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BUSINESS/PUBLIC MEETING

Between U.S. Nuclear Regulatory Commission
0350 Panel
And FirstEnergy Nuclear Operating Company

Meeting held on Tuesday, September 28, 2004,
at 6:00 p.m. at Oak Harbor High School, Oak
Harbor, Ohio, taken by me, Marlene S. Lewis,
Stenotype Reporter and Notary Public in and for
the State of Ohio.

PANEL MEMBERS PRESENT:

- FOR U.S. NUCLEAR REGULATORY COMMISSION
- John (Jack) Grobe, Chairman, 0350 Panel
- Christine Lipa, Branch Chief, NRC
- Steve Reynolds, Acting Director of the
Division of Reactor Projects of Region
III
- William Ruland, Vice Chairman, 0350
Panel
- Geoff Wright, Leader of Management and
Human Performance Inspection
- C. Scott Thomas, Senior Resident
Inspector
- Monica Salter-Williams, Senior Resident
Inspector
- Jack Rutkowski, Resident Inspector

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FOR FIRSTENERGY NUCLEAR OPERATING COMPANY

- Steve Loehlein, Director of Engineering
- Mark Bezilla, Vice President - Davis-Besse
- Barry Allen, Director of Site Operations
- Kevin Ostrowski, Manager of Operations
- Ray Hruby, Manager of Nuclear Oversight
- Bob Schrauder, Director of Performance Improvement

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1 MS. LIPA: Okay, well good evening.
2 I'd like to welcome FirstEnergy and members of the
3 public for coming to this meeting today.

4 This is a public meeting between the NRC's
5 Davis-Besse Oversight Panel and FirstEnergy
6 Nuclear Operating Company.

7 My name is Christine Lipa, and I'm a Branch
8 Chief in the Region III office for the NRC, and
9 I'm responsible for NRC's Inspection program at
10 Davis-Besse, so for the purposes of this meeting
11 today -- we'll go to the next slide, mostly to
12 keep the public informed of the ongoing NRC
13 activities at Davis-Besse, discuss licensee
14 performance and planned activities that the
15 utility has and, of course, be available to answer
16 any public questions or comments, so we'll walk
17 through the agenda. I'd like to make some
18 introductions up here at the NRC table.

19 Jack Grobe is the Senior Manager in the Region
20 III office in Lisle, Illinois, to my left, and
21 he's the Chairman of the Davis-Besse Oversight
22 Panel.

23 MR. GROBE: (Indicating).

24 MS. LIPA: To Jack's left is Steve
25 Reynolds.

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1 MR. REYNOLDS: (Indicating).

2 MS. LIPA: Steve's the Acting
3 Director of the Division of Reactor Projects in
4 our Region III office.

5 To Steve's left is Bill Ruland. Bill is a
6 Senior Manager in the office of NRR in
7 headquarters, and Bill is the Vice Chairman of the
8 Oversight Panel.

9 To Bill's left is Geoff Wright.

10 MR. WRIGHT: (Indicating).

11 MS. LIPA: Geoff Wright is a Project
12 Engineer in Region III, and he's the Panel's lead
13 inspector for Safety Culture area.

14 To my right is Scott Thomas.

15 MR. THOMAS: (Indicating).

16 MS. LIPA: He's the Senior Resident
17 Inspector at Davis-Besse, and he's our lead
18 inspector for the Operation's area.

19 To Scott's right is Monica Williams.

20 MS. WILLIAMS: (Indicating).

21 MS. LIPA: She's the Resident
22 Inspector of the Davis-Besse office.

23 Next to Monica is Jack Rutkowski.

24 MR. RUTKOWSKI: (Indicating).

25 MS. LIPA: He's a resident -- another

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1 Resident Inspector at the Davis-Besse office.
2 Also greeting you in the foyer on the way in
3 is Nancy Keller. She's the Resident Office
4 Assistant for the Davis-Besse Inspector office.
5 We also have some other NRC folks to the audience.
6 We have Alex Garmoe and Richard Smith, and they
7 are Reactor Engineers in Region III office, and I
8 thought I saw Viktoria --

9 MS. MITLYNG: (Indicating).

10 MS. LIPA: There she is, Viktoria
11 Mitlyng. She's our Public Affairs in Region III,
12 and Roland Lickus is State and Government Affairs
13 in Region III, and I think that's it for the NRC
14 folks today.

15 Would you like to introduce your folks, Mark?

16 MR. BEZILLA: Yeah, thank you,
17 Christine. A little bit later in our
18 presentation we'll talk about the new Davis-Besse
19 organization, so some of the introductions -- some
20 of these guys have different titles, so, I'll just
21 walk through that. To my far left is Bob
22 Schrauder.

23 MR. SCHRAUDER: (Indicating).

24 MR. BEZILLA: And he's our Director of
25 Performance and Improvement.

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1 Next to him is Ray Hruby.

2 MR. HRUBY: (Indicating).

3 MR. BEZILLA: He's our new Manager of
4 Nuclear Oversight.

5 Next to him is Kevin Ostrowski --

6 MR. OSTROWSKI: (Indicating).

7 MR. BEZILLA: -- our Manager of
8 Operations.

9 To my immediate left, Barry Allen, Director of
10 Operations, Plant Manager.

11 MR. ALLEN: (Indicating).

12 MR. BEZILLA: And to my right, Steve
13 Loehlein, Director of Engineering at Davis-Besse.

14 MR. LOEHLEIN: (Indicating).

15 MR. BEZILLA: In the audience tonight we
16 have Gary Leidich, our President and Chief Nuclear
17 officer, and also Joe Hagan, our Senior Vice
18 President of Fleet Engineering and Services.

19 MS. LIPA: Okay, thank you. Do we
20 have any public officials or representatives of
21 public officials in the room?

22 MR. KOEBEL: Carl Koebel, Ottawa County
23 Commissioner.

24 MS. LIPA: Hi, Carl.

25 MR. ARDNT: Steve Ardnt, County

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1 Commissioner.

2 MS. LIPA: Welcome, Steve.

3 MR. WITT: Jere Witt, County

4 Administrator.

5 MS. LIPA: Welcome, Jere, thank you.

6 Anybody else?

7 (NO AUDIBLE RESPONSE).

8 Okay, great! Well, this meeting is open for
9 public observation. This is a business meeting
10 between the NRC and FirstEnergy.

11 At the conclusion of the business portion of
12 the meeting but before the meeting is adjourned,
13 the NRC staff will be available to answer
14 questions or receive comments from members of the
15 public.

16 There are copies of several documents and
17 copies of slides for this evening in the foyer
18 that I wanted to walk through.

19 We have the NRC September newsletter, and that
20 provides background information and also discusses
21 current plant and NRC activities. The main
22 article in the front of this update is the
23 Independent Assessments that are underway at
24 Davis-Besse, and there are four independent
25 assessments that are being done this year in

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1 response to the Confirmatory Order that we issued
2 with the restart letter, and for those four
3 independent assessments we have our four lead
4 Inspectors, and I introduced earlier Geoff Wright
5 and Scott Thomas, who are here with us today.

6 Also on the back page of this update is
7 information on how you can reach the NRC web site
8 and phone number information.

9 There was also -- Davis-Besse Utility folks
10 brought copies of their presentation, and there
11 were also copies of presentation materials that
12 I'm using as well as an NRC feedback form that you
13 can use to provide comments to us on the public
14 meeting.

15 We're having this meeting transcribed today to
16 maintain a record of the meeting, and the
17 transcription will be available on our web page in
18 about three to four weeks. It's important that we
19 speak clearly so the transcriber can hear and the
20 audience, of course, can hear what we'll discuss
21 today, so, with that, I'll turn it over to Jack
22 Grobe.

23 MR. GROBE: Thanks, Christine. I just
24 wanted to take a moment to talk about a transition
25 that we're going through at the Davis-Besse

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1 Oversight Panel. I've recently been selected for
2 a position in our headquarters' offices in
3 Rockville, Maryland. That will become effective
4 shortly after the first of the year. Between now
5 and the end of this year, 2004, the end of
6 December, we'll be transitioning to a new
7 Oversight Panel Chairman. It's very important to
8 Region III that we maintain a -- a very strong
9 oversight and focus on Davis-Besse and,
10 consequently, we're going through a very
11 methodical process of bringing the new Oversight
12 Panel Chairman up-to-speed on everything that's
13 gone on in the last two years, and Steve Reynolds
14 will be assuming the Chairmanship of the Panel at
15 the end of December.

16 Steve has been with the NRC for 3- or 400
17 years -- no, no, since the mid '80s. He started
18 as an Inspector in Region III, and then went on to
19 headquarters, the headquarters' offices in the
20 NRC. In that capacity, he accomplished a number
21 of different achievements; one of them was during
22 the long-term shutdown of the Millstone station.
23 Steve oversaw the independent engineering
24 assessments at Millstone during the shutdown that
25 lasted several years. Since then, in the late

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1 '90s, he came back to Region III as a Senior
2 Manager in the Division of Reactor Safety, and
3 for -- over the last year, he's been active
4 Director of the Division of Reactor Projects. In
5 that capacity he has overall responsibility for
6 implementation of the Reactor Inspection program
7 and day-to-day responsibility to oversee the
8 Resident Inspection program, so Steve's a very
9 strong candidate to fill the role as Oversight
10 Panel Chairman. Between now and the end of
11 December, Christine and Bill Ruland and I will be
12 meeting regularly with Steve, bringing him
13 up-to-speed on all the various issues so that he
14 can assume those responsibilities in December.

15 MS. LIPA: Okay, thank you. Okay,
16 we'll go on next to recent NRC activities. On
17 July -- yes, there we go. On July 19 we had a
18 site visit by one of the NRC Commissioners, this
19 is Commissioner Merrifield, and also our Executive
20 Director of Operations, Luis Reyes, and then from
21 July 19th through the 30th, Geoff Wright led a
22 team inspection on the effectiveness of Corrective
23 Actions based on the Safety Conscious Work
24 Environment Survey results from last year, and his
25 exit was held August 13th, and I'll let Geoff

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1 describe his results.

2 MR. WRIGHT: Thank you, Christine. Is
3 the mike on? Can you hear me out there now?
4 Okay. As Christine indicated, we did a follow-up
5 inspection to independently assess the
6 effectiveness of the corrective actions that were
7 put into place because of the November 2003 Safety
8 Conscious Work Environment Survey as well as the
9 assessment that was done on that survey. To
10 accomplish that, we had a team of five individuals
11 visit the site, including one individual, a sixth
12 individual was back in Washington doing some other
13 reviews. That team interviewed between 65 and 70
14 individuals in focused group settings,
15 representing about 10 different organizations on
16 site.

17 We also reviewed all of the Corrective Action
18 documentation against the issues that they were
19 supposed to have cured. The team concluded that
20 the corrective actions were appropriate, that, in
21 general, they were effective in improving the
22 Safety Conscious Work Environment at the site.
23 We did identify that there were two events which
24 had occurred earlier in the year which limited the
25 effectiveness of the corrective actions, and,

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1 finally, we noted that a lack of effectiveness
2 monitoring tool for significant communications
3 hampered your efforts to further improve the site
4 Safety Conscious Work Environment. Those were
5 the conclusions of the team.

6 MS. LIPA: Okay.

7 MR. WRIGHT: Thank you.

8 MS. LIPA: Thank you, Geoff, and
9 Geoff's inspection report is near final, expected
10 to be issued this week.

11 Also on August 13th there was a routine
12 Resident exit for six weeks, and I'll let Scott
13 summarize his results.

14 MR. THOMAS: Yeah, recently we issued
15 an integrated Resident Inspection report ~~2000-412~~ 2004-012,
16 which covered inspection activities conducted from
17 July 1st to August 14th, 2004. No findings were
18 documented in this report. This report did
19 document the review of several completed Cycle 14
20 operation improvement planning initiatives.
21 These included the Operations Department five year
22 staffing plan, the Operations Department
23 leadership improvement plan, the licensee plan to
24 reduce and maintain engineering backlogs, changes
25 to modify license procedures to restrict the use

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1 of at risk changes in the plant modification
2 process, implement actions to improve safety
3 margin at the Davis-Besse site, and we reviewed
4 the completion of a plan which provided a
5 framework for addressing backlog work priorities
6 that were identified as part of the system health
7 reviews.

8 Additionally, this report documented a review
9 of the inspection plan for the Corrective Action
10 independent self-assessment that is currently in
11 progress at Davis-Besse. Another team -- is
12 there another slide?

13 MS. LIPA: Yes.

14 MR. THOMAS: Next slide, please.

15 Recently a three person inspection team completed
16 a Triennial Fire Protection Inspection at
17 Davis-Besse. The inspection results are being
18 reviewed by regional management, but to date no
19 findings have been identified as a result of that
20 inspection.

21 MS. LIPA: Okay, thank you, Scott.

22 On September 7th, Jim Caldwell, our Regional
23 Administrator from Region III, and Steve Reynolds
24 were on site for tours and met with the Resident
25 Inspectors, and then Mr. Caldwell presented

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1 license certificates for some of the SRO's and
2 Reactor Operators at the facility, and then, on
3 September 20, the NRC's office of Research issued
4 a memorandum with the preliminary results of the
5 Accident Sequence Precursor analysis, and this
6 document is available on our web site, and the
7 analysis was really the combined effects of the
8 degraded vessel head, the cracking of the nozzle
9 and the high pressure injection pumps and the
10 qualified coatings on structures in containment
11 that could have caused some clogging, and so the
12 combined effects of all those equipment
13 deficiencies is what was reviewed in this Accident
14 Sequence Precursor analysis, so those preliminary
15 results showed us to be what we considered a
16 significant precursor, and the numbers of this
17 said there were six chances in 1,000 of core
18 damage during a one year period prior to the
19 vessel head being discovered, so that's what this
20 analysis did, was to provide those preliminary
21 results, and it would be undergoing peer reviews,
22 both the utility will be reviewing it, as well as
23 NRC staff before the final results are issued.

24 The next slide covers the Confirmatory Order
25 Activities. These are also covered in our

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1 monthly update, but it's really the schedule of
2 activities that are coming up, and, as I mentioned
3 before, for the four areas that are listed here
4 covered by the Confirmatory Order that the NRC
5 issued back in March, the licensee is required to
6 do independent assessments, and we have a lead for
7 each of those independent assessments, and the
8 leads have prepared their inspection plans for the
9 rest of the year to monitor the licensee's
10 performance in these four areas. The licensee has
11 submitted the plan that they have for each of
12 these assessments. One of the assessments is
13 already completed, the other one is on the way,
14 and all of the results of those assessments will
15 be submitted and publicly available on the docket.

