the most consequential of termination, something of that nature, that there is no risk that that personnel action is based on retaliation for raising safety concerns.

I was wondering if you could help us understand, it's my appreciation that that committee only works at actions against FirstEnergy or FirstEnergy Nuclear Operating Company employees, does not look at contractor employees in situations where actions are taken against contractors.

Could you help me understand how the committee or review team fulfills its charter of trying to assure a Safety Conscious Work Environment if you're not looking at all workers and employment actions taken against all

workers at the site?

MS. GRIFFITH: Yes, I can address that.

The Safety Conscious Work Environment Review Team in September reviewed the layoff criteria that each contractor that we do business with has. We also have in the purchase order documentation itself, the agreement we have between FirstEnergy, as well as the contracting company, that they will maintain the Safety Conscious Work Environment.

Now, as part of the exit process with our contract employees, each employee is offered the opportunity to have an exit interview with the Employee Concerns Program representative. We receive each and every one of those forms. If there are any issues that the employee does not wish to discuss with us at that particular time, they may write it down or request a call. We call every single one of those employees back to see what the issue was, get initial information, and investigate it, if it is really an employee concerns issue. And, at that point in time, we'll relay those results.

MR. GROBE: Okay. So, while you wouldn't necessarily -- to make sure I understand what you said -- while you wouldn't necessarily evaluate any kind of employment actions taken at the time of the action, you feel that through your exit survey opportunities, you

would become aware of any retaliatory actions at that time?

MS. GRIFFITH: That's correct. And the Employee Concerns Program is also available to all employees on site, including contract employees. And if contract employees feel that they have been retaliated against, they come through our program and we investigate those issues.

MR. GROBE: Okay.

There is clearly no requirements to these kinds of activities. This is something that you've taken upon yourself to provide increased confidence in these areas. So, there is nothing that defines what the best way to do this is. So, I appreciate, one, that you do have SCWERT, and that we have no requirements in the area, but it is important many times in contract organizations can be a source of Safety Conscious Work Environment and retaliation fears among employees, because it's easier to hire and fire contractors than it is employees.

And it's certainly an area that we need to pay attention to. So, I understand that you feel that you're getting sufficient information from the exit interviews. This is an area of continuing inspection by Geoff's team, and we will continue to look at this, and the panel will certainly receive feedback from Geoff and his team members.

Any other questions?

MR. WRIGHT: Just one follow up in that area, Jack.

Jack mentioned that one item, that the SCWERT is to look at. The other one is to anticipate, because a Safety Conscious Work Environment is oftentimes what people think and believe as opposed to what might actually be. The other action for a SCWERT team usually is to look and say, if this action is taken, what effect might it have on the organization.

Along Jack's line, I'm going to have more information on what you do with contractors now, which is an after-the-fact, if a person wants to talk to you. Do you have anything in place or do the contractors that address the other piece; when they've already taken the action, is someone looking at what effect that may have on the organization?

MS. GRIFFITH: We have not taken a look at that particular item.

MR. WRIGHT: Okay.

MR. GROBE: Okay. Other questions?

It's about 20 to 4. Why don't we take a brief break.

MR. MYERS: Jack, I have one

thing real quick. The question was asked about the training. If you go look at the report on the 16th that we sent you on Safety Culture; when it comes to training, our requalification training, the overall training here is rated as white. If you go down to requalification training, that's rated pretty well. In the areas of continuing training by the review commitment, we rated that is as yellow. And then, restart training we rated as yellow, which is the correlation we have on that.

MR. GROBE: Okay, thanks, Lew.

Why don't we take a ten minute break, and reconvene at ten minutes to four. Thank you.

(Off the record.)

MR. GROBE: Okay, Steve, why don't we get started.

MR. MYERS: Jack, could we clarify a couple things?

MR. GROBE: Pull the microphone a little closer.

MR. MYERS: Okay. The total number of employees was 833. That was correct. It was 98 percent of the population. Some of the people were out on leave and stuff like that. The total number of FENOC employees, like some of our, a lot of our permanent

employees are not FENOC employees, like 70 something. So, the total population is 833; there is no contractors.

And then one other slip I made this morning I found out is Joe Hagan is Senior Vice President.

That's all I have.

MR. GROBE: Thank you.

(microphone problem)

MR. LOEHLEIN: Thank you, Jack.

My presentation today is going to provide the results of the Nuclear Quality Assessment Interviews that we conducted a few weeks ago. The purpose of our interview approach is to independently assess Safety Culture and the Safety Conscious Work Environment by using an alternative method for written surveys. This provides us an additional opportunity to confirm the accuracy of these measurement methods.

Next slide, please.

We conducted an interview, a set of interviews like this early in 2003, and the methodology we applied this time is very similar, shows approximately ten percent of the staff, of which 40 percent of them were repeat members from the sample we took early in the year.

We conducted them as face-to-face-interviews. They were all of supervisors and below in the organization. And the questions were focused on Safety Conscious Work

Environment, Safety Culture, and organizational effectiveness. My presentation will include data from the key questions in these areas.

Next slide, please.

The first of these questions asks our people, "Do you believe that management wants employees to report problems adverse conditions?" We got a 93 percent affirmative yes to that question.

Next slide, please.

The next question we asked folks, "That since last February of 2003, when we did the earlier interview, have they themselves via the Corrective Action Program, where an issue they themselves addressed, adequately addressed?" So, it's a two-part question. 78 percent stated that they had identified an issue, which was quite an increase from the February results. At that time, only 61 percent had indicated that they themselves had identified an issue. And more than four out of five agreed that in the interim, the six month period, their issue had been adequately addressed by the Corrective Action Program.

Next slide, please.

Now, the next three questions need to be considered together. That's because in the first two questions, we're asking people about their perceptions concerning inhibitors to Safety Conscious Work Environment. And in both cases

some people indicated a perception that things had happened that might hinder identification of issues. Yet in the third question, you'll see that this has not affected their confidence, their personal confidence, and their own ability to raise issues without fear of retaliation.

So, if we look at this first question, "Are you aware of instances where another individual raised an issue and considered the response incomplete or unacceptable or was retaliated against?" Again, a two-part question. 23 percent indicated they had heard of responses they thought were incomplete or unacceptable, and 9 percent said they had heard of an instance of retaliation.

You look at the next question. "Are you aware of any specific events in which would discourage employees from raising concerns?" Once again their perception of having heard of such a thing occurring, 14 percent said yes.

And, the third question in the series though, when asked, "Do you believe you can raise any nuclear safety or quality concern without fear of retaliation?" We had an over 95 percent yes response.