16 Other upcoming NRC activities include a team
17 inspection that will be on site next week, and
18 this will be reviewing the licensee's service
19 water system and the licensee's program that they
20 implemented in response to Generic Letter 89-13,
21 which is really to have a program out there,
22 service water and system components.

23 Another important team inspection coming up in
24 November is the Problem Identification &
25 Resolution Inspection. That's also a team

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1 inspection, and it will review the licensee's
2 implementation of their Corrective Action program,
3 and, then, finally, we're planning to hold a
4 public meeting tentatively in November and that
5 would be to review performance at all three FENOC
6 sites, all three FENOC nuclear plants, so that's
7 all I have for introduction here, and, with that,
8 I'd like to turn it over to FirstEnergy.

9 MR. BEZILLA: Thank you. Thank you,
10 Christine. Next slide. Okay, our desired
11 outcomes for this evening are to demonstrate that
12 Davis-Besse's operations continue to be safe and
13 conservative, to present Davis-Besse's new
14 organization of the management team, and to status
15 you on a number of improvement initiatives and
16 Confirmatory Order related activities.

17 Barry will start things off with an overview
18 of plant activities and performance.

19 I will then spend a few minutes and review
20 with you Davis-Besse's new organization.

21 Kevin Ostrowski will be next, and he will
22 briefly discuss the collective significance
23 assessment he commissioned.

24 Barry will then discuss the Confirmatory Order
25 Independent Assessments, spending some time on the

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1 Operations Performance area independent
2 assessment. He will then provide you an update
3 on our backlog reduction efforts, and briefly
4 status the Integrated Restart Report and
5 Supplements, Cycle 14 Operational Improvement Plan
6 and Confirmatory Order commitments.

7 I will then ~~brief~~ briefly discuss the results of our
8 latest Safety Culture assessment and a few other
9 assessments conducted since our last public
10 meeting.

11 Ray Hruby will then share his thoughts and
12 insights and then I'll wrap up our presentation.

13 With that, I'd like to turn it over to Barry
14 Allen.

15 MR. ALLEN: Thank you. As Mark
16 discussed in his introduction, my objective is to
17 demonstrate that Davis-Besse operations continue
18 to be safe and conservative. Next slide, please.

19 Current plant status, Davis-Besse station is
20 at 100 percent power. We're generating
21 approximately 925 megawatts of electric. We're
22 at 51 continuous days of safe and reliable
23 operation. We have a capacity factor of
24 approximately 96.2 percent since restart, and,
25 most importantly, we have 86 Human Performance

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1 success days as of today.

2 Next, I'll cover some of the highlights which
3 occurred since our public meeting on July 13th.
4 As you mentioned previously, on July 19th NRC
5 Commissioner Jeffrey Merrifield was at Davis-Besse
6 where he stressed to us that we must focus on
7 individual execution tasks every day and control
8 and manage our backlogs.

9 Also during the week of July 27th, the Nuclear
10 Regulatory Commission performed a Radiological
11 Environmental Monitoring program and also a
12 Radiological Access Control Inspection, and as a
13 result of those inspections there were no
14 potential violations or findings.

15 On July 27th, we held a new FENOC leadership
16 charge session for all supervisors and up, and in
17 those sessions we discussed transitioning to the
18 new organization, which Mark will discuss in more
19 detail later, the discipline and execution and how
20 accountability will help this station move forward
21 to achieve the results we desire, and on July 30th
22 we held our six month mid-cycle outage readiness
23 review meeting where we brought in Fleet peers to
24 challenge our outage readiness. Feedback we got
25 from that team was that our outage focus must be

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1 on safety in the event of execution, operation
2 must focus on preparations for shutdown and
3 startup, and we can provide additional structure
4 and rigor in our outage to folks who help us be
5 successful.

6 On August 4th, we experienced a reactor trip
7 with full power. We formed a problem solving and
8 decision making team, which determined that the
9 cause of the trip was a latent fuse failure in the
10 control rod drive trip breaker alpha cubicle.
11 The cause of the fuse failure was attributed to
12 age and/or weakening due to long-term cycle.
13 Our transient critique concluded that we were in a
14 Category A or alpha transient category, which is
15 the best, cleanest category for Babcock and Wilcox
16 units, that all safety systems performed as
17 inspector expected, safety limits were maintained, reactor
18 coolant system pressure temperature were
19 maintained within limits, and our radiological
20 conditions were not adversely affected by all the
21 transfers, so during the transient overall, both
22 the plant and our people responded well; in fact,
23 our unit supervisor on shift that day was a newly
24 licensed Senior Reactor Operator who was serving
25 his first day on the shift as unit supervisor and

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1 he performed very well in large measure because of
2 the good training he had received at Davis-Besse.
3 During the forced outage, they improved the
4 material condition of the unit. Outage ~~resolved~~ management
5 concluded all similar control rod drive fuses were
6 proactively replaced. Surveillances were revised
7 and insured that we inspected those fuses, and
8 we're also looking at other surveillances for
9 similar improvement opportunities. Additional
10 items were we resolved two control deficiencies to
11 replace control rod drive modules and also the
12 main generator digital watt meter was replaced,
13 and we did some work on the electrohydraulic
14 control system, which resolved the walk -- the
15 work parameter of the move on temporary
16 modification. We also did work on a bravo phase
17 main ~~transfer~~ transformer bushing, they cleaned and actually
18 resolved an issue there, and we worked on other
19 high authority work appropriate for the forced
20 outage situation.

21 On August 8th, we resynchronized to the grid.
22 One issue prior to the plant startup which
23 affected our capability to remotely transfer our
24 safety logs to an auxiliary power supply, we did
25 not have the parts required to repair the transfer

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1 pulse to circuit, so we called our existing
2 procedural guidance for manually transferring the
3 rods, and we are prepared to resolve this item
4 during the next outage opportunity. Overall, we
5 were pleased with the performance of the plant and
6 of our people during the forced outage, and as we
7 safely return the unit to full power.

8 On August 13th, as you mentioned earlier, we
9 had a routine NRC Resident exit and Safety
10 Conscious Work Environment exit, and we are still
11 finding some violations were identified, and, on
12 August 16th, an Independent Assessment team began
13 their assessment of Operations performance in
14 accordance with the Confirmatory Order, and I'll
15 discuss this in more detail later in the
16 presentation.

17 On August 23rd, we implemented the new FENOC
18 organization and Mark has a later presentation
19 affecting the leadership team at Davis-Besse, and
20 we'll look at that later in the presentation.

21 Also on August 30th, we implemented new
22 standards in Turbine Building radiological
23 controls, and in that effort we posted
24 radiological control areas were appropriate and we
25 implemented new turbine building radiation work

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1 permits.

2 On September 3rd, our superintendents and
3 managers attended Leadership in Action refresher
4 training presented by the Senior Leadership team
5 on site. Among other topics, we discussed the
6 discipline of execution as it relates to our roles
7 as leaders and implementing the FENOC Division,
8 which is people with a strong safety focus
9 delivering top lead operator performance. We
10 also discussed the importance of accountability in
11 helping us achieve our desired results we were
12 discussing with other topics, including
13 communications allowed throughout the organization
14 and balancing work and personal life.

15 On September 8th, our Region III NRC
16 administrator, Mr. Jim Caldwell, and Mr. Steve
17 Reynolds here tonight visited the site, and
18 messages we received during that visit were we
19 should closely review our Flow Accelerator
20 Prevention program, based on operating experience
21 overseas. Also, we should not let down our guard
22 from the Safety Culture standpoint, we should be
23 vigilant. We cannot fail in the area of
24 emergency preparedness. We must always keep the
25 public health and safety in the forefront of our

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1 minds, and we should capture our lessons learned
2 from our improvements and operations performance,
3 to capture those so we can use those for learnings
4 down the road, and that evening Mr. Caldwell did
5 present license certificates to three new Reactor
6 Operators and four of our five new Senior Reactor
7 Operators. Next slide.

8 So, in conclusion, Davis-Besse has had
9 approximately six months of safe operation since
10 we received permission to restart. Our plant
11 performance has been and continues to be safe and
12 conservative. Next slide.

13 MR. REYNOLDS: Mr. Allen, I have a few
14 questions.

15 MR. ALLEN: Yes, sir.

16 MR. REYNOLDS: If you go back to slide 6,
17 your first noteworthy item is the second quarter
18 QA exit, what were the results of that?

19 MR. ALLEN: I got that right here.

20 MR. REYNOLDS: And just to make sure I'm
21 looking at the same document, is that the
22 Davis-Besse Nuclear Quality Assessment, quarterly
23 assessment for DB-C-04-02?

24 MR. ALLEN: That's correct, that's the
25 correct document.

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1 MR. REYNOLDS: Thank you.

2 MR. ALLEN: In the Executive Summary,
3 Steve, the Nuclear Quality Assessment group
4 assessed 16 Davis-Besse primary element program
5 areas and from the four functional areas --
6 operations, engineering, maintenance and support,
7 five of the scheduled primary elements were rated
8 as effective. That was Fire Protection program
9 organization staffing and responsibilities, also
10 Fire Protection program fire hazard analysis
11 program changes, other items there, and Fire
12 Protection program safe shutdown analysis
13 capability, along with records and records indexes
14 under records management document control, so
15 those were all rated as fully effective. Rated as
16 marginally effective was some training
17 performances group. Quality identified that we
18 had area for improvement there, and that was rated
19 as marginal, and then under not fully effective,
20 we have identification and classification under
21 Corrective Action, licensing documentation under
22 regulatory affairs, exercise supports and training
23 under emergency preparedness, and then continuing
24 from the Executive Summary, overall section
25 performance appears to be steady. Operations

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1 performance overall supported safe plant
2 operations and organizational effectiveness
3 involving emergent plant issues was satisfactory.
4 It goes on to talk about improvements to the work
5 management area, particularly in work schedules.

6 MR. REYNOLDS: Thank you. Another
7 question dealing with that, maybe you can help me.
8 When did you restart?

9 MR. ALLEN: March 27th of this year is
10 when we restarted.

11 MR. REYNOLDS: This assessment period is
12 from April 5th to July 2nd, so that's the first
13 quarter that the plant was in power after a long
14 period of time?

15 MR. ALLEN: That's correct.

16 MR. REYNOLDS: Could you explain why
17 operation wasn't looked at?

18 MR. ALLEN: There is essentially the
19 primary elements that are laid out in a schedule,
20 and so the quality organization looks at them as
21 schedules, and they rotate through it.

22 MR. REYNOLDS: So you followed a
23 schedule?

24 MR. ALLEN: That's correct.

25 MR. REYNOLDS: So that's the reason why

1 operation wasn't looked at even though that's the
2 first quarter when you had a chance to --

3 MR. THOMAS: Isn't there some
4 discretion about QA, what they can look at in
5 implementing the assessment schedule?

6 MR. HRUBY: Yeah, Steve, I can address
7 that.

8 MR. LOEHLEIN: Or I can address it, but
9 he's the QA manager now, go ahead.

10 MR. HRUBY: Can you hear me? Okay,
11 in addition to evaluating primary elements per the
12 master assessment plan as scheduled, we also have
13 continuous assessment, so as we go through a
14 quarter, we're also evaluating all areas rating
15 quality for faulty fuel observation and condition
16 reports and in the areas that we see the need to
17 write one, so even though something may not have
18 been on the schedule, Steve, to be a primary
19 element focus there, the continuous assessment
20 process should -- should cover that.

21 MR. OSTROWSKI: And if I may add, also
22 there were many opportunities during that first
23 couple of months for quality to observe, which
24 they did, operations evolution in the control room
25 and also in the field, so while perhaps not

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1 specifically documented in this report, there was
2 a QA presence on many of the tasks which we have
3 received feedback on throughout the operation.

4 MR. REYNOLDS: Okay. I was just curious
5 why it wasn't a focus of this assessment right
6 after restart. Okay.

7 MR. THOMAS: I have a follow-up on
8 that. If QA is doing continuous assessment on Ops
9 performance, what's QA's assessment of their
10 performance during that time period?

11 MR. BEZILLA: Scott, it says in here,
12 Operations performance overall supported safe
13 plant operations in organizational effectiveness
14 as well as emergent issues were satisfactory.

15 MR. THOMAS: Okay.

16 MR. HRUBY: If you look at Page 8 of
17 37, under the Operation Functional Assessment,
18 there's a section on operation and that continues
19 on Page 9.

20 MR. BEZILLA: Steve is wanting to jump
21 in here.

22 MR. LOEHLEIN: Maybe I can clear it all
23 up. There were a number of activities and
24 operations that quality had been following for
25 quarters in the plant and was done, so we had lots

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1 of data on operation performance except in the
2 areas we didn't get to see for quite a long period
3 of time because the plant hadn't run, so what
4 Scott said is true, the first quarter there was an
5 awful lot of activities in the primary element
6 areas that we had not had much activity before,
7 so in the two year cycle most of the things we
8 did, a lot of things got evaluated and rated in
9 that first quarter. Once the plant was running
10 during the use of continuous assessment, the
11 process was to monitor the routine activities,
12 which is what was done, and from that we were able
13 to conclude that during that order, Operations
14 performance was steady, and it was safe. There
15 was no notable change in performance up or down
16 for that quarter is what we concluded.

17 MR. REYNOLDS: Is it correct to say it
18 was steady?

19 MR. LOEHLEIN: Right.

20 MR. REYNOLDS: No change up or down?

21 MR. LOEHLEIN: There was no real
22 distinguishable change, but we weren't focused on
23 any particular primary area for that quarter, just
24 the observations of whatever activities we
25 selected to do some in training, whatever was

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1 available for the training simulator and those
2 types of activities that we would do on a regular
3 basis.

4 MR. REYNOLDS: Thank you. Another
5 question on this report, I guess on Page 3 of 37,
6 observed trends. The first sentence here, if I
7 could read it. It says trend analysis, I'm
8 looking at. . . the quarterly assessment data
9 identified adverse. . .

10 Can someone speak to what that issue is and
11 what actions, if any, you have taken to fix that?

12 MR. BEZILLA: What page is that, again?

13 MR. REYNOLDS: Sure.

14 MR. BEZILLA: What page?

15 MR. REYNOLDS: Oh, Page 3 of 37, it's
16 right after the Executive Summary. I'm not sure
17 how it's formatted. You can have -- you can look
18 at my copy, if that helps.

19 MR. BEZILLA: You're talking about the
20 trend analysis for quarterly assessment with
21 emergency preparedness program?

22 MR. REYNOLDS: Yes, sir, that whole
23 sentence there.

24 MR. BEZILLA: We had the quarterly exit.
25 There were a couple of items that the QA guys

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1 brought up from the emergency preparedness
2 standpoint. What we have done since this is we
3 have run drills in July and also in the September
4 time frame, and I'll talk a little bit about those
5 later in the presentation, but we ran additional
6 drills to look at our performance, and that
7 qualified some additional new individuals for our
8 emergency response organization, so it was a
9 practice.

10 MR. REYNOLDS: Okay. So your practice
11 took care of equipment issues, the administrative
12 program compliance and procedure identification
13 during that practice?

14 MR. BEZILLA: The equipment issues were
15 resolved at the time of or essentially at the time
16 of discovery, and then through our drills we
17 validated that -- whenever we drill, we always
18 find additional opportunities, and I have a detail
19 from those two recent ones where we had a number
20 of enhancements that we captured, so the answer
21 is, yes, we believe our emergency preparedness
22 organization is in a good stance.

23 MR. REYNOLDS: Okay, thank you.

24 MR. ALLEN: Steve, there's additional
25 details on Page 33 of the report.

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1 MR. REYNOLDS: That's what I was looking
2 for, somebody to walk me through that, okay.

3 If I go on to Page 7 of your slides, your
4 third bullet, July 29th, Quarterly FENOC
5 performance review meeting, what were the results
6 of that for Davis-Besse?

7 MR. ALLEN: The Quarterly FENOC
8 performance review meeting?

9 MR. REYNOLDS: Yes, sir.

10 MR. BEZILLA: From a Davis-Besse
11 perspective, that was for the second quarter, as
12 was already talked about in the Quality Assessment
13 Report. Ray talked about the steady performance,
14 and, at that point, the plant had behaved pretty
15 well, the people had behaved pretty well. The
16 one item of note was Human Performance which he
17 talked about at a previous meeting and also had
18 triggered Kevin's selective significance
19 assessment, a champion in operation because he had
20 seen some performance deficiencies that had caused
21 his section clock reset as well as a couple of
22 site clock resets. I'll say that was the item of
23 note out of the FENOC Fleet review; otherwise,
24 performance was acceptable.
25 MR. REYNOLDS: Okay, I appreciate that.

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1 The meetings, I'm not familiar, maybe -- how was
2 that review handled? I mean, I -- I guess it's
3 when they talk about all three plants, but from
4 Davis-Besse's point of view, who does the
5 assessment and who does the review and who comes
6 up with the --

7 MR. ALLEN: Steve, for example, I
8 have -- from the quarterly performance review
9 meeting I have some slides here, so it's very
10 similar from a presentation perspective as to how
11 we present our monthly performance review, so we
12 have an opportunity to go through our performance
13 indicator data as a station and present that to
14 the main fleet and then they receive challenges on
15 our performance, so it's very similar to what we
16 do internally now from a fleet perspective.

17 MR. REYNOLDS: So if I understood you
18 right, you and Mr. Bezilla make the presentation
19 and FENOC corporate --

20 MR. ALLEN: That's correct.

21 MR. REYNOLDS: -- people like Mr. Leidich
22 perhaps would ask questions, clear understanding
23 point of view, do you agree or disagree with me?

24 MR. ALLEN: Yes, and our peers and a
25 few others.

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1 MR. BEZILLA: It's directed levels and
2 above on those fleet -- fleet reviews.

3 MR. REYNOLDS: Okay. On Page 8, the
4 third item, visit by INPO Senior Representative, I
5 noticed later on you repeated to the best of your
6 ability the feedback provided by Mr. Caldwell, our
7 Regional Administrator of the NRC. I wonder what
8 feedback you got from this INPO Senior
9 Representative based on his or her visit?

10 MR. BEZILLA: Okay, I'll address that.
11 We have a senior individual that comes, say, owns
12 us as well as a few other plants in our region,
13 and he'll visit us periodically. What he looks
14 at is performance, like how are you doing, what's
15 your INPO indicator -- look at. He looks always
16 at what areas we can provide assistance in. On
17 this specific visit what he was looking at is how
18 had the plant performed. When he was there, the
19 unit came off line, tripped, as Barry said, so he
20 watched the reaction response of the team to that
21 opportunity, all right, and he also took a look at
22 training because that's an area of focus for us as
23 well as the instituting of nuclear power
24 operations of individuals, and I'll say his
25 feedback was fairly positive on what he saw from a

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1 behavior standpoint, our dealing with the reactor
2 trip and the progress that we made in our training
3 arena.

4 MR. REYNOLDS: Okay, thank you. On
5 slide nine, I guess, the Operations Performance
6 Assessment, are you going to talk about that
7 later?

8 MR. ALLEN: That's correct.

9 MR. REYNOLDS: Okay. Then on Page 10,
10 the last bullet, Implemented new standards in
11 Turbine Building radiological controls -- again,
12 maybe other people at the table can understand the
13 reason behind that, but can you tell me some of
14 the reasons for implementing new standards, and
15 I'm asking what those new standards are?

16 MR. ALLEN: Sure. Looking at our
17 turbine building, okay, we're a pressured water
18 reactor, so we had some contamination in our
19 secondary system from the past, so it's present,
20 and so when people go to work in a secondary part
21 of the plant, we want to make sure we take proper
22 precautions, setting up and those kinds of things,
23 so what we did was posted the areas appropriately
24 and then developed a radiation work permit for
25 individuals working in the turbine building, just

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1 made sure we had the proper radiological controls
2 and monitoring those operations and activities.

3 MR. REYNOLDS: Okay, and then, my last
4 comment, on Page 11, the first bullet says,
5 Superintendents and managers attended Leadership
6 in Action refresher training. What were the key
7 take-aways for the superintendents and managers in
8 that training? If you went up and asked them,
9 what would they -- what message were they supposed
10 to take away from that?

11 MR. ALLEN: I think probably the two
12 key take-aways, okay, are discipline of execution,
13 okay? That's being in details, that's our roles
14 as leaders and leading the organization and
15 execution is the key, don't confuse activity with
16 results, okay, so we have to be disciplined in
17 executional tasks to be successful, okay? And,
18 secondly, conversations on accountability, do we
19 have clear action items? Do we have clear owners
20 for those action items? Do we have clear due
21 dates for those action items, and are we
22 communicating clearly such that we understand what
23 our issues are when resolved and what the expected
24 response is?

25 MR. REYNOLDS: Today I attended the 8:00

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1 meeting and I think it was Mr. Ostrowski heading
2 that. The safety message, do you follow?

3 MR. ALLEN: Yes.

4 MR. REYNOLDS: Industrial safety message,
5 what would you expect expectations to be if
6 somebody saw -- let me back up here I guess. The
7 message, if I understood it correctly, was that
8 you want -- you match your signs and take a rope
9 to match, a red tape would match a red tape;
10 yellow tape, yellow tape and I notice on a white
11 rope, I believe I have that correct, so if
12 somebody saw a condition different than that, what
13 would you expect them to do?

14 MR. OSTROWSKI: Steve, if I could address
15 the answer to that question?

16 MR. REYNOLDS: Sure.

17 MR. OSTROWSKI: It has delivering of the
18 message, you may have recognized or heard a duty
19 team report-outs as well as part of our 8:00
20 meetings. We do have duty teams that are
21 assigned to observe some of the plant activities
22 on a daily basis including training. The
23 expectation of the management team is to take that
24 message and make that opportunity to observe or
25 focus on that particular item throughout the

1 course of their observations. If they were to
2 see something out of -- out of bounds, out of
3 normal, then the expectation would be to stop and
4 immediately coach the individuals that would have
5 been involved in that activity, follow-up with an
6 observation card as well as a Condition report as
7 necessary to have the item tracked and trained for
8 future performance as well, so the message that we
9 delivered this morning are opportunities for us to
10 remind ourselves of those standards and
11 expectations and correct behaviors as we see them.

12 MR. REYNOLDS: So if there was a notice
13 sign with yellow rope, that would be something you
14 would expect somebody to take action on?

15 MR. OSTROWSKI: That's correct. That's
16 part of the accountability that we talked about as
17 leadership and action, to take the action and have
18 the condition immediately corrected and follow-up
19 with individuals as well.

20 MR. REYNOLDS: If I understood you, a
21 condition report should be written on that
22 action --

23 MR. OSTROWSKI: That's correct.

24 MR. REYNOLDS: -- that condition? Okay.

25 I think it was a -- Scott, you'll have to help me

1 on what this equipment was, right outside the
2 control room, I think there's a --

3 MR. THOMAS: High pressure turbine.

4 MR. REYNOLDS: -- high pressure turbine
5 that's roped off with yellow rope and a white
6 notice sign that I believe several people walked
7 by today. I would assume there was a condition
8 report written on that?

9 MR. OSTROWSKI: I will certainly take that
10 action and follow-up on that. I appreciate that
11 feedback.

12 MR. REYNOLDS: I just noticed where it
13 was and a lot of traffic was through there. I
14 listened to your message today, and I always
15 looked when I saw a white sign, a yellow sign. I
16 was wondering if that was consistent with that,
17 but I was wondering if I was the only one that
18 would have thought there was a condition report
19 written on that. I would appreciate that
20 feedback.

21 MR. BEZILLA: Thanks, Steve.

22 MR. REYNOLDS: And when I was in the
23 control room, there was some equipment problems
24 you were having. Could you just give me a quick
25 update of where you stand on that? The

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1 anticipated reactor trip system, where you stand
2 on that issue?

3 MR. OSTROWSKI: Currently, the problems we
4 were having earlier today, is that what you're
5 making reference to?

6 MR. REYNOLDS: Yes, sir.

7 MR. OSTROWSKI: Yes, sir, we were
8 performing steam feeds rupture, the full system
9 testing, and in the process of testing, that
10 particular system feeds a signal to the
11 anticipatory reactor trip system. That signal
12 was not processed or not received by the parts --
13 by the anticipatory reactor trip system. As of
14 approximately an hour ago, we had demonstrated
15 through trouble-shooting that the problem resides
16 in the anticipatory reactor trip system where we
17 had completed an input check to that system, and
18 we have since determined that the problem is not
19 originating from steam feeds rupture control, but
20 it is clearly in parts -- in anticipatory reactor
21 trip, so now our trouble-shooting is focused on
22 relays and cards within the anticipatory reactor
23 trip system.

24 MR. REYNOLDS: Thank you.

25 MR. OSTROWSKI: We do have problem solving

1 teams assembled days and nights to help us work
2 through that process, and our problem solving team
3 will be working on this throughout the course of
4 the evening.

5 MR. REYNOLDS: Thank you.

6 MR. GROBE: Mark, if you don't mind,
7 what I'd like to do is just continue with Kevin
8 and deter your agenda a little bit, and we'll
9 cover the new organization after Kevin is done.

10 MR. BEZILLA: Okay.

11 MR. GROBE: So we'll start with slide
12 15.

13 MR. BEZILLA: Slide 15.

14 MR. OSTROWSKI: Okay, thank you and good
15 evening. Operations performance continues to
16 improve and we continue to demonstrate safe,
17 conservative and deliberate control. Some recent
18 examples of this have already been mentioned in
19 response to the reactor trip and subsequent
20 reactor startup; however, at the last public
21 meeting I had expressed my concern with regards to
22 some challenges -- however, at the last public
23 meeting I expressed my concern with some
24 challenges in Human Performance, specifically
25 attention to detailed challenges. Between

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1 January and July we had experienced five
2 shortcomings all dealing with routine tasks
3 associated with tech spec equipment testing and
4 monitoring. While each of those individual tasks
5 was separately evaluated and corrected and
6 appropriate actions taken, I have written a
7 Collective Significance edition report and
8 commissioned a team to take a look at those five
9 events to determine if any commonality of cause
10 existed and to recommend any additional corrective
11 actions. The team was made up of a number of
12 individuals, one of which was one of our own
13 Operations staff individuals, an SRO certified
14 person; two individuals, one from Training, one
15 from Performance Improvement, one was a former
16 licensee. We had an SRO from the Perry Plant, a
17 unit supervisor. We also had three industry peers
18 participate on the team. A Braidwood -- an
19 individual from Braidwood, an SRO from there, and
20 we very much appreciated his support and effort to
21 help us out. We had a former SRO at Perry, now a
22 member of our corporate team, our Operations
23 program team out of Akron, and a contractor, a
24 former Operations manager all made up of members
25 of the team. The team performed their evaluation

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1 and investigation on the week of July 23rd through
2 the 29th and assessed the data associated with
3 those five tech spec related condition reports
4 looking at commonality with respect to the
5 situational and circumstantial conditions,
6 resulting problems and errors that had taken
7 place, identified causes and contributors, the
8 corrective actions that had been identified and
9 had been implemented and any other associated
10 miscellaneous factors. Based on the analysis of
11 the data, including the causes and contributing
12 factors, commonality pointed to our need to
13 develop -- continue to develop Human Performance
14 behavior necessary to continue to improve and
15 prevent errors particularly doing routine
16 activities. The corrective actions that were
17 recommended under the focus area included
18 benchmarking for performance management,
19 specifically at a crew level headed up by the
20 shift manager. Also training for looking at
21 opportunities to utilize and employ those Human
22 Performance models as well, in re-looking at and
23 clarifying roles and responsibilities of the -- of
24 the shift crews including the shift manager and
25 unit supervisor, in an effort, again, to improve

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1 Human Performance behaviors. In the interim,
2 while those actions are being worked, we had dealt
3 with each of the individual -- individual
4 condition reports using our performance management
5 process, the existing FENOC performance management
6 process. We also personally conducted a stand
7 down with each of the operating crews to raise
8 awareness as to the attention to detail errors
9 that had been made, and, also, we had implemented
10 an interim action whereby we asked two SRO's to
11 document their independent reviews of peer checks
12 of the surveillances requirements to make sure
13 that the proper test was completed and that the
14 acceptance criteria had been met, and those were
15 some of the interim actions taken.