So, one of the benefits of doing interviews instead of just taking surveys is you get some intelligence, how do you deal with data that seems to conflict that way. And this is a case of perceptions. What we got from these

interviews, people had heard things secondhand, what have you, that they may feel may hinder people's willingness to raise issues, yet in terms of their own personal space and their own confidence and their own management to be able to raise issues about fear of retaliation is very high positive response.

MR. HOPKINS: Steve, any of these negative responses about fear of retaliation, were they grouped in any department?

MR. LOEHLEIN: No, as a matter of fact, because of what that might reflect, John, I had my staff keep those things confidential, obviously, but I had the people doing the brief follow-up and make sure, are there any issues that they're aware of that are not being properly addressed, safety or quality or otherwise, based on those feelings. And in every case, they told us, no, the safety quality concern that they had heard of had been resolved since they had heard about it.

So, there was no, we had no pattern. I would say the only pattern was, is a pattern of secondhand experiences is probably the most, the best way to put it; things they had heard rather than things they had experienced.

MR. HOPKINS: Thank you.

MR. WRIGHT: Steve.

MR. LOEHLEIN: Yes?

MR. WRIGHT: With the information that you have gathered from here, though, was there anything that you felt should be passed on to either Linda's group for an independent look or put into the Corrective Action Program? I mean, you had 23 percent consider responses to be incomplete or unacceptable. Did, were you able to gather enough information to feed that back into the system to have some sort of assessment done saying is this good or bad?

MR. LOEHLEIN: As I mentioned to John a few minutes ago, that was the reason for the follow-up action with those people that have made those statements to see if anything deserved follow-up; and in every case they told us no.

When you get to the slide that talks about the, there is a later one, talks about timeliness and effectiveness of corrective actions, we had similar follow-up. We wanted to make sure if there was anything that needed to be followed up on, was it being followed up on. And the response basically we got, Geoff, was the safety and quality issues had been addressed. They didn't always agree with maybe the method somebody used to arrive at a conclusion or the surrounding corrective actions, but they felt that the safety and quality issues had been

addressed.

MR. WRIGHT: Okay, thanks, Steve.

MR. LOEHLEIN: I think we're on slide 34 now.

This question, this reflects proceed level of organizational effectiveness, it asks, "Do we apply the right level of effort for timely and effective corrective actions according to the level of significance of the issue?" This is organizational effectiveness, sort of a safety culture. 74 percent said, "yes" or "most of the time."

And this is where the no answer, the reasons for the no answers, I think, provide some enlightenment. Got some examples.

People that said no, said they felt some Condition Reports are overcategorized; in other words, they feel they got too high priority.

There is some concern about the volume of Condition Reports that the organization needs to take on.

Some concern people expressed on a focus of the competing goals of trying to address back logs as opposed to addressing issues that deserve priority right now.

A few people mentioned they felt the threshold for Condition Reports were too low. We had issues in the

process that were so minor that they shouldn't be in the process. And that's sort of an example.

What we found was, again, the pattern in that example, if you look at 86 respondents of interviewees; 13 percent, what I saw here, at least five or six different reasons given for a no answer. So, there is no definitive pattern for what constituted a no.

Next slide, please.

This one, in an earlier slide that I think Lew presented, we presented a Safety Culture Model. That Safety Culture Model was presented as part of the Adventure slide. So, we asked this question soon after the, the employees were all exposed to the whole Safety Culture concept at different levels of accountability. So we asked it from the three perspectives; the individual commitment, plant management, policy level commitment.

And, see here, that the breakdown on the numbers, individuals ready for restart, based on Safety Culture, 93 percent; plant management, the opinion was 91 percent; and that the policy or corporate level, 87 percent. I think the numbers indicate that individuals had the highest confidence in themselves.

That's probably human nature. I know I would feel that way. If anybody asked me how I felt about myself, I sure would score myself well.

Next slide, please.

Our summary conclusions are that overall worker willingness and responsibility to raise issues is very strong. That was the over 95 percent number, and they said they would do that without fear of retaliation.

And, also there is a large majority believe that the Safety Culture at the station is ready for safe restart. And, in these key areas, the results clearly are consistent with the other methods we reported on earlier today.

Do you have any specific questions?

MR. GROBE: I have one question. In your Operational Improvement Plan for Cycle 14, there is a commitment that Nuclear Quality Assessment would perform two Safety Culture Assessments during the calendar year 2004. Is it going to be similar to this assessment?

MR. LOEHLEIN: I heard the question, you're asking if we are going to do follow-up Safety Culture Assessments?

MR. GROBE: Right.

MR. LOEHLEIN: I thought we were doing one per year.

MR. GROBE: Actually, you're correct, it's fourth quarter of 2004, and fourth quarter of 2005.

MR. LOEHLEIN: That's what we would do a year from now, similar approach.

MR. GROBE: All right.

Linda, you're also committed in this report to do an Employee Concerns Program Survey. It will be a similar structure to the one you did this year?

MS. GRIFFITH: Yes.

MR. GROBE: Good, thank you.

Any other questions? Okay. Thank you.

MR. BEZILLA: Okay. Next slide, please.

My desired outcome today, Jack, this portion of the presentation is to provide you information in regard to our Cycle 14 Operational Improvement Plan.

Next slide.

Our Cycle 14 Operational Improvement Plan is developed and we have begun implementation in a number of areas. The purpose of the plan is to first provide a transition path from our Return to Service Plan to normal plant operations. Second to anchor the changes and improvements that we have made in our plant, our people, and our processes. And third, to ensure continued improvement through Cycle 14.

Next slide.

The plan was put together with a focus on the four

primary safety barriers, that being Individual, our Programs, Management, and our Oversight Function.

Next slide.

This picture illustrates how when posed with a challenge there are multiple barriers present to prevent an event from occurring, and to have the event the barriers must fail.

Next slide.

The next picture illustrates our approach in regard to keeping challenges from becoming events. That being to ensure that we have Competent Individuals, Strong Programs, Experienced and Engaged Management, and Intrusive Oversight. We believe by focusing on the above, we will prevent events.

Next slide.

As you can see, our Cycle 14 Operational Improvement Plan has ten initiatives. Each initiative has an executive sponsor. And to the right of the slide, depicts the barriers that we believe will be positively influenced by the actions taken to improve our performance in these initiative areas.

Next slide.

The next three slides depict some of the focus areas and items from the plan, and I'm just going to run through a few of those.

For example, in regard to Improving Organizational Effectiveness, we will provide additional training to our managers in the areas of leadership, what is it, what does it look like, and how to perform observations to get the most out of time spent preparing for and conducting observations.

In regard to Operations Improvement, we will continue implementation of our Operations Excellence Plan, which includes the benchmarking of top performing plants and stressing Operations' leadership of our site, and improvement in operator training, just to mention a few.