16 In conclusion, while we have realized improved
17 performance, I need to continue to focus on safe,
18 conservative and deliberate control of all plant
19 operations, but, specifically, needing to focus on
20 routine discipline of execution for routine tasks
21 and continue to look for opportunities to improve
22 Human Performance.

23 MR. THOMAS: Kevin, approximately --
24 there we go. Approximately how many corrective
25 actions were recommended as part of this

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1 Collective Significance Review, and of those, how
2 many to date have been translated to corrective
3 actions?

4 MR. OSTROWSKI: There were four corrective
5 actions identified in the Collective Significance
6 Review. The condition report carries five
7 Corrective Actions, one of which is to evaluate
8 the events for operating experience, so four of
9 the Corrective Actions were realizing and
10 correcting Condition reports.

11 MR. THOMAS: So there are Corrective
12 Actions assigned to document those similar -- the
13 collective significance report?

14 MR. OSTROWSKI: That's correct.

15 MR. GROBE: I have a couple questions.
16 This activity was completed July 29th, and there's
17 four actions that are identified. In August,
18 there were several situations that occurred
19 that -- that I'd like to talk about a little bit
20 if we could.

21 The first one had to do with night shift
22 tagging out a flow path, and then day shift
23 attempting to add boric acid to the makeup system
24 through that flow path.

25 Could you talk a little bit about that, and

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1 help me understand the role of operator's
2 awareness of equipment configuration and how that
3 relates to the pressurizer heater issue that
4 occurred in December and why the corrective
5 actions from the pressurizer heater event of
6 operators attempted to pressurize the plant with
7 heaters that were tagged out that they were not
8 aware of plant configuration, how the corrective
9 actions for that impacted on this occurrence in
10 August?

11 MR. OSTROWSKI: In August the night shift
12 had tagged out the makeup flow control for work
13 that was to take place on the day shift, so that
14 tag out removed the normal boric acid injection
15 flow path from service. The valving that was
16 used to isolate that controller had also
17 eliminated the normal makeup flow path. The day
18 shift, shortly after returning, attempted to
19 initiate the makeup flow path in order to add
20 demineralized water to the reactor coolant system.
21 It was noted that they had seen approximately 37
22 gallons of water indicated that had been added to
23 the coolant system on the controller and did not
24 expect to see an indicated flow on that
25 controller. As a result, they terminated the

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1 evolution, again, it was a very short period of
2 time that that occurred, seconds when it was
3 realized that something wasn't right and
4 immediately began to investigate what the cause
5 was. It was then realized that the clearance
6 that had been posted removed that flow path from
7 service. When checking the valving, there was a
8 valve in that particular alignment that was found
9 slightly opened. It was about three-quarters of
10 a turn from its full closed position. That valve
11 was a reach rod valve that had been double
12 verified closed the night prior during the hanging
13 of that particular clearance. In our
14 investigation on that, we identified that the
15 night shift certainly had an opportunity to turn
16 over and turn over properly that particular
17 clearance and the effects of that clearance on the
18 normal forecast flow path. There were
19 shortcomings in that turnover. That turnover did
20 not occur in accordance with our expectations,
21 and, subsequently, the day shift and the night
22 shift both shared the accountability to make sure
23 they understood the system alignment prior to
24 completing the turnover process.

25 Now, with regards to the pressurizer heater

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1 instance, I'm familiar with the -- with the event.
2 I was not in Operations at the time, and, perhaps,
3 I could use some assistance on the details on
4 that, but, from my memory, I do believe that it
5 was involved with a pressurized heater breaker
6 that was energized, yet all of the heaters
7 themselves were not totally available, and I,
8 again, do not recall the details on that, but on
9 this particular case the makeup flow controller
10 was clearly a turn over concern with adequate
11 turnover, understanding the flow and alignment on
12 night shift and then turning over that alignment
13 to day shift with the understanding as to what the
14 effects would be, so our corrective actions were
15 again centered on accountability for proper
16 turnovers and that really was the gist of the
17 event.

18 MR. GROBE: You mentioned earlier some
19 stand downs that occurred with each of the
20 outbreak occurrences to discuss discipline of
21 Operations. Did those occur before this event or
22 after?

23 MR. OSTROWSKI: They occurred before the
24 turn over event with the makeup system. The
25 actual incidents, it was late in July when we had

1 one incidence where an operator failed to record
2 the proper reactor coolant system flow using a
3 computer point, and it was after that event in
4 late July that those stand downs were conducted on
5 the operating crews.

6 MR. GROBE: And then, I believe also
7 in August, there was a surveillance test being
8 conducted on the feed pump quarterly test and data
9 was not collected correctly in that test and a
10 procedure wasn't followed as written. That seems
11 very similar to the failure to include all of the
12 outputs for the reactor coolant flow channel check
13 surveillance that occurred in July after it had
14 previously occurred on multiple occasions where a
15 surveillance test wasn't performed properly in
16 accordance with procedure. Could you talk about
17 that a little bit, Kevin?

18 MR. OSTROWSKI: In that particular
19 instance, a surveillance was performed on the
20 motor driven feed pump, and, again, it was part of
21 our corrective actions that we reviewed and done
22 of that surveillance to ensure that things had
23 been performed properly. The shift manager had
24 identified in reviewing that procedure that the
25 flows that were required to be adjusted had not

1 been adjusted properly. There was flow and the
2 proper amount of flow was -- was determined and
3 actually admitted for the pump, so the pump did
4 have the required flow; however, the flow was not
5 slick between two different flow paths. That was
6 recognized by the shift manager, and at that point
7 it was stopped and the test had to be
8 re-performed.

9 MR. THOMAS: Was the procedure
10 deficient?

11 MR. OSTROWSKI: The procedure was not
12 deficient. The procedure clearly stated that the
13 flows needed to be shared between two different
14 alternate flow paths. The operator however did
15 not recognize that in the procedure, and it was
16 caught by the shift manager.

17 MR. GROBE: So that also occurred
18 after the stand downs and after people were made
19 aware of the problem that happened with the
20 reactor coolant flow channel checks surveillance
21 tests?

22 MR. OSTROWSKI: That is correct, to the
23 best of my knowledge, and also, again, the shift
24 manager was the one that had reviewed that and
25 caught the particular pump.

1 MR. GROBE: Okay.

2 MR. THOMAS: I think it's positive that
3 the shift manager caught the error, but the fact
4 remains that the operator did not perform the
5 procedure correctly, so it's bad news/good news.

6 MR. OSTROWSKI: That's correct, we're not
7 discounting the performance of our Operations
8 staff, we certainly need to continue to
9 communicate those standards or performance and
10 again maintain that accountability. At the same
11 time, as the Collective Significance Review
12 pointed out, we need to continue to look for
13 opportunities to -- look for that performance
14 manager to maintain that accountability at the
15 operator level, at the supervisor shift manager
16 level as well.

17 MS. LIPA: Have you been able to
18 determine why the error was made in talking to the
19 operator or trace it through his steps to
20 understand why?

21 MR. OSTROWSKI: I do not have an answer
22 right now. I do not know.

23 MR. GROBE: And I also noticed that
24 there was a situation where there was a feed water
25 transient when a string of feed water heaters from

1 the main condenser -- could you talk a little bit
2 about that and what happened there?

3 MR. OSTROWSKI: In that particular event,
4 a clearance had been placed on a particular
5 instrument, pressure instrument, and when the
6 instrument had been -- maintenance had been
7 completed on the instrument, the instrument was
8 returned to service. It was during the return to
9 service that that feed water heater evolution took
10 place. In that case, that was, again, that
11 particular pick up there was -- the restoration of
12 the system was directed by the clearance process
13 and the valve was recovered as part of the
14 evolution before it was returned to service.

15 MR. GROBE: And was the return to
16 service valving done in accordance with adequate
17 procedure, or was the procedure inadequate, or did
18 the individual fail to follow the procedure?

19 MR. OSTROWSKI: The procedure in this case
20 would have been the clearance restoration steps to
21 replace the valves in a particular position. The
22 awareness here was the affect of placing the
23 instrument in service upon the system was returned
24 to a pressurized condition.

25 MR. GROBE: So it was a lack of

1 coordination between the planning group that did
2 the feed water, tag-out restoration and the
3 Operations folks?

4 MR. OSTROWSKI: That's correct, but
5 Operations is also accountable for the evolution
6 in the planning organization, so we should have
7 recognized that as well.

8 MR. GROBE: I -- while these may not
9 have resulted in Tech Spec LCO -- excuse me,
10 technical specification limited condition for
11 operation use, the causes of these situations seem
12 to be equally significant to me as the prior five
13 that you ended up doing Collective Significance
14 on. The -- in the Collective Significance Report
15 you correctly articulated that there were four
16 recommended actions and then a fifth was added.
17 I find the most significant conclusions in this
18 report, though, isn't assigned an actual number,
19 and I'll read from the report. The team also
20 considered the implementation effectiveness and
21 extent of condition review of timeliness of
22 Corrective Actions delineated and identified in
23 the condition reports. Noteworthy consideration
24 was the number of corrective actions that remain
25 open. Of the open Corrective Actions, the team

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1 questioned the planning and implementation and the
2 unit of consequences for not being implemented,
3 and this report was prepared in August, late
4 August, and the review was completed in late July,
5 and I think the latest CR that they were looking
6 at was earlier July and went back through April or
7 earlier than that, I believe. It's quite
8 concerning to me that the Collective Significance
9 Review team concluded that your corrective actions
10 on the individual issues were not timely. They
11 also note that surveillance tests were performed
12 on multiple occasions between the time of the
13 initial event occurring when the CR was generated
14 and Corrective Action implementation with no
15 apparent controls and measures in place to
16 conclude event or occurrence, and there's a
17 recommendation here, but there's no action
18 associated, but the recommendation is that the
19 station has much stronger action on a more timely
20 basis to address issues when they come up. Could
21 you talk a little bit about that?

22 MR. OSTROWSKI: Well, once again the
23 Collective Significance Review did look at those
24 actions associated with an effect on tech spec
25 surveillance or tech spec equipment monitoring,

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1 and as such, that is correct, has focused on those
2 particular items. We also received similar
3 feedback from the Operations assessment,
4 independent assessment that was most previously
5 done that corrective actions certainly need to be
6 looked at and viewed, prioritized for their
7 significance, so the Collective Significance
8 Review and the operational assessment also need to
9 be looked at. Part of our action plan that we
10 have developed and are still working on will be to
11 relook at those corrective actions to ensure that
12 the priority are on those.

13 MR. THOMAS: What does your Corrective
14 Action program require you to do as far as
15 effectiveness reviews of corrective actions?

16 MR. OSTROWSKI: Following the
17 implementation of corrective actions, the
18 Corrective Action program would ask us in
19 Operations section to relook at the effectiveness
20 of corrective actions following implementation and
21 after some time as -- has distanced itself from
22 implementation in order to determine whether or
23 not actions have been effective through
24 performance.

25 MR. THOMAS: Based on the result of

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1 Significant Condition Reports adverse to quality
2 base and operator performance, anyway coming out
3 of the restart readiness team inspection -- and
4 there was another ~~S-tech~~ SCAQ -- excuse me, significant
5 ~~risk under~~ condition adverse to quality that was generated
6 February/April time frame, have any effectiveness
7 reviews been done to assess the effectiveness of
8 any of those corrective actions that were
9 implemented as a result of those significant -- as
10 a result of those root cause evaluations?

11 MR. OSTROWSKI: No, specifically no
12 specific effectiveness reviews have been
13 conducted. We did perform a quarterly assessment
14 in the first quarter of this year, but,
15 specifically, no, no effectiveness reviews have
16 been done.

17 MR. BEZILLA: Scott, I believe those
18 effectiveness reviews are usually six months or a
19 year after the action has been taken, and I
20 believe we have some scheduled for the end of this
21 year or the beginning of next year. I would have
22 to reconfirm that.

23 MR. GROBE: I would have to go back
24 and recheck, but I believe the first effectiveness
25 review was not conducted and was deferred, and the

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1 reason it was deferred was because the Corrective
2 Actions hadn't been completed yet. The
3 corrective actions had been deferred, so the
4 effectiveness reviews of those corrective actions
5 had been deferred. This is not building a very
6 pretty picture as far as the effectiveness of the
7 Corrective Action. It's important to note that
8 there haven't been any significant findings with
9 respect to operations and the plant is being
10 operated safely, but the message that Jim Caldwell
11 was trying to deliver when he was on site, which
12 you articulated, Barry, was to look at what
13 happened between December and March. There was
14 very significant improvement in the quality of
15 operations at the station, and to think about why
16 that improvement occurred and why it's not
17 continuing. The types of problems that are
18 occurring, and continuing to occur on a regular
19 frequency are problems that shouldn't be
20 occurring. I refer to those as teachable
21 moments, and if you don't implement the corrective
22 actions on a timely basis, you lose the
23 opportunity to learn, and it's -- it's not clear
24 to me that the organization has that fire in the
25 belly for excellence that carried you into the

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1 restart, and I think we need to continue talking
2 about this at our next meeting. Do you have any
3 thoughts on that?

4 MR. BEZILLA: Yeah, just I'm reflecting,
5 Jack, on some of your comments and what we have --
6 yes, the answer is, yes, continuing dialogue, but
7 just in reflection of them. What we got is we
8 rank -- I'll say rate the activities on a
9 significance basis, whether it's a public
10 ballistic or whether it's a risk generation, and
11 for the medium and high risk activities we have
12 additional communication or attention, and so
13 we're trying to make sure that we give those
14 things of significance the attention they're due.
15 I realize that there are errors made. We have
16 lots of opportunities each day. But we do have
17 errors that we make and we follow-up immediately
18 and take longer term actions, and timeliness is
19 one of the things that we're focusing on, so, I
20 guess --

21 MR. GROBE: I'm not sure -- pardon me.
22 I'm not sure you followed me. The Collective
23 Significance Review team concluded you weren't
24 following up, and it's very important that you
25 risk informed decisions and activities at the

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1 plant, but if you strictly focus on problems and
2 risk situations that occur, you very well may miss
3 what's going on. Each of these people come to
4 work every day wanting to do their job right, and
5 for some reason the frequency of -- I focus on the
6 root cause. I don't focus on necessarily the
7 outcome and the goal is to prevent that from
8 significant outcome. There is something going
9 on, I'm not sure you have gotten to the bottom of
10 it yet, but, for whatever reason, the performance
11 is not at the level of expectation that you have,
12 and it's not meeting your standards. In some
13 cases I'm sure it could be personal performance,
14 there could be something more to it than that, and
15 I'm suggesting that the organization needs to
16 focus more clearly on a more timely basis on these
17 issues and they need to look more deeply at what's
18 going on, and, again, get corrective actions
19 implemented promptly and evaluate the
20 effectiveness of those to ensure that situations
21 don't repeat themselves.