In regard to Maintenance Improvement, we will focus on improving the quality of maintenance through self-assessment, benchmarking, training, and constant reinforcement of craft ownership of plant equipment.

Next slide.

In the area of Training, we will provide additional training to our staff on design and configuration control and our planning improvements to the qualification training of our engineers.

In regard to Work Management, we are implementing the FENOC common process to Work Management and we have a workload reduction plan for Cycle 14.

In regard to Engineering Improvements, our focus will be on improving safety margins through design

assessment and plant hardware changes. We will continue our Latent Issues Review efforts and we will implement actions to strengthen our Calculation Process Implementation.

MR. HOPKINS: Mark, I have a few questions or comments here. These sort of touch both Engineering, Operations, and Maintenance.

There is a couple of license amendments that are being prepared that will be submitted to us, I believe in December; one sites set points for change set points in tech specs and one sites diesel generators for frequency.

My understanding is we will be starting up using guidance from the NRC with regards to Administrative Letter on one of them and our engineering letter in operability on the other one.

What I want to get to is, it would be good to get those done, you know. I mean, it's nice to not be operating in, under generic letter, or under the added letter, or anything like that. The changes are complete and sent in and we review them promptly. And that's in operational improvement that you show your operators or your engineers that idea.

I just wanted to ask, as far as you know, do you still intend to submit those license amendments in December, or?

MR. BEZILLA: Yes, I believe that's true.

MR. MYERS: Yes. One is being prepared now.

MR. BEZILLA: I'm checking out there with my Engineering Director, and he says yes.

MR. HOPKINS: Okay. I'll talk about another license amendment later, but go ahead, that's fine for right now.

MR. BEZILLA: Okay. Next slide.

In the area of Safety Culture, we will continue to assess our performance and refresh our knowledge on what it takes to ensure Safety Conscious Work Environment at Davis-Besse.

Jack, you mentioned a few of the assessments that we'll be doing on an ongoing basis.

In regard to Procedure Improvement, we'll continue to train on, observe, and provide feedback for our people, on procedure use and adherence.

On Corrective Action Program Improvement, we will implement our Apparent Cause Improvement Plan and we will focus on reducing our Condition Report and Corrective Action Workload.

In regard to Oversight Improvements, we are

supplementing our internal quality assessors with external people. This helps provide for a broader, different perspective. And we are also taking more of a cross-functional look at activities and evolutions.

These are some of the highlights from our plan.

Next slide.

We will periodically review our plan, our performance, and we'll use performance indicators designed to measure effectiveness, and through the use of external assessment of our implementation and effectiveness.

Next slide.

Our External Assessments will focus on our Safety Culture, the quality of our engineering products, and the effectiveness of our Corrective Action Program.

Next slide.

MR. RULAND: Just clarification for me. When you say effectiveness of the Corrective Action Program, just elaborate a little on what you mean by effectiveness in this case.

MR. BEZILLA: Yes, Bill. From the CATI, you guys provided us feedback that our Apparent Cause Assessments and Evaluations could be improved. So, we put a plan together. We're taking action. We're going to get some external help to check us periodically and make sure we are being more effective. And if we have to

adjust, we will make another adjustments from those observations that we have.

MR. RULAND: Thank you.

MR. BEZILLA: Okay.

In conclusion, I believe our Cycle 14 Operational Improvement Plan will anchor the changes that have been made in our plant, our people, and our processes, and will cause continuous improvement in these areas through Cycle 14.

Additionally, we have external assessments planned to provide us feedback and allow us the opportunity to check and adjust our focus through the Cycle.

Any questions?

MR. GROBE: Yeah. I have a couple. You touched on a little with respect to the CATI, Corrective Action Team Inspection findings. And, also, I have some questions in the area of Safety Culture.

The details of this plan are included as Appendix D to your Integrated Report to Support Restart dated November 23rd, and this is on our Web site.

As you briefly highlighted, there is ten areas of initiative. In the Safety Culture area, which is section seven, called Continuous Safety Culture Improvement Initiative. With the exception of some Safety Conscious Work Environment training, all of the activities under this

improvement initiative are monitoring, and assessing activities.

Could you talk a little bit more about what actions you're taking to improve the Safety Culture?

MR. BEZILLA: Okay. Jack, I understand your question is what actions are we taking to improve Safety Culture?

MR. GROBE: Your microphone is cutting in and out.

MR. BEZILLA: Is that okay?

Okay. If you look at our --

MR. GROBE: Works fine when you don't talk. (laughter)

MR. BEZILLA: Right. If you look at our plan, most of these actions are monitoring and assessments, all right. As we and others have said, we believe we have a pretty strong Safety Culture, Safety Conscious Work Environment, and we've worked hard over the last year plus to, I'll say, to reign those things into our everyday processes.

As an example, our morning meetings that we go over Safety, Safety Culture, we have Safety Conscious Work Environment reminders throughout the plant, in our work scheduling documents, those type of things.

What our plan was, we are going to continue to

refresh our people on what Safety Culture means, what Safety Conscious Work Environment means, and then through our monitoring and/or assessments, if we notice areas of degradation or areas of concern, then we will take additional management attention.

So, it's pretty much a continuing, continue feeding what we have started from a Safety Culture, Safety Conscious Work Environment perspective.

Lew reminded me, through our Safety Culture Restart Readiness Review, there were some areas that had graded out like yellow. We had specific Condition Reports, we'll have actions that we'll go attack those specific items, but from a plan perspective it is monitoring and assessing; and based on the feedback, if we have to make an adjustments for additional things, we'll do those.

MR. GROBE: Okay. That's an interesting observation. I appreciate that. I had forgotten that your procedure, business practice, that you call it, includes an expectation at certain levels to generate a Condition Report and then an opportunity at other levels to generate a Condition Report.

Is it possible that you would generate Condition Reports from the results of these periodic surveys and assessments, say monthly assessments and periodic assessments throughout the year of 2004 and 2005?

I'm trying to figure out how -- I don't believe what you're telling me is that you're satisfied with Safety Conscious Work Environment, Safety Culture, because in a number of those areas more than ten percent of your people weren't aligned with your expectations in some areas, but I'm trying to understand what actions you're going to be taking to continue the improving trend that Lew and Linda and Steve had talked about.

MR. BEZILLA: Let me first say, we're never satisfied with the Safety Culture, Safety Conscious Work Environment. As an example of an action taken, you had asked Linda earlier in her presentation, were there deltas around, I'll say, from the site results in specific areas. Just yesterday, Linda came into the Senior Leadership Team, had talked to us through her assessment; had talked about providing each of the managers with their picture as compared to the site.

And then what we had asked Linda to do was, based on her assessment, anyone that appeared to have, to have a delta from the site perspective, we're going to have those managers come in and have discussion with them on their results and on the action they need to take. Based on those discussions and the managers review, Jack, I would see some Condition Reports being written to document that and be able to track their actions to improve Safety

Culture, Safety Conscious Work Environment in their specific areas. Does that --

MR. GROBE: Yeah, it's, these are difficult questions. Safety Culture is a difficult issue to deal with.

Would your Trending Program within the Corrective Action Program, would that give you any insights in the areas that culture may be declining?

MR. BEZILLA: Yes. An example of that would be, part of our department performance indicators, various sections have like one percentage of the employees are actually generating condition reports. If we would see a drop off on the percent of people in this section preparing Condition Reports, that could be something that would trigger a CR that says, hey, let's go look at how come we're having a down-turn on the percent of people creating or generating CRs within a specific department.

MR. MYERS: Jack, some of the data we'll be using basically comes out of the -- physically comes out of the Corrective Action Program. The Corrective Action Program is the program.

MR. GROBE: Lew, once upon a time you described to me a practice that you had of kind of every once in awhile, I think it was quarterly, you kind of

take time out and pull your Senior Management Team aside and spend a day or two looking at performance overall.

MR. MYERS: Right.

MR. GROBE: Is that something that is a business practice?

MR. MYERS: It's in the self-assessment. It's a section of the Self-Assessment Business Practice. It's called Collective Significance Review.

MR. GROBE: I'm trying to figure out how all this pulls together to result in actions to move forward and identification of areas to move forward in. I see lots of assessments, but I don't see how it's all pulled together.

MR. MYERS: Assessments roll into individual Condition Reports. Condition Reports, you know, we look at trends through Collective Significance. If we see a negative trend, then that, that would cause us in Collective Significance to take a senior level action, you know. So, I think it does tie together fairly well.

In the Collective Significance Reviews, we look at not only the CRs that are generated, but industry issues that we see, issues from the NRC. We also trend ourselves using the Institute of Nuclear Power Operations data. We can go right into that data.

So, if we see negative reviews, once again, those things always generate a CR. We will generate a CR each and every time we see negative reviews that we document in our corrective action.

MR. GROBE: What procedure is it again that describes that?

MR. MYERS: Self-Assessment Procedure.

MR. GROBE: Self-Assessment.

MR. MYERS: It's a NOP. I worked on that section.

MR. GROBE: It's a corporate level procedure that applies to all three sites. Okay. I think I need to get a copy of that procedure.

MR. MYERS: It's 2004.

MR. GROBE: Okay. One of your slides here, you talk about Independent External Focus Assessments. When you say, Independent External, does that mean independent of Davis-Besse or independent of FirstEnergy?

MR. BEZILLA: It could be both, Jack. What we've been doing is bringing folks from both corporate, Beaver Valley, and also filtering in beyond the FENOC industry individuals and/or like INPO individuals to help us with assessments.

MR. GROBE: Okay. When we presented the Corrective Action Team Inspection results last month, we highlighted a couple of areas of concern; one being Apparent Cause Assessments and we characterized that as a thinking problem on how people think about observations, issues, and evaluate them, and also expressed a concern about the engineering correct -- or engineering work products that corrected deficiencies.

You focused in Engineering Quality and Corrective Action Program. Those were broad trends, but there were 30 violations or 28 violations. I can't remember the exact number that were identified by that inspection, which is a fairly significant number of violations. I can't remember an inspection in the last five years that had somewhere approaching 30 violations.

So, I don't want to give the impression because we identified a couple of trend areas that those were the only areas of concern in the Corrective Action Program and Engineering Program Implementation. I highlighted earlier today the results of the Backlog Inspection, which had particular focus concern in the area of System Engineering, Design Engineering and the ability to manage those back logs.

So, I think it's very important that you have external assessments. I think it's also important that

that external focus include individuals and organizations external to FirstEnergy, but I would urge you to broadly look in these two areas, Engineering and Corrective Action, because I think the overall trends that you saw were not necessarily all of the issues that you need to be focused on.

We may have additional questions regarding your Operational Improvement Plan. What's essential, if Davis-Besse restarts, the types of behaviors that resulted in, for lack of a better term, bereft, that resulted in the head degradation don't occur; and if a decision is made that the plant can restart, that may be based on a belief at this point in time that it can be restarted and operated safely, but this Operation Improvement plan not only takes you from where you are today, which would be a decision, if that were to occur, that you're safe today, to ensuring that it doesn't become unsafe in the future.

So, I think this is critically important to the long-term sustained performance at Davis-Besse. So, we will likely have additional questions on this, and I appreciate you submitting it to us.

Any other questions at this time?

Okay. Go ahead.

MR. BEZILLA: Okay. Now let me switch topics. What I would like to do is briefly talk

about the Work Scope and Mid-Cycle Outage.

Next slide, please.

We would perform or have to perform our Mid-Cycle Outage in March, 2004, if we're not successful in obtaining permission to extend ours through steam generator inspection interval. We're preparing a License Amendment Request to request an extension on the surveillance interval that would enable us to perform our Mid-Cycle Outage about January 2005. That would provide us with about a year of operation prior to our Mid-Cycle Outage. And the outage is currently scheduled to last approximately 21 days.

And Jon, you may ask when. I believe the 12th, December 12th, is the date we're shooting to get that to you.

MR. MYERS: That's correct.

MR. HOPKINS: I have a few comments. You don't have a whole lot of review time for us on this one. And it's, we have your, the report you submitted to the NRC over the last two inspections, 2002. We're looking at that. We have looked at that. We'll look at that. We'll look at your amendment application.

It's likely that we would develop some questions. So, in the time it takes you to respond to those questions and our review and everything, it really isn't much time

left for the license amendment.

And the other thing I could say, what time, what time there is, we will probably take all of it in reviewing; and, for a positive finding.

But as far as your planning for possibly an outage in 2004, first quarter, I think you probably are already there or probably winding up contract workers or whoever else.

MR. BEZILLA: Okay.

MR. HOPKINS: That's the point I wanted to make. There is no way I could get this review done by January 15th or anything like that, you know, for you to line up contract workers to do something.

MR. BEZILLA: We appreciate that. We understand we need to get that to you in expeditious fashion. We used the owners group. We've scoured the industry. We've had previous submittals. We're making sure we have quality documents. We have some additional information from B and W for the care that would provide the generators through the extended shutdown here. So, we believe we have a new document for you.

Additionally, we have contracts in place, if we have to do the inspections in March, we will be ready to do the inspections in March.

MR. HOPKINS: Okay.

MR. BEZILLA: Okay, next slide.