22 MR. THOMAS: Just one follow-up on what
23 you said, Mark. I would agree that when you --
24 as a side picture of mine to the highest activity,
25 high profile activity, but typically those

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1 activities are done very well and in a safe
2 manner. It's the routine day-to-day conduct of
3 business that, okay, I think you'll find that
4 that's where these errors occur, and, you know, if
5 you focus on them from a strictly risk base up,
6 you know, focus like you said, you may not --
7 these issues are in your day-to-day conduct of
8 business, you know, so you may want to expand
9 your -- your look at these issues and find out why
10 they're happening -- you know, when you're not
11 focusing on significant management oversight
12 attention on activities, why these type of errors
13 occur.

14 MR. BEZILLA: We agree, Scott.
15 Appreciate your comments. Just one last thing is
16 that we have been working from a fleet perspective
17 on enhancing our Human Performance tools and
18 techniques, and we're in the process of rolling
19 those out, so I'll say we're in the start of
20 rolling those out. That was as a result of some
21 of our performance issues as seen earlier in the
22 first and second quarter of this year, so we have
23 that activity ongoing and we're in the process of
24 rolling out those additional Human Performance
25 tools to help us be successful in everything that

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1 we do.

2 MR. GROBE: Let me ask one more
3 question. If -- and you didn't highlight this,
4 I'm not sure, but you've gone from four shift
5 rotation to five shift rotation in your operating
6 crews, and I believe as a result of that you've
7 reduced one Senior Reactor Operator per shift
8 assuming all the requirements, but you have one
9 fewer Senior Reactor Operator per shift; is that
10 correct?

11 MR. OSTROWSKI: First of all, it is
12 correct that we have gone from a four crew
13 rotation to a five crew rotation. It's our
14 long-term goal to reduce by one SRO per shift from
15 four to three, but, currently, we are continuing
16 to carry four SRO's per shift, so that is the case
17 today. Those four SRO's would be the shift
18 manager, unit supervisor, shift engineer or STA
19 and then the field supervisor.

20 MR. GROBE: Right, okay. And the --
21 you also have an SRO that works directly with work
22 planned; is that correct?

23 MR. OSTROWSKI: That's correct. In fact,
24 we had -- of the five shift managers that we now
25 have in place, three of the shift managers are

1 relatively new to position. They're new shift
2 managers, two of them are former unit supervisors.
3 One of them was a shift manager prior to the
4 rearrangement of the crews in December. He's now
5 been restored back to the shift manager's
6 position. One of the shift managers that was
7 part of that four crew rotation is now our shift
8 manager in charge of Operation Support, which is
9 our work management SRO. In addition to that, we
10 had the -- we had the former Operation
11 Superintendent, one of the other shift managers
12 and an SRO certified individual report to our
13 Training Department so that we can continue to
14 reinforce behaviors and expectations in our
15 operator continuing and initial licensed operator
16 training.

17 MR. GROBE: Okay. Other questions,
18 Steve?

19 MR. REYNOLDS: Yeah, I have some
20 questions, and you'll have to bear with me
21 because, again, I'm not as familiar with
22 Davis-Besse, but let's start with Collective
23 Significance Review. I understand condition
24 reports and root cause evaluations and common
25 cause evaluations. Collective Significance

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1 Review, big picture, what is that in relation to
2 root cause evaluation and common cause evaluation
3 if you can relate them in those terms?

4 MR. BEZILLA: I'll take that -- I'll
5 take that, Steve. Collective Significance
6 Review, so in this example that Kevin talked about
7 we had had five things, some of those were
8 apparent to our root causes and he said, hey, I
9 had these. I have had individual ones. Let's
10 put those together. Is there something else, is
11 there a trend, is there something else in those
12 things that we haven't picked up or that we need
13 to take action on, so collective significance just
14 rolls them together, takes another look at them,
15 and says, is there something else here that would
16 require our attention or action?

17 MR. REYNOLDS: So if I understand
18 correctly, Mr. Ostrowski, the Operations manager,
19 identified correctly some of the action taken in
20 the Collective Significance Review. Do you have
21 a procedure that talks about Collective
22 Significance Reviews?

23 MR. OSTROWSKI: Yes, sir, that's our
24 Nuclear Operating Procedure at Davis-Besse --
25 excuse me, it's a FENOC Nuclear Operating

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1 Procedure 2001, part of our Corrective Action
2 program process. The Collective Significance
3 Review details are in there.

4 MR. REYNOLDS: Do you also have a common
5 cause procedure or is this similar to --

6 MR. OSTROWSKI: It's similar to a common
7 cause procedure.

8 MR. REYNOLDS: I'm familiar with common
9 cause, I think they call them evaluations. You
10 come out with a root cause or common cause, and if
11 I read this correctly -- I may not be, but all I
12 see is areas that are identified for improvement.

13 MR. OSTROWSKI: Yes, sir, if you go to
14 Page 6 of that report.

15 MR. REYNOLDS: Page 6.

16 MR. OSTROWSKI: The results summary and
17 recommended action.

18 MR. REYNOLDS: I see the prior
19 statements.

20 MR. OSTROWSKI: Top of the page it says
21 based on the data analysis, the team characterized
22 the Collective Significance as the five events in
23 the following generic problem statements. The
24 Operations management team has not fully developed
25 the Human Performance behaviors necessary to

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1 prevent errors during a performance of routine
2 activities, and that's what I've discussed here
3 this evening.

4 MR. REYNOLDS: Could you maybe restate
5 that in layman's terms for me or simpler terms,
6 the Operation --

7 MR. OSTROWSKI: Simpler terms is an
8 Operations management team. We recognize the
9 need to improve Human Performance behaviors. The
10 Human Performance behaviors that are recommended
11 as part of the Corrective Action include the
12 performance management process at approved level
13 with the shift manager, unit supervisors and even
14 a crew-to-crew operator-to-operator. In addition
15 to that, they recommend looking at benchmarking at
16 other places that do a good job of this. Hatch
17 site versus Braidwood, for example, that give us
18 an opportunity to go visit them and see how they
19 manage performance on a crew level. Also,
20 looking at implementation of those Human
21 Performance tools that we will be realizing as
22 part of our new Human Performance procedure and
23 looking at opportunities there to incorporate
24 those in the day-to-day operations, so overall in
25 Operations management team, myself included, take

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1 ownership for developing some of these Human
2 Performance behaviors to a point where they're
3 implemented not only for high risk or medium risk
4 activities, but for the daily routine activities
5 as well.

6 MR. BEZILLA: Steve, let me help you a
7 little bit. What I would say is we need to drive
8 the ownership and accountability into the crews
9 for their performance. The items that Jack
10 talked about are clearly with the crews, the
11 individuals on those crews and how they take care
12 of business and communicate and the way I -- I'll
13 say, put this in layman terms, is drive that down
14 into the crews, a crewship, leadership and the
15 individuals on that crew.

16 MR. OSTROWSKI: One example --

17 MR. REYNOLDS: You just confused me now
18 because the way I was following your words was
19 Operations management team had Human Performance
20 behaviors that need to be corrected, and you just
21 told me it was the crew. Maybe I misunderstood
22 it.

23 MR. BEZILLA: We're accountable for the
24 performance of our people. If our people aren't
25 meeting our expectations, all right, we haven't

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1 done our job to drive down those expectations and
2 accountabilities to individual performance.

3 MR. REYNOLDS: So is it individual
4 performance or Human Performance behavior issues
5 whether it's at the crew level or the shift
6 manager level or whatever manager level or is
7 operational or organizational -- or organization,
8 Human Performance behavior issues?

9 MR. OSTROWSKI: Yes. I can answer that
10 question, it's all of the above.

11 MR. REYNOLDS: Individual --

12 MR. OSTROWSKI: Individual Human
13 Performance, as well as team performance, and
14 that's what this is trying to describe.

15 MR. REYNOLDS: Team performance and the
16 point of working together as a team or
17 organizational issues that haven't been developed
18 such as shift manager roles and responsibility
19 with the possibility of clarification, things like
20 that, which I understand is an organizational
21 issue?

22 MR. OSTROWSKI: That would be correct
23 looking at us as an Operations team collectively
24 operating the station, and, yes, we are
25 individually accountable as well as accountable to

1 each other to continue to reinforce those Human
2 Performance behaviors.

3 MR. REYNOLDS: So if I understood
4 correctly, it's both an organizational problem and
5 individual performance problem?

6 MR. OSTROWSKI: Yes, Steve, that would be
7 correct.

8 MR. REYNOLDS: Okay. The five tech spec
9 related condition reports what was the time frame
10 that this occurred in?

11 MR. OSTROWSKI: The first event was --
12 occurred in early January.

13 MR. REYNOLDS: Okay.

14 MR. OSTROWSKI: January 4th, I believe,
15 was the exact date, I'm just going by memory, and
16 the most recent event would have been the end of
17 July, the 22nd or 23rd, in that time frame, so it
18 spanned six months.

19 MR. REYNOLDS: Can you tell me how many
20 occurred in April, May and June?

21 MR. OSTROWSKI: We had approximately one
22 each in the appropriate months. One in January,
23 and I'm estimating that, but it averaged out to
24 approximately one per month.

25 MR. REYNOLDS: So most likely in April,

1 May and June you had two or three?

2 MR. OSTROWSKI: One, one in -- I think one
3 month we had two that occurred early in the month
4 of January.

5 MR. REYNOLDS: Okay, I guess my next
6 question maybe Mr. Loehlein can answer this. The
7 operator identified a problem to a significance in
8 his mind to do the collective significance reviews
9 based on Operations performance, and I assume
10 maybe I'm incorrect -- correct me if I'm wrong,
11 that you don't do -- check collective reviews all
12 the time on tech spec related Condition reports
13 and operations performance, Human Performance
14 behavior problems. I wonder how this collective
15 significance and these problems line up with what
16 I understood your statement earlier to be that
17 Operations performance is not -- you said not
18 improving or declined, stayed the same. Is that
19 because these errors occurred in January,
20 February, March also? I'm trying to say April,
21 May, June sounds like you had some issues,
22 problems that Mr. Ostrowski said was significant
23 enough to have a collective -- significant
24 collective review, a lot of folks outside
25 Davis-Besse. I'm just trying to put that

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1 perspective in my mind because you're saying that
2 things were okay.

3 MR. LOEHLEIN: Well, some of this
4 probably indicates time when you look at when the
5 Collective Significance Review was called for,
6 but, in essence, what you said initially was
7 correct. If you go back to the first quarter,
8 the assessment period, you'll find that the --
9 just as they concluded the overall Operation's had
10 improved, but still was not at industry best
11 performance, so there was lots of room for
12 improvement. What we concluded in the second
13 quarter is that there had been no substantial
14 change in the status of their performance at the
15 end of the first quarter, so it's accurate to say
16 there were still some errors being made, but
17 overall, the assessment was they were still safe.

18 MR. REYNOLDS: Maybe I should have asked
19 this question when you made your statement awhile
20 ago. If you stick with your statement that the
21 second quarter has been -- relatively no change, I
22 think sticking with that for a second. What was
23 your assessment in the first quarter, I guess I
24 need to know what you're starting from to know
25 what no change means.

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1 MR. LOEHLEIN: I don't have any of those
2 reports here, maybe Mark does. We would have
3 assessed the startup of the unit at that time, and
4 it was --

5 MR. REYNOLDS: Well, I'm guess I'm asking
6 for what was your overall assessment in
7 performance -- of Operations performance, excuse
8 me.

9 MR. LOEHLEIN: The overall rating was
10 marginally effective for the first quarter.

11 MR. REYNOLDS: Okay, so that carrying
12 forward, it would be the same for the second
13 quarter?

14 MR. LOEHLEIN: Yeah, see, you have to
15 really understand the continuous assessment
16 process --

17 MR. REYNOLDS: I'm trying to.

18 MR. LOEHLEIN: -- because what we do is
19 we don't -- I'll try to provide a little bit of
20 explanation. The continuous assessment process
21 takes all the key elements of all the areas we
22 look at, whether it's engineering or operation or
23 what have you, and most of the things you divide
24 up into a two year cycle. Now as part of that
25 continuous assessment, there's certain things like

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1 Corrective Action program and things like that
2 that we take bad points on every quarter, but we
3 don't provide a score for a department level
4 performance on all elements every quarter, so it's
5 a little bit confusing for folks because in
6 some -- in some quarters we might be looking at
7 certain activities in Operations, for example.
8 Radiation protection might be a focus one quarter
9 and at that time we will score radiation
10 protection for that quarter and whatever data we
11 may have in the prior two years, and it will all
12 be rolled up in that particular quarter, but for
13 each quarter we do provide some assessment of how
14 they're doing relative to what we saw in the past
15 and do make a comment on that in the Executive
16 Summary and the summary section, so we did rate --
17 it was marginally effective for the first quarter
18 in terms of performance during startup and then
19 our comment in the second quarter was the data we
20 had, although we didn't provide specific ratings
21 in the same areas, was that the overall
22 performance remained unchanged during the path.
23 I don't know if that helps any, but --

24 MR. REYNOLDS: Yes, it does.

25 MR. LOEHLEIN -- spend some time at the

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1 site in the future here, you can stop by and see
2 Ray, and he can show you how a quarterly
3 assessment plan is laid out and what it's focused
4 on in a particular quarter. We do adjust that
5 when we see particular weaknesses or particular
6 opportunity like when there is an unplanned forced
7 outage, there's an opportunity to go in and assess
8 things that maybe aren't originally part of the
9 plan for the quarter, but those need to be done
10 because there's opportunities to look at it.