This slide depicts the major work planned for the Mid-Cycle Outage, and that being Steam Generator Eddy Current Inspections, Incore Nozzle Inspections, the Undervessel Inspections; Control Rod Drive Nozzle Inspections, Reactor Vessel Bare Head Inspection, Boric Acid Leak Inspection of Reactor Coolant System itself; and then various surveillance testing that would be needed to support operations through the spring of 2006, which would be the next refueling outage for Davis-Besse.

And we also have Contingency Plans for the Loop 2 Reactor Coolant Pump Gasket Replacement, if that would dictate that that would be needed to be done.

MR. THOMAS: Mark, so assuming there is no outer gasket leakage indications on Loop 2 Pumps, is it your intention to do the pump refurbishment during the 14 Opero, or is it too soon to tell?

MR. BEZILLA: Scott, if we would get the extension, to the -- surveillance requirement. We're taking a look at that mid-cycle and/or the next refueling outage. We have to determine where it makes the most sense to do it, okay, from an efficiency standpoint as well as a resource standpoint to accomplish that task.

We've ordered the material. If we would do the inspection in March and have a problem, we can change the

gaskets. There is other work we would like to do to the Reactor Coolant Pump that we won't have all those parts and pieces on hand until probably 2005; late 2004, 2005.

MR. THOMAS: Okay.

MR. GROBE: Couple of questions on this slide -- some clarifications actually.

You specifically mentioned a Reactor Vessel Bare Head Inspection, and then talked about Control Rod Drive Nozzle Inspection. Those are the same activity.

MR. BEZILLA: We'll look at the nozzle and my intent was to look at the flanges.

MR. GROBE: Okay, that was my next question. Not only are you looking at the nozzle head interface, but you're also looking at the flanges.

MR. BEZILLA: That's correct.

MR. GROBE: Okay, good. And then the Incore Nozzle Inspection, that will be a bare head on the bottom head?

MR. BEZILLA: Correct.

MR. GROBE: I was confused, because you specifically said reactor vessel bare head. I wasn't sure which head.

MR. BEZILLA: Both.

MR. GROBE: Okay. So, that's

a Bare Head Inspection of both the upper and lower Reactor Vessel Heads, Control Rod Drive Nozzle and Flange Inspections and Incore Nozzle Inspections, as well as Boric Acid Corrosion Inspection of the entire Reactor Coolant System. That's the detailed inspection of the Reactor Coolant System to look for indications of leakage, and then any follow-up activities are appropriate.

MR. BEZILLA: That's correct.

MR. GROBE: I don't think I have any other questions.

Bill?

MR. RULAND: Mark, should I interpret this, that if you do, in fact, have to shut down to do the first quarter 2004 contingent inspection, that's essentially really a misnomer to call it a Mid-cycle; it's an early cycle outage, for lack of a different, lack of a better term; so, that you would be operating essentially, assuming that you have permission to restart, you would operate for three months, do the inspections, and then there would be whatever remainder of that fuel cycle until you did another inspection.

MR. BEZILLA: 20 some months probably, 21 months.

MR. MYERS: We think it makes more sense to run a year, twelve months, and then look at

it; gives more of a reliance of the other two inspections.

MR. RULAND: I think we agree.

MR. MYERS: Okay.

MR. GROBE: When we had talked last month, we had specifically talked about you submitting a letter describing this. Is that still your plan or is this the description of your Mid-Cycle that you have planned?

MR. BEZILLA: We have a letter drafted, and it may have went out yesterday. It was planned to go out yesterday, but Lew was gone.

MR. GROBE: I was probably here yesterday.

MR. BEZILLA: If it's not, Jack, it will be this week.

MR. GROBE: Great.

MR. BEZILLA: It's on the way.

MR. GROBE: Okay. Any other questions?

Okay. Thank you very much.

MR. BEZILLA: With that, I will turn it over to Clark.

MR. RULAND: Mark, before you go ahead, I would like to circle back to the previous presentation you had about the Engineering Quality External

Focused Assessments, you discussed.

As I think you folks have already admitted that your Engineering Organizations minus a number of contractors at this stage, that folks that help you through the extended outage, so your Engineering Organization is essentially substantially different than when, during this whole outage.

I'm interested in the scope of that External Focused Assessment. One could postulate that problems you're going to face might not in fact, if you do have problems, might not in fact be the same problems or the same areas that you need to focus ongoing forward, as you might have had previously. So, I'm interested in what the scope of that External Assessment is going to be, if you know at this stage.

MR. BEZILLA: Just a couple pieces, Bill. The Engineering Organization, we still have a number of contractors, they're helping us. We've hired a few of them, so all that knowledge and experience has stayed with us. All right?

As far as the engineering assessments for next year, I don't have the specifics on that. There will be a few of them. We have a Nuclear Operating Procedure that dictates what areas we'll look at, and what I would expect is that Jim Powers and his team, they know where some of their

weaknesses are, and through the Quality Organization, they take a broad perspective and they'll help us if they think there is areas that need special attention or could benefit from an external assessment. And then our Trending Program through the Corrective Action Process, may point out initial areas where we have also External Assessment. I just don't have the specifics with me today.

MR. RULAND: Thank you. But another way maybe of me understanding what you would have told me, is that you're not going to focus just on those areas that the CATI team pointed out, weaknesses of Engineering Products, rather you're going to look at the Engineering Organization more broadly. Is that a fair statement?

MR. BEZILLA: That is correct. We may look at an area that we think is solid, because it may not be solid, it may be solid on the surface.

MR. MYERS: If you go look at our Self-Assessment Procedure we talked about, it drives that broad base. We drive Self-Assessments, Corrective Action.

MR. RULAND: Thank you.

MR. BEZILLA: Okay, with that, I'll turn it over to Clark.

MR. PRICE: Thanks, Mark.

Okay, today I would like to provide everyone with a status and update of where we're at with our Restart Activities.

I'll first discuss some of the key items that we completed since the November meeting and then describe some of the key activities we have remaining and then walk through our finer key milestones that we have for restart.

Even though it's only been three weeks since our last meeting, we've completed some significant milestones and activities; and four of them we have listed here. We've completed our Restart Readiness Safety Culture Assessment, that Lew Myers described earlier, and yesterday we issued the final report as described in our business practice for that assessment. That was a major milestone in our, in our moving forward for restart.

On November 24th, Jack, you referred to this earlier, in accordance with Confirmatory Action Letter, we submitted the Integrated Restart Report to request NRC approval to restart the plant. That report also included the Operational Improvement Plan we discussed today and, again, another major milestone, restart milestone.

We have completed the installation of both the newly modified HPI pumps and have completed testing of pump number 1, and will begin testing pump number 2 later this evening. Successful testing of these two pumps, again,

that we've been discussing over the last several months is another major milestone in our plant restart.

And last night we completed the replacement of 24 breakers with fuse disconnect switches to achieve breaker coordination in our plant Electrical Distribution System, an issue we discussed at the last two public meetings that was emerging over the last few months. We completed those breakers. We do have seven additional breakers that we have identified that we also want to change out prior to restart that are related to Appendix R. Those new fuse disconnect switches will be in Friday, and we're currently developing the schedule for those replacements.

Next slide, please.

This slide identifies some of our remaining key activities that we have for restart. The first item is Completion of the Operations Improvement Action Plan described by Mike Roder, our Operations Manager, at the last public meeting. The primary restart actions under this plan conclude this week with the successful requalification of our Operations crews.

In several of the past public meetings we have discussed our continued efforts to address issues within the Electrical Distribution System of the plant. They were identified through our new highly enhanced Electrical Transient Assessment Program, that we referred to as ETAP,

and we expect to come to closure on those issues this weekend or early next week.

We will be completing our Service Water Pump Number 2 Baseline Testing this week. Again, another significant major activity for us in the last few weeks, and another major activity for restart.

We are also replacing two coolers in our Emergency Core Cooling System Room Coolers. These coolers have developed small leaks over the past several months, and we have decided not to repair them, but to replace them with new improved stainless steel coolers.

Then, also, at the end of the week, we plan to be completed with the restart required activities associated with Containment Air Cooler Transcient Resolution, that were issues that came up as a result of the August 14th loss of grid that the plant experienced, and we're going through those actions now, through analytical resolution, and a final modification to be done at the plant this week.

And, finally last, but not least, is our remaining open NRC 0350 Panel Restart Checklist Items. We currently have eight that remain open. We need to get our activities completed and the inspections completed and do what's necessary to support the panel's decision for closure on those Restart Checklist items.

Next slide, please.

Okay. This final slide is our final key milestones for restart which will be --

(wrong slide/changed slide)

On December 5th, we will be having our final planned meeting with our Restart Overview Panel to gain concurrence for Restart. It's a major meeting for us. We have a number of action items that we discussed at the last public meeting that came out of the Restart Overview Panel. Most of those action items are similar to things we've discussed today; things looking forward in our Operational Improvement Plan and things that they've asked us to give them some additional feedback in, meeting on Friday. So, we're preparing to do that.

On Monday, December 8th, we'll be transitioning to our Online Work Control Process. This is a major transition for us out of the Outage Work Support Center and Outage Processes we've been in for the last, well, for the entire outage, which has been led by our Outage Director; and moving to an Operations Work Support Center that will be led by the Operations Shift Manager. Another key milestone in our transition for restart.

On Monday also, we as discussed earlier, expect to have the NRC Restart Readiness Inspection Team arrive on site with a plan that this meeting is 11:00 on Monday, and

expect that team to be there for the duration of our plant heatup and mode ascension.

Then, on December 9th, next Tuesday, we're going to be having another management meeting, our continued activities to readdress our Restart Readiness. This will be looking at the department and section, its readiness for restart. We have had our Mode 4 and 3 meetings for our Restart Readiness and Safety Culture. A week ago we had our plant systems that we reviewed, and now these will be the Organizational Readiness for Restart Meetings that will occur on Tuesday.

Then on December 11th, we plan to be in a position to go to Mode 4. Then follow, the following day by Mode 3, and be at full temperature and pressure by the weekend, by next weekend.

The following Monday, December 15th, we're scheduled to have our Management Restart Readiness Review Meeting that will then be for Mode 2. And there we will go to assess things we've gone through in Mode 4 and 3. We will be re-reviewing our Safety Culture Assessment, some of the things Mark talked about. We'll be looking at where we now stand on some of our different attributes that we had in that Safety Culture Assessment relative to plant readiness. We'll be looking at the plant systems and any existing mode restraints, and we'll be looking again at the

organization readiness to proceed to Mode 2 and plant breakout.

Then, the last slide lists out the final restart milestones that we have, which will be, as we discussed, as Jack, we discussed earlier, a public meeting to request NRC's approval for restart.

Following approval, we will then move to Mode 2. That is what is defined in our Return to Service Plan as Restart. That will be followed then by going to Mode 1. And, at that point, then we'll have a management hold perform an effectiveness review of our startup activities to that point, looking at the performance of both the people and our plant, and then assessment of our readiness for continuing to power operations.

Following that meeting, we will then synchronize the grid. And then we have another planned hold as we ascend in power, to approximately 50 percent power. We'll do another effectiveness review and assessment of our readiness to continue on to full power and escalation to hundred percent.

MR. THOMAS: Clark, what do you foresee as the duration of these hold periods?

MR. PRICE: I expect, Scott, that they're probably going to be maybe two to three hours. We'll get together, management team will get

together, we'll talk through what we've seen. We'll have the oversight managers that are on shift, give report out on how the shifts have performed. We'll take as long as we need.

MR. THOMAS: I just wanted to get an idea, in your mind, what these hold periods encompass.

MR. MYERS: My experience from some of the other plants, it would take a half a day, four hours. Come in and make sure, are you working your plan, has it been effective, and then make sure you're ready to go forward. Just like a check.

Right now we have everything very well lined out down to the key activity. Are we being effective? And if you got some issues, then we'll take longer, you know.

MR. THOMAS: Okay.

MR. MYERS: Things go well, it should be about four hours.

MR. PRICE: Okay. Then, we'll continue on to one hundred percent power operation.

Then we do have another activity, approximately 30 days following restart, where we will perform a final Restart Effectiveness Assessment, that we'll look back at all of our activities and assess our performance over that period of time.

In conclusion, I would like to say that we have a good plan for restart. We continue to diligently work this plan. We are very proud of what we've accomplished to-date and we are looking forward to the opportunity to request and receive NRC approval for restart.

Any questions?

MR. WRIGHT: Clark, just one item. During the restart readiness prior to entering Mode 2, I think it was December 15th, in that meeting, you're going to go back over those areas that were of some concern during the last Restart Readiness Review; those areas that, that's a yellow or had specific items, CRs written to address those or specific areas where you had an organization that was not performing where you wanted it to be at that time, or earlier?

MR. PRICE: We expect, as you know, Geoff, we've written Condition Reports on all of those specific areas that were yellow in the Restart Readiness Assessment. We'll go through those Condition Reports and the corrective actions and address whether we've made suitable progress on those corrective actions before we move forward; and that will all be addressed in that meeting.

MR. WRIGHT: That is the meeting you're going to do that?

MR. PRICE: That's correct.