11 MR. REYNOLDS: No, I appreciate that.
12 What I -- if it's not obvious, but what I was
13 after, there's different groups at Davis-Besse.
14 Do they assess one area or are they assessing the
15 same? Obviously, the Operations manager had some
16 communication of the problem, you wouldn't go
17 after -- and that's why he asked for this
18 Collective Significance Review, which I was trying
19 to line that up with what I heard you say earlier
20 in your assessment of Operation.

21 MR. LOEHLEIN: And, typically, it would
22 be that -- as a good thing if the organization
23 called for that, so when they do that we would
24 observe what's done, then follow the corrective
25 actions later and see if they're effective, is

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1 what typically is done, so if the management and
2 organization takes the lead on that, that's a good
3 thing as far as the oversight organization is
4 concerned.

5 MR. REYNOLDS: Okay, I appreciate that.
6 Just a couple more questions, if you bear with me.
7 Back to the Collective Significance Review process
8 each of you have. What procedure have you
9 concluded with the problem statement that is
10 provided -- I mean, I'm looking for a root cause,
11 a procedure, so I think the procedure that said --
12 ended up, the results of some of the recommended
13 actions that you come up with generic problems; is
14 that accurate?

15 MR. OSTROWSKI: The procedure itself is
16 not specifically in regards to what the actual
17 statement will look like. It's simply asking
18 that some summary or some analysis be done and
19 that those conclusions be communicated in the
20 final report.

21 MR. REYNOLDS: Maybe you answered my
22 question. Maybe I wasn't clear. A lot of
23 corrective actions processes that I'm familiar
24 with, the procedure will say that you need to come
25 up with a root cause or a common cause, and I'm

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1 asking if your procedure says you have to come up
2 with a problem statement, or does it ask you to
3 come up with -- or maybe I heard you correctly and
4 it's flexible and allows you to do various
5 different things whether the individual wants to
6 do -- say there's a problem which doesn't really
7 tell you the cause of the problem, it states
8 there's a problem. It appears there's a problem,
9 appears a root cause.

10 MR. OSTROWSKI: There's no specific
11 requirement for a common cause statement or a root
12 cause statement or a problem statement.

13 MR. REYNOLDS: So it's up to the
14 knowledge and skills and ability of the team
15 members as to how their results are recommended or
16 not?

17 MR. OSTROWSKI: That's correct.

18 MR. REYNOLDS: And that is a FENOC-wide
19 procedure?

20 MR. OSTROWSKI: That's correct, yes, sir.

21 MR. REYNOLDS: I guess we'll talk more
22 about this in the future. All right. Thank
23 you.

24 MS. LIPA: We do need to get ready
25 for a break soon, but I did want to -- this is a

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1 very important topic that we've been covering
2 here. Just to kind of circle back, I have been
3 following your performance indicators, and I think
4 you're getting to the August results, but I have a
5 concern that the Corrective Action program, that
6 your overall indicator has been yellow and red
7 pretty much since February, and, you know, I'm
8 reading your assessment at the bottom here which
9 kind of describes how you're planning to make
10 improvements in this program, but I'm not really
11 sure I understand what you're really planning to
12 do. A big important part of it is red, and we've
13 talked a lot about that. We talked about the
14 importance of the timeliness of the Corrective
15 Action and how it's factored into performance
16 issues. What's your game plan for getting
17 timeliness of these corrective actions improved?

18 MR. BEZILLA: Christine, we'll cover
19 that a little bit later in Barry's presentation,
20 all right, and just a minute on that. There's
21 three elements that go into that; one is quality,
22 one is effectiveness and one is timeliness. From
23 a quality standpoint, we feel pretty good about
24 our quality standpoint. I believe we have been
25 green for the last several months in quality area.

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1 From an effectiveness standpoint, up until this
2 past month I believe we had gotten all of the
3 points there. It had been green in that area. We
4 had -- there's one situation that Kevin talked
5 about on the surveillance on the flow instrument
6 card used a computer point we felt was a repeat
7 item and that caused us to be red in August, and
8 from a timeliness standpoint we understand and
9 realize that we're going to be red, I'll say from
10 a timeliness standpoint, and that's because of our
11 backlog, our workload, and we'll talk about a
12 couple of efforts we have to address those
13 backlogs, and we'll show you the progress we made
14 here in a little bit in a future presentation.

15 MS. LIPA: For the example that you
16 mentioned that was a repeat, do you already have
17 efforts underway to understand fully why it was a
18 repeat, like what you learned from it first,
19 didn't understand fully or could have done better
20 to prevent the repeat?

21 MR. ALLEN: I believe, Christine, the
22 most recent one on the flow that Mark mentioned,
23 that was the one that Kevin looked at in his
24 Collective Significance.

25 MS. LIPA: Okay, but it mentioned the

1 previous submission for it, and I'm sure you would
2 want to go back and look at that condition work
3 for what you did on that condition report and what
4 you didn't do that could have prevented this
5 repeat, and I'm wondering if that's part of your
6 process or if that's already underway, so I'm
7 definitely looking forward to some information on
8 timeliness -- and it sounds like you don't have
9 that, but I would like to know.

10 MR. ALLEN: Okay.

11 MS. LIPA: Now, I think it would be a
12 good time for a break, a 10 minute break, before
13 Marlene's fingers fall off here. Thank you.

14 MR. GROBE: Mark, during the break,
15 possibly you could look at the remaining slides,
16 we spent quite a bit of time on the first couple
17 topics, and I think you have about eight, and
18 maybe there is some editing that can be done to
19 give us the gist of the topics and more detail on
20 the ones you feel are more important, maybe you
21 could look at that during the break.

22 MR. BEZILLA: I understand, clip the
23 presentation.

24 MR. GROBE: Thank you.

25 THEREUPON, a brief recess took place.

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1 MS. LIPA: We're just about ready to
2 begin, if everybody could find their seats,
3 please. Thank you.

4 Okay, go ahead, Mark, you figure out where you
5 want to start.

6 MR. BEZILLA: Yeah, based on the
7 request, I think what would be appropriate would
8 be let Barry go through the Independent
9 Assessment, the Ops Performance Assessment, and
10 talk about the backlog reduction, and we'll see
11 where we're at and probably if there is time we'll
12 have you hear about the new organization, and I
13 think can probably finish this up, okay?

14 MS. LIPA: Okay.

15 MR. BEZILLA: So this would be slide 20.

16 MR. ALLEN: Thank you, Mark. As Mark
17 said, I will discuss some of the Independent
18 Assessments performed at Davis-Besse. We have
19 four Independent Assessments scheduled in 2004,
20 the Confirmatory Order Action Plan. First is the
21 Operations Performance, which I will discuss in
22 detail in a moment.

23 Second, Corrective Action program
24 Implementation, which is currently underway;
25 followed by Engineering Program Effectiveness in

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1 October; and then Organizational Safety Culture in
2 November.

3 In the area of Operations Performance, an
4 independent team conducted a comprehensive
5 assessment of Operations in order to, first of
6 all, assess the overall rigor and quality of our
7 own internal self-assessments in the area of
8 Operations, and, secondly, to identify improvement
9 opportunities.

10 MR. REYNOLDS: I'm sorry, you went a
11 little too fast for me, back on slide 21. The
12 Corrective Action Program Implementation, that's
13 currently going on, right?

14 MR. ALLEN: That is underway
15 currently.

16 MR. REYNOLDS: Any members of that
17 Independent Assessment here in the audience?

18 MR. ALLEN: Not that I saw.

19 MR. REYNOLDS: Okay. Thank you.

20 MR. ALLEN: You're welcome.

21 Back to the Operations Performance Assessment,
22 the assessment scope was both broad and deep in
23 order to perform an extensive assessment of
24 Operations performance, including such items as
25 shift turnovers, manipulations in the control

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1 room, communications, departmental interfaces
2 between Operations and the rest of the
3 organization, procedural use and adherence,
4 Operations awareness of plant and equipment
5 status, pre-job briefings, management interface,
6 Kevin hit those, management interface and
7 oversight from an Operations perspective, command
8 and control within the Operations organization,
9 the shift's ability to evaluate emergent issues
10 and prioritize and dispose of emergent issues,
11 behaviors exhibited by Operations in the areas of
12 questioning attitude and safety, and the shift's
13 handling of off-normal operations and situations,
14 and also the team observed operator simulator
15 training and performance and to ascertain whether
16 it can align with in-plant Operator Performance.
17 Next slide, please.

18 In order to independently assess our
19 performance, the outside team reviewed the
20 following items:

21 Condition reports related to Operations,
22 selected operational procedures, our Operations
23 self-assessments, also reviewed the Quality
24 Organization Assessments in Operations
25 Performance. One key review is our effectiveness

1 at performing quality self-assessments, and also
2 our aggressiveness in correcting self-assessment
3 findings. Positive observations --

4 MR. THOMAS: Can I ask a quick
5 question?

6 MR. ALLEN: Sure, Scott.

7 MR. THOMAS: How would you rate
8 yourself as an organization in taking the findings
9 of self-assessments and implementing the right
10 Condition reports and corrective actions to
11 address those issues?

12 MR. ALLEN: Scott, I believe what
13 we're typically seeing is as we're identifying
14 issues, we are putting those in our Corrective
15 Action process, we're prioritizing those
16 appropriately commensurate with significance to
17 safety and when we get new perspectives from
18 assessments, we'll go back and relook at, do we
19 think we have these prioritized properly, so we
20 know we have a backlog, we're working through our
21 backlog, and we believe we're prioritizing those
22 appropriately, so -- as aggressively as we can be
23 along with the significance of the issues.

24 MR. THOMAS: I'm not sure I heard the
25 answer to my question. Let me try it again.

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1 Maybe you said it and it just didn't register.

2 MR. ALLEN: Okay.

3 MR. THOMAS: When a self-assessment is
4 done, there's typically recommendations associated
5 with that self-assessment. Did -- correct me if
6 I'm wrong, did you say that as an organization,
7 Davis-Besse does a good job at taking those
8 recommendations and translating those into
9 Corrective Actions to be implemented to improve
10 those weaknesses?

11 MR. ALLEN: Scott, I believe we're
12 doing a good, adequate job, and I think what we
13 typically see is what are the immediate and
14 short-term actions that I need to implement, and
15 we're pretty rigorous about getting those in
16 place. The longer term actions, when we broke
17 those in our work management process and then we
18 prioritize those according to their significance
19 and then just lay that out with the rest of the
20 workload as the work goes on.

21 MR. SCHRAUDER: Hey, Scott, if I could add
22 on that. Part of the Corrective Action program at
23 Davis-Besse that's going on right now, we did have
24 a finding, if you will, or a recommendation to its
25 inadequate preliminarily that we're inconsistent

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1 in that regard of self-assessments and how
2 effective we were in answering those
3 recommendations and such in the Corrective Action
4 program, so it's not being consistently applied
5 throughout the organization like we honestly would
6 like to have identified the way to improve it.

7 MR. THOMAS: Thank you.

8 MR. ALLEN: Slide 25, okay. Positive
9 observations from the Independent Assessment team
10 included efforts to improve standards and
11 behaviors are having a positive effect. There's
12 a uniform understanding of standards, behaviors
13 and expectations, procedure usage and place
14 keeping expectation are internalized. Operators
15 are consistently exhibiting professional
16 behaviors. Also the company Nuclear Review Board
17 and Nuclear Quality Assurance assessments
18 performed factual, in-depth, accurate and aligned
19 with the independent assessment team's findings
20 and in training the team saw both strengths and
21 opportunities for improvement. Areas to focus on
22 from the team's assessment included:

23 We can continue to improve our communication
24 within the organization. Some Operations
25 personnel do not fully understand the work

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1 management's scheduling process. A plan to reduce
2 the number of open operations procedure revision
3 needs to be developed. Kevin and I are working
4 on that.

5 MR. OSTROWSKI: (Nod indicating yes).

6 MR. ALLEN: Some cause determinations
7 do not go deep enough, and two Operations internal
8 assessments were not as thorough as they could
9 have been.

10 MR. REYNOLDS: A question on two
11 Operations internal assessments.

12 MR. ALLEN: Yes.

13 MR. REYNOLDS: Either one of those, did
14 you Collective Significance Review?

15 MR. OSTROWSKI: No.

16 MR. ALLEN: (Nod indicating no). So
17 in summary --

18 MR. REYNOLDS: I'm sorry, maybe it's just
19 a wording issue back on 25, the first two bullets.
20 I'll read the second one first. It says
21 understanding of standards, behaviors, and
22 expectations are uniform; then the first bullet
23 says, efforts to improve standards and behaviors
24 are having a positive affect.

25 Any comments on expectations, like is that

1 expectations are positive for the effect?

2 MR. ALLEN: Steve, if I understand
3 your question -- let me try, if I don't get it,
4 come back.

5 MR. REYNOLDS: Sure.

6 MR. ALLEN: The first bullet, okay,
7 efforts to improve standards and behaviors are
8 having a positive affect, what we're doing is
9 raising the bar for conduct in Operations area,
10 and as we do that, as we raise our standards and
11 expectations, it's having a positive impact on the
12 organization. It's leading us in the proper
13 direction.

14 MR. REYNOLDS: Right.

15 MR. ALLEN: Secondly, as we're doing
16 that, we're changing and revising our expectations
17 in the arena of conduct of operations. The
18 understanding is getting there to the operators,
19 so they're following along with the changes.
20 They're getting with the program. They're
21 internalizing that, and then they're understanding
22 what the changes are we're leaving occurred.

23 MR. REYNOLDS: Okay. I guess just a
24 comment on that is that, you said standards and
25 expectations kind of go hand in hand. As you

1 develop standards, you develop expectations, and
2 just a comment, maybe it's just left out after the
3 word expectations, I wonder why you talk about
4 standards and behaviors in the first bullet and
5 standards, behaviors and expectations in the
6 second. Maybe it's just the way they worded the
7 slide, I don't know. It just jumped out at me,
8 expectations was added to the second one and not
9 the first one. If you don't --

10 MR. BEZILLA: Steve, on this slide what
11 we're trying to do is use the Executive Summary
12 from the report. We just used the words from the
13 Executive Summary to help portray the thoughts.

14 MR. REYNOLDS: Okay. So your
15 understanding of these two expectations would be
16 more like what Mr. Allen said that standards and
17 expectations kind of go hand in hand -- is that
18 what I hear -- I don't want to put words in your
19 mouth.