MR. GROBE: Just, one observation. This morning, Tony Alexander and Gary Leidich presented a briefing on some materials. I suspect that -- I've reviewed the slides from that presentation. I suspect because of the preparation of the slides, and the continuing conduct of activities, that there was one item that I'm sure was clarified during that meeting, but the slide specifically says that high pressure injection pumps have been modified, installed and tested; both of them. And the testing of pump number 2 had been delayed just a bit because of an oil pressure problem and that testing is going to happen this afternoon or this evening.

It's just, causes some confusion with me, just wanted to make sure.

MR. MYERS: As you know, we planned on having that testing done, but the oil pressure issue. When the slides were prepared, we planned on having the testing done.

MR. GROBE: That's what I suspected, okay, good.

MR. MYERS: Once again, we had the oil pressure issue. We stopped, put a troubleshooting team together.

MR. GROBE: Okay.

MR. MYERS: Okay.

MR. GROBE: Any other questions for Clark? I'm glad we had time to hear Clark today.

MR. PRICE: Well, thank you.

MR. GROBE: Okay. Lew, do you have any closing comments?

MR. MYERS: You know, we have, I could spend an hour on Safety Culture.

MR. GROBE: That's not necessary. Last month we ended up with all of our Chinese food, and I think it was in Rolland's trunk, because we didn't have time to eat it. So, it would not be adverse to us that we have time for dinner.

MR. MYERS: Okay. I do, I think that today we, our desired outcome was to talk about our Safety Culture, our progress we made toward Restart, Safety Conscious Work Environment. If you listen to our value today of safety, key word accountability and accomplishment, we showed the tape of our people. That's the best presentation I could do. You heard those values.

When you look at things from a, are they positively correlated; you see convergence. You saw convergence in the tape. You saw convergence in the Safety Culture assessment we did. You saw convergence in the Safety

Culture Assessment that the employees did. And then, the Safety Culture assessment of their oversight group. So, I really believe that the data that we've given you about concerns moving forward is good data.

We believe that there has been significant improvements in the plant; material condition on the plant programs; the safety margins, meaning our systems are unique now, like our FLUS System; and most important, most important, our people have a strong safety focus.

We have compared -- we have a strong corporate commitment that we gave you to ensure in our Long-Term Improvement Plan to ensure that we continue to commit to move forward.

We will be requesting your authorization to start the plant up. We've done that in writing. We look forward to that meeting. We thank you for today's presentation.

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

Any comments or questions for the, further questions from the staff?

I just wanted to make a couple observations. Last month we presented the results of the Corrective Action Team Inspection. The panel has not yet closed that checklist item and continues to work off evaluation of those inspections also and decision on whether that

checklist item is ready to close.

In addition, there is two other very important activities that are ongoing or will start shortly; one is Geoff Wright's inspection Management/Human Performance, that's Checklist Item 4.b, I think, on the effectiveness of your Safety Culture Management Organization, Human Performance at the plant.

And then several of the checklist items under Section 5 of the Checklist concerning Readiness for Restart will be contributed to, the closure of those will be contributed to by certain of the resident staff. It's a significant equivalent to that as well as the Restart Readiness Assessment Team Inspection. Those activities are ongoing.

We would expect to hear your assessment, not only of what's happened over the last 20 months, I guess, but also what's going to be happening over the next several weeks at a restart meeting. The job is not done yet. And there is still performance to be demonstrated before the NRC could consider restart.

So, scheduling of the meeting, as I mentioned earlier today, is difficult. We need to give ten days advance notice to the public. We can't conduct the meeting unless you're ready to present us your assessment of operational performance; and I don't mean the plant

operators, they're certainly part of that; but your organization and its effectiveness in operating the plant through Modes 4 and 3.

So, if need be, that meeting will be delayed. I would expect by the end of this week to be making a decision on when you think we can conduct the meeting and we'll certainly give ten days notice prior to the conduct of that meeting, but things are rather fluid and it could change.

Clark described a schedule that was predicated on everything going great, and it doesn't always happen that way, so we will maintain flexibility.

I want to emphasize the importance of your Operation Improvement Plan for Cycle 14. If we get to the point in time where Davis-Besse is authorized to restart, the work isn't done, and we certainly are concerned about that, and we appreciate that you recognize that and have developed that plan.

This Oversight Panel does not disappear if the plant is authorized to restart. The public meetings don't disappear. We're going to be here until such a point in time that the agency is able to conclude that Davis-Besse has operated sufficiently well for a sufficiently long period of time that the routine reactor oversight process would be effective in providing oversight at Davis-Besse.

That could likely be six months, a year, or more.

One critical component of that is the validity of the performance indicators that are part of the Routine Oversight Process. You report those performance indicators to us quarterly, and they're published on the NRC's Reactor Oversight Process Website.

The performance indicators in most of the areas are still valid; for example, the Health Physics area, the Emergency Planning areas, the Security and Safeguards areas, but most if not all of the performance indicators in the Operations area and the Systems area do not provide sufficient information to us at this point in time to be useful in planning inspections and evaluating performance.

So, the panel will stay in existence until the performance indicators are providing useful information and the panel concludes and recommends to NRC management that Davis-Besse is ready to go under the Routine Reactor Oversight Program.

So, we'll be around, and it's certainly going to be a busy month, and we'll be here for another many months to come.

Anybody else have any comments or questions?

Okay, with that, let's take about a ten minute break, and adjourn the business portion of the meeting, and then we'll recommence at 10 after 5 for any questions from

the audience.

Thank you.

(Off the record.)

MR. GROBE: Okay. Let's come to order here. This portion of the meeting is an opportunity for members of the public to provide comments or ask questions. And, we'll have a similar meeting at 7:00 this evening for anyone who was unable to attend this afternoon or if you really are interested and want to provide comments at both meetings, that is certainly acceptable also.

Why don't we start by inviting elected officials or representatives of elected officials forward; and if you could, you're interested in providing a comment or asking question, come forward to the microphone, sign your name, there should be some sheets of paper, a pen there, and go ahead and speak clearly into the microphone.

Are there any elected officials or representatives of public officials here today that have comment or questions?

Okay. Let's just open the floor to anybody else that has a question or comment.

If you could state your name and go ahead.

MR. BURKE: Certainly. It's Shawn Burke, with HSBC Securities.

I had two related questions, maybe you can help me out. The first, can you tell us how the 0350 Panel has received information or updates from the NRC's Office of Investigations, particularly regarding the extended outage, and can you kind of give us a feel for how that process has worked with the panel?

MR. GROBE: Certainly. The Office of Investigations is a specific office of the Nuclear Regulatory Commission that looks into the cause of violations, where there is information that the violation may have been the result of something more than an oversight or error.

The investigation began early in 2002 and continued through September of 2003. On a regular basis, the Office of Investigation has provided briefings to the Oversight Panel members and kept the panel apprised of information that they were identifying and concerns that they had.

At the completion of the investigation in September of this year, the Office of Investigations provided briefings to the panel, to James Caldwell, Region Administrator in Region III, to the Executive Director's Office in his direct reports as well as to the Commission itself.

That report that was issued in September was provided to the Department of Justice consistent with

agency procedures and the federal investigation into circumstances prior to the beginning of this outage continues.

It's being led by the U. S. Attorney in Cleveland, and it's a team of U. S. Attorney staff, the Department of Justice staff in Washington, and the NRC's Office of Investigation staff, as well as a number of our technical staff.

There is two ongoing activities with respect to the results of the investigation besides the ongoing federal investigation. One of those is that the NRC staff, and this was a team of technical staff both from the Region and Headquarters, as well as legal staff, enforcement staff, evaluated the results of the Office of Investigation review to determine whether there was a need for any immediate enforcement action.

And, the procedures for doing that are clearly described in our enforcement manual. The threshold for taking an enforcement action is a high threshold, and it requires the agency to conclude that there is an immediately threat to public health and safety.

That review has been completed and the NRC has concluded that there is no need for immediate enforcement action as a result of the O. I. findings.

The second thing that the agency has ongoing is a

senior executive from the Office of Nuclear Reactor Regulation has been assigned to monitor the progress of the ongoing investigation, federal investigation to be cognizant of any emerging information that may come to light that might cause a safety concern on the part of the NRC.

I believe I answered your question.

MR. BURKE: The second question is somewhat related. If the United States Attorney -- sorry. If the United States Attorney from the Northern District of Ohio concludes his investigation before the plan is brought on line, can that interrupt the restart process if he chooses to indict the company or workers; or just trying to figure out how his influence might come to bear on the restart process?

MR. GROBE: Any questions regarding the ongoing federal investigation needs to be addressed to his office. The agency, if the Department of Investigations, excuse me, the Department of Justice investigation is concluded, the one being led by the U.S. Attorney in Cleveland, the agency would receive the results of that investigation and we would take appropriate enforcement action.

Absent knowing when the investigation will be completed and what those results are, that's difficult to

comment on the rest of your question. It would simply be speculative.

MR. BURKE: One last thought. Is the Inspector General for the NRC, which I think doesn't report to the NRC Chairman, but instead reports to Congress; are they still looking at the Davis-Besse outage or have they concluded their investigations?

MR. GROBE: The Inspector General doesn't investigate our Licensees, the Inspector General investigates us.

MR. BURKE: Correct.

MR. GROBE: And, there are no ongoing investigations that I'm aware of into circumstances surrounding the NRC activities prior to shutdown of Davis-Besse.

There is a, a different investigative arm of Congress, it's called the General Accounting Office. That does have an ongoing review, which was requested by three different federal elected officials; I believe it's one senator and two representatives; that gave them marching orders to evaluate certain aspects of the NRC's performance and that's ongoing. I expect that to be completed sometime next year.

MR. BURKE: It's helpful, thank you.

MR. GROBE: Is there anyone else?

MR. FINN: My name is Mark Finn. I'm with T. Rowe Price. I just wanted to follow-up on the question asked by Shawn Burke.

If the DOJ, Attorney General, or the attorney from the Northern District of Ohio has not completed his investigation, is there anything to keep you from giving permission to restart the plant? I guess as that investigation is going on, does the absence of a finding on his part keep you from giving permission to restart the plant?

MR. GROBE: Well, the U. S. Attorney doesn't have any role in the decision on restarting the Davis-Besse plant. The agency has completed its review of the results of the Office of Investigation's investigation, and concluded that there is no need for immediate action on the part of the agency. Consequently, we will await the results of the ongoing federal investigation before any action is taken.

As I mentioned earlier though, we do have a Senior Executive from our Headquarters Office of Nuclear Reactor Regulation, who will be monitoring the ongoing investigation, and any information which is developed during that investigation with sensitivity to the

identification of safety issues that might need consideration or immediate action on the part of the NRC.

As I'm sure you're aware, a Grand Jury proceedings is a secret proceeding, so information cannot be disclosed that is identified or pursued through the Grand Jury process.

I think I've answered your question.

MR. FINN: So, if the restart meeting were to be held, you would then conduct the meeting and then perhaps check back with the individual that --

MR. GROBE: Maybe I wasn't clear. Information that is disclosed through the Grand Jury process -- I'm not an attorney, maybe we have one in the audience that could better explain this than I can. It's my appreciation that information disclosed in the Grand Jury process is secret information that cannot be shared with anyone.

The senior executive I was referring to from our Headquarters Office has been made an agent of the Grand Jury. He can become privy to that information through the agreements he has signed. He can not disclose any of that information. The only time that anything will come to our attention, will be if during the course of the federal investigation, information became a concern to him that it's an immediate safety concern. He would negotiate with

the Department of Justice and discuss whether or not some of that information could be shared with the agency.

I have not been involved in anything like that in the past, so I'm not a very good person to give you further clarification on your question. But it's a very, for good reason, it's a very carefully controlled process; both from the standpoint of protecting the rights of individuals, as well as from the standpoint of protecting the veracity of any future criminal prosecution.

MR. FINN: I understand. That was very helpful. Thank you.

MR. GROBE: Somebody have an easy question?

MR. MELENDES: I am Chris Melendes from VBS. I just have one quick question.

You talked about the restart meeting. And the timing from the conclusion of the restart meeting to when the order for restart or the approval for restart is given; how long is that? Are we talking days, are we talking weeks, are we talking months? Do you have any examples of previous processes where you've gone through that might give us some light on that?

MR. GROBE: There are many examples. I don't have the specific number of minutes, hours, or days, but there have been -- many is probably a

wrong number -- several plants that have restarted under a 0350 Process. Probably close to a dozen over the last decade.

So, you could research those plants and find out exactly how many days, minutes, or hours transpired between the restart meeting and authorization for restart. I don't anticipate it would be a long time.

By contrast though, I can't recall in recent history a plant that has had this much interest and scrutiny under an 0350 Process, from a large number of stake owners with different prospectives; and that complicates the process somewhat, as far as communication and consideration of different points of view.

So, it will take some time, but it's certainly not going to be months, I think was the longest one you used.

MR. MELENDES: Thank you.

MR. GROBE: That wasn't an easy question. Waiting for an easy one.

Okay. With that, we stand adjourned. And we have another meeting at 7:00 here this evening.

Thank you.

(Off the record.)

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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 10th day of December, 2003.

_____
Marie B. Fresch, RMR
NOTARY PUBLIC, STATE OF OHIO
My Commission Expires 10-10-08.