20 MR. ALLEN: Standards and expectations
21 would go hand in hand.

22 MR. REYNOLDS: Okay, thanks.

23 MS. LIPA: A question I have for you,
24 Barry, earlier Mr. Grobe talked about several
25 operator personnel type issues that happened in

1 August, I think there were three of them, and I
2 wonder if any of those occurred while this team
3 was on site? Sometimes if they're on site when an
4 issue occurs, they might have a different
5 perspective of how they respond and what was done
6 at the site. Do you recall any of those on
7 site --

8 MR. ALLEN: That's a good question,
9 Christine. If any did occur while the team was
10 here, off the top of my head I don't recollect. I
11 would have to lay those out and check. I would be
12 glad to do that for you. I may have that
13 information here somewhere.

14 MS. LIPA: The Resident Inspector
15 thinks maybe a line item issue occurred when the
16 team was here. Does that sound familiar? Do you
17 recall?

18 MR. BEZILLA: Can you speak up,
19 Christine?

20 MS. LIPA: Oh, Scott was recollecting
21 on perhaps the makeup of line item issue where the
22 line item was tagged out, and they tried to use
23 it; anyway, that occurred while that team was on
24 site and I was just wondering if that sounded
25 familiar from your team once you were assessing

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1 your performance?

2 MR. BEZILLA: You know, I don't think
3 there was any operations significant issues while
4 the team was here because I would have expected it
5 to show up in the report, and I did not see it in
6 the report.

7 UNIDENTIFIED: Mark, on Page 11 of the
8 draft report, I think it said something about it.

9 MS. LIPA: Page 11 of the draft
10 report, somebody reported from the audience.

11 UNIDENTIFIED: Yes.

12 MS. LIPA: I don't happen to have the
13 draft report with me. I guess I'll have to look
14 at that later. Thank you.

15 MR. GROBE: Just to make sure I
16 understand the passing comment. 45 days after the
17 completion of the assessment, the order requires
18 you to submit on the docket to us, publicly
19 available, a report docketing the results and any
20 action from that. That would be due next week?

21 MR. ALLEN: October 9th, I believe,
22 Jack. That's correct.

23 MR. GROBE: Okay. Any other questions
24 on the Ops Assessment?

25 MR. RULAND: Yes, I have a question.

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1 It's probably premature to ask this question, but
2 I'm going to ask it anyway.

3 As you thought about the makeup of the team
4 and the way you actually conducted this
5 assessment, has it changed your view on how you're
6 going to conduct the other assessments at all,
7 and, in addition, have you yet thought a year in
8 advance, as you know you're going to have to --
9 the order currently requires you to do five
10 assessments for the next five years. I was
11 wondering if you thought yet how those future
12 assessments are going to look compared to the ones
13 you're doing now? Again, I think this is a
14 premature question, but -- if you can't answer it
15 now or it's premature, we can, you know, talk
16 about it later.

17 MR. BEZILLA: I'd say we can't answer
18 that now because we're just generating the first
19 report for you all, but as we go through these
20 first four, I will take a look and see what kind
21 of adjustments we want to make for next year and
22 see if there is any difference in the makeup of
23 the team.

24 MR. REYNOLDS: On the 27th slide, the
25 second bullet, improvements noted; what are they

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1 comparing? Last year to this year? Last month to
2 this month? Improvements from when to when?

3 MR. ALLEN: I'm just trying to look
4 through the draft report here, Steve, I don't know
5 that I specifically see dates, so they would have
6 taken a look at least going back to startup
7 performance and comparing that performance
8 probably somewhat with what occurred, say, last
9 December and whatnot, but I believe more focused
10 on restart going forward and as Operations
11 performing and moving in the right direction.

12 MR. REYNOLDS: Could you just say that
13 again for me? I want to make sure I follow.
14 When do you think their improvements were, from
15 restart going forward or from December going
16 forward?

17 MR. ALLEN: I believe the main focus
18 of the team is looking at restart going forward.
19 I think if you'll go back and look at some
20 earlier -- some earlier data information, but
21 since we were asking them to review our
22 performance today, which would be in more recent
23 times, would be more of the focus of their
24 investigation.

25 MR. REYNOLDS: If -- if you make the

1 assumption they were comparing previous and post
2 performance -- I think that's what you said, I
3 guess this is a question again for Mr. Loehlein.
4 How is that -- it appears inconsistent with what
5 you said twice tonight that Operations performance
6 since restart stayed the same.

7 MR. LOEHLEIN: Well, I'd clarify that
8 the only report you were quoting is from the
9 second quarter of this year.

10 MR. REYNOLDS: I was trying to repeat
11 back what you said, not what the report said.

12 MR. LOEHLEIN: Okay.

13 MR. REYNOLDS: If -- maybe I
14 misunderstood you, but twice tonight I understood
15 that you said in your assessment -- was that
16 Operations was not improving.

17 MR. LOEHLEIN: Let's be clear. I was
18 commenting on the second quarter report, which was
19 the last one that I signed as the Oversight
20 Manager before moving to my new position, so let's
21 go back historically. The fourth quarter of 2003,
22 Operations was rated as unacceptable. In the
23 first quarter of 2004, it was rated as marginally
24 effective. During that period there have been
25 several of these tech spec entry events. In the

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1 quarter thereafter, there were no -- in the
2 assessment period, there were no tech spec entry
3 events from that period. The next one occurred
4 in July just after the second quarter had ended,
5 so when we did a judgment in assessment how
6 Operations was doing in the second quarter --

7 MR. REYNOLDS: I need to stop you.
8 Did you say there were no tech spec issues
9 during the second quarter?

10 MR. LOEHLEIN: I didn't say there were no
11 issues, but the ones that were in the Collective
12 Significance Review before, I think the first
13 quarter, Steve --

14 MR. REYNOLDS: The reason I stopped you
15 was when I asked Mr. Ostrowski during the second
16 quarter I was under the impression, maybe
17 incorrectly, that there were tech spec issues.

18 MR. LOEHLEIN: There was one. There was
19 two --

20 MR. OSTROWSKI: Two in January, one in --

21 MR. REYNOLDS: We need to clarify, maybe
22 there were two or three during the time period.
23 I thought you said there was one per month, and I
24 have asked the question at least a couple --

25 MR. OSTROWSKI: The actual dates would

1 be -- for the five events would be January 6th,
2 February 13th, March 31st, June 7th, and July 6th.

3 MR. LOEHLEIN: I stand corrected, there
4 was one in the second quarter period. The point
5 of it is, though, that Operations Performance had
6 noticeably improved from the fourth quarter to the
7 first quarter, largely ineffective, and in the
8 second quarter, our overall assessment in
9 comparing the two quarters was that there had been
10 no measurable improvement and no measurable
11 decline from the first quarter to the second.
12 Now, the third quarter report is not issued yet
13 and it will be -- 'cause it's in the third quarter
14 right now --

15 MR. REYNOLDS: No, I understand that, so
16 I've heard it three times. I want to make sure I
17 hear it correctly, so your assessment for the
18 second quarter for Operations there's been no
19 measurable improvement?

20 MR. LOEHLEIN: On the items that -- from
21 the day that quality had for that quarter's -- I
22 think what we're getting hung up on is --

23 MR. REYNOLDS: No, you keep changing your
24 words here I'm looking for. I'm trying to repeat
25 back what you're saying, and you keep changing on

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1 me, and I'm having trouble following.

2 MR. LOEHLEIN: Well, what I'm trying to
3 do is I'm trying to make sure you get a clear
4 understanding, but I think where we're probably
5 having a problem here is how the continuous
6 assessment process works. We will provide
7 insight to -- in summary fashion to your
8 organization based on the data we have for that
9 quarter; however, that's not the same as what we
10 did in the prior quarter where we did the roll up
11 for specific elements for a whole time period, so,
12 yes, we do that, but I think where the confusion
13 lies is that we didn't do the same level of effort
14 in the Operations area in the second quarter as we
15 did in the first.

16 MR. REYNOLDS: I appreciate that. I'm
17 just trying to repeat back every time what you
18 said and you keep changing on me, but I think I
19 understand now, but -- not to prolong this, I
20 won't repeat it back and get it changed again, so
21 we'll go on.

22 MR. LOEHLEIN: I'll be happy to try to
23 clear it up afterwards as well.

24 MR. REYNOLDS: Okay.

25 MR. ALLEN: In summary -- any other

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1 questions?

2 MR. THOMAS: Let me follow-up with one
3 other question.

4 The Independent Assessment and Operations we
5 covered was done in the third quarter, correct.

6 MR. LOEHLEIN: I think in the third
7 quarter --

8 MR. ALLEN: Yes.

9 MR. THOMAS: Okay. The conclusion, let
10 me find it here, improvements noted in Operations
11 performance, I guess, Barry, or, Kevin, would you
12 agree with those assessments?

13 MR. ALLEN: Yes.

14 MR. THOMAS: As an overall or in
15 specific areas?

16 MR. ALLEN: Overall Operations
17 Performance and whether you go back to restart or
18 go back to -- either.

19 MR. THOMAS: Third quarter, during the
20 time that the assessment was being performed?

21 MR. ALLEN: Yes, in fact, as I
22 mentioned earlier, Scott, in fact, we had several
23 clock resets earlier in the year based on
24 Operations performance, and today we're at 86 days
25 of no site clock resets for Human Performance, so

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1 we've seen some improvements. Are we where we
2 want to be? No, we have issues. We have things
3 we want to work on and be aggressive, but, yes, I
4 do believe it's performance improvements.

5 MR. THOMAS: Go ahead, I'm sorry.

6 MR. ALLEN: Summary of the independent
7 assessment team. Independent outside assessment
8 in line with their own internal assessments
9 thereby validating their own self-assessments.

10 Continued improvements were noted within
11 Operations, and action plans are being developed
12 to address the continued areas for improvement.

13 Next slide, skip that.

14 MR. BEZILLA: Yeah, we'll skip to slide
15 29.

16 MR. ALLEN: Backlog Reduction, this
17 section of the presentation, I'll show the
18 progress we're making in reducing our backlog at
19 Davis-Besse. We'll continue to focus on and make
20 significant progress in reducing our backlogs of
21 work at Davis-Besse.

22 At the station we track all work documents in
23 our site workload backlog. As this graph
24 illustrates, our workload peaked at approximately
25 18,000 items in restart. Since restart, we've

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1 reduced our backlog by approximately 3,700 work
2 items, which is approximately 20 percent
3 reduction, and that went down from approximately
4 18,000 items of restart in the 14,000 range now,
5 so, on average, over the last 20 weeks, we're
6 typically reducing our backlog approximately close
7 to 200 items per week, 765 -- 170 issues resolved
8 each week, and that's what the reflection is on
9 all documents.

10 MR. REYNOLDS: This graph shows the
11 reduction, but it doesn't show your -- your
12 expectation or your goal.

13 Could you answer the question whether this --
14 where you are now in the rate of reduction meets
15 your goals or expectations of your standards or --

16 MR. ALLEN: That's a good question.
17 We're not where we want to be in terms of backlog,
18 and we're targeting spring of '06 to have our
19 backlog down to what we'd consider normal levels,
20 and we're working within the departments and doing
21 some benchmarking to determine what those steady
22 State levels should be for us in our threshold and
23 our Corrective Action program, so, right now, what
24 we do is, we just try to make sure that our
25 backlog is going down every week, and we're

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1 working to benchmark to determine where we feel an
2 acceptable place to land is. In the meantime,
3 the curve downward is what we're focused on.

4 MR. THOMAS: You may be incorporating
5 this question into your next couple slides. I
6 didn't see it specifically mentioned, but if
7 during, you know, your discussion in the next
8 three or four slides, if you could incorporate it
9 into that a discussion as to where you're most
10 challenged -- where you feel you are most
11 challenged in working off a backlog in a certain
12 area, whether it be Engineering or Operations,
13 whatever, if you could discuss that during your
14 discussions of your backlog.

15 MR. ALLEN: I understand, will do.

16 MR. WRIGHT: Barry, do you have a feel
17 on that reduction, how much was actual items
18 worked off as opposed to possibly just
19 consolidation where you found duplicates or
20 triplicates where you consolidated those as
21 opposed to actually working them off, is there a
22 difference?

23 MR. ALLEN: Geoff, I don't have a
24 percentage, but I believe we found very few items
25 to consolidate. One would hope to find some

1 duplicates, but primarily it's just individual
2 documents and actions that we've just gone and
3 resolved and worked off or dispositioned.

4 MR. WRIGHT: Thank you.

5 MR. ALLEN: The next slide, please,
6 Preventative Maintenance. One of the categories
7 that we've closely monitored and you've
8 experienced past interest in is in the area of
9 Preventative Maintenance tasks deferred beyond
10 their late date, so as you can see, we have made
11 significant progress in implementing the seen
12 impacts. Of the 312 items identified at restart
13 in this category, we scheduled and worked 242 of
14 those tasks to date as of when the slide was
15 prepared, and our deferred PM backlog will be
16 essentially worked off before the end of the year,
17 there may be some exceptions like some test
18 equipment which is not required until next outage
19 or equipment which is out of service, be a handful
20 of items, which make sense, but, essentially,
21 we've had a tremendous curve. We've had a lot of
22 focus on Preventative Maintenance tasks, and if
23 you look at our daily work schedule now to help
24 key the organization's significance of this, those
25 activities now are in the daily work schedule or

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1 words do not reschedule, so anyone that picks up
2 that work schedule can see those words and will
3 recognize that there's PM's that we're holding to
4 those two items.

5 MR. GROBE: Barry, I think I asked
6 this question at the last meeting and my
7 recollection isn't exactly clear.

8 Is it your expectation that Preventative
9 Maintenance tasks will be accomplished by the due
10 date, or is it your expectation that they will be
11 accomplished between the due date and the delayed
12 date?

13 MR. ALLEN: Jack, it may depend on how
14 long it takes to perform the field activity. We
15 would typically target at the due date, okay, just
16 for rough scheduling, plus we have to look at what
17 training week is it. What else is going on, so
18 we see that as a target and we apply some
19 intelligence and then the expectation is we work
20 it before the late date, but as long as it's
21 working before the late date, that's acceptable.
22 Again, we'll re-target based on the due date.

23 MR. GROBE: Has the number of
24 maintenance activities between the due date and
25 late date been going up or been going down, do you

1 know?

2 MR. ALLEN: Yes, we have that.
3 It's -- I would say pretty stable, pretty steady,
4 and we can share the graph you, if you'd like,
5 but, in that interval, not much change. We're
6 really focusing on once it's been evaluated and
7 deferred, and we're not losing ground on the
8 others.

9 MR. GROBE: Okay. So you're knocking
10 down the Preventative Maintenance activities that
11 are beyond the date due, and based on your
12 expectation, the target, the due date, you would
13 expect then the beyond the due date would be
14 knocked down on a regular basis as you get back
15 into the routine operation of getting them done
16 generally at the time they're due?

17 MR. BEZILLA: Jack, our goal, once we
18 get through, I'll say, some period of time in
19 cycle operation, the goal would be to be at 9 in 1
20 to 10 percent range on the due date. Now, we
21 realize as we bring equipment up to work on it,
22 those things will move around some, so we'll
23 monitor those things, I'll say, deep into the
24 grace period, and we're monitoring things into the
25 deferred past or late date, but once we get the

1 deferred past the late date, we'll just keep an
2 eye on deferred even in the grace period to make
3 sure we're not challenging any late dates, and
4 we'll just work that into our work management plan
5 and work that appropriately.

6 MR. ALLEN: Yeah, Jack, we're
7 monitoring that closely now because it could be a
8 potential threat to put more in the deferred mode,
9 and we're trying to make sure that doesn't happen.

10 MR. GROBE: What impact, if any, do
11 the recent staff reductions have on your ability
12 to continue working on these backlogs?

13 MR. ALLEN: Actually, we're seeing no
14 negative impact; in fact, the upward -- one of our
15 very best weeks that we had was the week that we
16 actually rolled out the new organization. We had
17 over 200 items resolved that week.

18 MR. GROBE: How many people -- was it
19 40?

20 MR. BEZILLA: There were a total of 64
21 reductions at Davis-Besse. 44 of those were then
22 offered opportunities or jobs and there was
23 another 20 that we have on our temporary
24 assignment because we felt that we needed their
25 skills anywhere from three to, say, 12 months

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1 looking in the future.

2 MR. GROBE: I understood your statement
3 that as far as backlog reduction the week the
4 staff reductions occurred was one of your best
5 weeks. I don't think what you meant to do was
6 equate that with the staff reductions or infer
7 that there was a relationship there. Those 44
8 people had to be doing meaningful work, just not
9 in the area of daily backlog reduction.

10 MR. BEZILLA: It was just a fact.

11 MR. GROBE: Just a coincidence, right?

12 MR. BEZILLA: (Nod indicating yes).

13 MR. ALLEN: Preventative Maintenance
14 backlog, very pleased, good track, good progress.

15 MR. RULAND: Just one more question on
16 backlog.

17 MR. ALLEN: Yes, yes, sir.

18 MR. RULAND: I think I'm on. Now --
19 that's okay. Given -- given the backlog, what
20 staff are you using to work this backlog? Are
21 you using overtime? Are you using contractors, or
22 is it standard staff that you have without
23 overtime?

24 MR. BEZILLA: Bill, we have a number of
25 tasks on our backlog, if you will, in the

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1 maintenance area, elected maintenance area and
2 there are some directives in there also, our
3 strategy was to bring in some additional resources
4 of a planning nature, have those guys go through
5 that backlog and plan out the jobs, and we've had
6 good results from that activity. We've currently
7 started bringing additional craft resources down
8 to work those jobs, and our plan has us working
9 off, it's about 2,600 items through, I'll say, the
10 spring of 2006, and we're pretty pleased with the
11 results to date. We're ahead of our game plan
12 currently.

13 In regard to the Corrective Action items, we
14 have a few additional resources in engineering
15 that are helping us with those items, and we have
16 a system review that we're working through where
17 we've laid out the systems from a risk
18 perspective, started with the most risk
19 significant system and then we're working our way
20 through those. Our plan is laid out through, I
21 believe, the beginning of 2005 currently, and, as
22 an example, auxiliary feedwater was the first
23 system review that we did and we saw about a 70
24 percent reduction in the volume of things that
25 were associated with aux feedwater in about a

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1 four -- it was about a four or five week period
2 where we put the team together, and they just went
3 through and addressed the issues. Some were
4 worse, some were consolidated, a number were
5 resolved, and we felt pretty good about that.

6 MR. THOMAS: Have you been able to
7 maintain that type of performance, if you will,
8 with other systems where you had focus efforts in
9 the backlog reduction?

10 MR. BEZILLA: Yeah, we seen a -- I'll
11 say good performance, Scott, not necessarily 70
12 percent reduction. I believe, on the second
13 system, we got around 56 percent.

14 MR. ALLEN: Actually, Mark, I've
15 got -- I have a little bit of the data. As far as
16 overall completion on auxiliary feedwater was 72
17 percent in ~~four eight mode distribution~~ reduction. Again,
18 started later, so you would expect smaller numbers
19 as you would improve, 55 percent on another, 49
20 percent on ~~surface~~ service water and so --

21 MR. THOMAS: These are continuing?
22 These efforts are continuing?

23 MR. ALLEN: Correct.

24 MR. BEZILLA: Yeah, we got a schedule
25 that shows --

1 MR. RULAND: So you can expect some
2 time, sounds like early 2006 is about the time
3 when you think you'll be ballpark at the level
4 that you figured that most of the backlog will
5 be -- you'll be at a point where the backlog is
6 acceptable, is that --

7 MR. ALLEN: Yes.

8 MR. BEZILLA: That's what I believe.
9 We're currently seeing about 550 to 650 incoming
10 things, and we're working off between 1,100 to
11 1,200 things, and I project down around the first
12 of 2006 we should be in a 4 to 6,000 items, which,
13 I believe, when we get done with our benchmarking,
14 we'll be in the area that we think is appropriate.

15 MR. RULAND: Right, that's what I'm
16 looking for, about when you think you'll be at
17 that point. Thank you.

18 MR. ALLEN: Okay, in the Corrective
19 Action arena, we also continue to make steady
20 progress in working off our open Condition reports
21 and Corrective Actions. We have reduced our
22 Condition report backlog by approximately 65
23 percent since the beginning of the year, which is
24 the lower bar there, the Condition reports on the
25 graph; however, since Condition reports typically

1 generate multiple corrective actions, all right,
2 we also closely monitor all of our open corrective
3 actions, and since January we have reduced our
4 open Corrective Action backlog by approximately 38
5 percent, which is indicated on the upper curve
6 there, so, in summary, from a backlog perspective,
7 as Mark said, we continue to generate
8 approximately 600 new action items, work items
9 every month. Our current rate, we're resolving
10 approximately 1,200 items every month, and then,
11 in addition, as we discussed, we're benchmarking
12 with the industry to determine what normal steady
13 State backlog progress would be for us.

14 Scott, you asked about what we're particularly
15 concerned with. Maintenance backlog was of
16 particular concern to us. We came up with a
17 specific plan to get elective maintenance backlog
18 so we could monitor and measure our performances
19 in regard to that. Done the same thing with
20 engineering consistent perspective and we
21 discussed earlier from a procedure backlog
22 perspective, the effort this organization is
23 working with me to develop backlog production to
24 go make some progress there. Those would probably
25 be our main focus in the areas of my mind today.

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1 Thank you.

2 MR. BEZILLA: Are we doing okay? Okay,
3 want to go to organization next, Jack?

4 MR. GROBE: Sure.

5 MR. BEZILLA: That would be slide 14,
6 Kevin? Very good, okay. This slide represents
7 Davis-Besse's key management positions and
8 players, but before I walk you through there, just
9 let me share a little bit of background
10 information.

11 We have been working on the development of the
12 new organization for about a year prior to this
13 August. We conducted benchmarking on a number of
14 fleets. We looked at, for example, ~~Hexalon~~ Exelon
15 Energy and Progress Energy. We then created a
16 FENOC organization that has, I'll say, a fairly
17 lean Corporate structure and one that has a strong
18 Corporate or fleet Government role. We aligned
19 the site structure to match up with our processes
20 or desired processes, and we went through a
21 selection process that was designed to choose,
22 I'll say, the right people for each job, and we
23 took into account what was required for the jobs,
24 as well as the individual's knowledge, skills,
25 abilities and attitudes. We believe that the

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1 effort, the development of this new FENOC
2 organization will help us achieve our goals of
3 safe and reliable plant operation while achieving
4 top speed operating performance, and, with that,
5 let me sort of walk you through this slide. What
6 I tried to depict here was the blue boxes and
7 individuals are essentially in the same role after
8 August 23rd as compared to prior to August 23rd,
9 and the yellow boxes, I'll say, are new players in
10 a role in most cases, okay, so just briefly, you
11 got Barry Allen as Director of Operations and
12 Plant Manager, and I'll say that's the same.

13 You got Dave Kline, our Security Manager, that
14 remains the same.

15 We got Steve Loehlein as Director of
16 Engineering, and Steve was previously the Manager
17 of Nuclear Oversight, has a good background in
18 engineering, both external to nuclear as well as
19 in the nuclear environment, and we thought Steve's
20 experience previously in engineering as well as
21 oversight would help us in that role.

22 Bob Schrauder is the Director of Performance
23 Improvement, and I'll say new in role -- sort of.
24 Bob was Director of Technical Support, has been a
25 director of a number of our sites, so I'll say

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1 really not new but Performance Improvement is a
2 new role in the organization, so we'll say Bob is
3 new in his role.

4 And then from an oversight perspective we got
5 Ray Hruby, and I'll just spend a minute on -- Ray
6 graduated from Penn State in the early '80s, BS in
7 nuclear engineering, started work shortly after
8 that in the nuclear industry at Beaver Valley.
9 Spent about 18 years in the engineering arena, had
10 involvement on NCFR 5050 for veteran, etc., was a
11 member of the Off Site Review Committee, now we
12 would called it Company Nuclear Review Board.
13 Spent time as the Manager of Reactor Safety
14 Engineering, was the Chairman of the On Site
15 Review Committee, Plant Operations Review
16 Committee, spent some opportunity with INPO as a
17 host peer, was a Senior Reactor Operator licensed
18 at Beaver Valley. Actually had come over to
19 Davis-Besse and helped us in the January time
20 frame when we did our immediate investigation of a
21 performance issue in Operations. That was, I'll
22 say, for our significant emergent event in
23 Operations at the time, and then I worked with Ray
24 for about a year plus at Beaver Valley when I was
25 there as the site Vice President, so I'm familiar

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1 with Ray, comfortable with him, and I think he'll
2 be a good replacement for Steve in that role.

3 Looking at engineering, John Grabnar remains
4 the Design Engineering Manager -- I think you're
5 all familiar with John.

6 Brian Boles remains the Plant Engineering
7 Manager. We did adjust some of our roles and
8 responsibilities and we created a new Manager of
9 Technical Services Engineering.

10 I think you all are familiar with Bob Hovland
11 who had previously been an acting -- in an acting
12 capacity as the Plant Engineering Manager at
13 Davis-Besse. We promoted Bob, and we think Bob
14 will do a good job in that role for us.

15 Moving over to Barry, your Plant Operations.

16 Pat McCloskey is Manager of Chemistry and
17 remains so.

18 Radiation Protection Manager, Lynn Harder, he
19 remains as the Radiation Protection Manager.

20 Mike Stevens, I'll say, in the same role. We
21 had that as a Director position, and it was
22 Maintenance and Work Management. In the new
23 organization we broke the Work Management piece
24 away from Maintenance. We felt that that was
25 better, I'll say, served as a manager level, and

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1 Mike remained in that capacity as our Maintenance
2 Manager.

3 From an Ops perspective, Kevin Ostrowski
4 remains the Ops Manager.

5 Bill Mugge, I'll say, remains the Work
6 Management Manager, and Bill has the on line work
7 management process and activities.

8 In the area of Outage Manager, we have Bill
9 Bentley, who, under Bill Mugge, has been our
10 outage guy, and Bill is currently in an active
11 capacity there. We are doing some external
12 searches for some Babcock and Wilcox experienced
13 individuals that -- in the outage management
14 arena. For now, Bill is serving that function
15 for us, and I believe is doing a good job in that
16 function.

17 And then under Bob Schrauder in the
18 Performance Improvement arena, we're pleased to
19 have Mark Trump as our Manager of Training. Mark
20 is new to FENOC, but not new to Davis-Besse. He
21 came here during the extended shutdown, helped us
22 in a consultant role to a couple of other
23 individuals we had in the Training Manager and the
24 Ops Supervisor arena, felt that based on Mark's
25 experience that he's been in a number of plants

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1 that have either been in extended shutdowns and/or
2 have had challenged training programs. We
3 brought him on board, and we thought Mark would
4 make a good addition for us in helping us
5 reinvigorate our training programs and help us
6 improve our performance through training.

7 Clark Price, who you all are familiar with,
8 will be in a new role as Manager Regulatory
9 Compliance. We currently have Dale Loco and Bob
10 Schrauder, I'll say, attending to that function.
11 Mark is off attending a Senior Reactor Operator
12 certification program, and he should be back at
13 the end of November full-time under this new role
14 for Clark.

15 And then Chuck Hawley is our Manager of
16 Special Projects, and, I'll say, in the same role,
17 although the reporting relationship is a new
18 organization, has changed previously, and it was
19 in the engineering organization, and, now, Chuck
20 is reporting to Bob in the Performance Improvement
21 arena, so I'll say that provides an overview, and
22 what I want to leave you with is, I'll say, the
23 Davis-Besse team is pretty much intact since the
24 August reorganization, and, as you all know, we
25 have made extensive changes, I'll say, through the

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1 two year shutdown. We do have a couple of new
2 players, but we think they will be a -- I'll say,
3 an integral part of the team, we believe they'll
4 help strengthen our team.

5 MR. GROBE: The first member you had,
6 the VP Oversight, who does that position report
7 to?

8 MR. BEZILLA: VP Oversight reports
9 directly to Gary Leidich, and, currently, that's
10 served by Ralph Hansen, who I believe you all are
11 familiar with, and then there's a VP elect, if you
12 will, named Ms. Renkle, Jeannie Renkle, and,
13 briefly, Jeannie's been with FENOC for a number of
14 years, has a BS and Master's, I believe, in
15 Nuclear Engineering, most recently was the
16 Director of Fuels, Reactor Engineering and Fuels
17 Management. Jeannie is currently in the SRO
18 certification program, and then we have a -- I'll
19 say mentoring and a development program setup with
20 her, and Jeannie would be looking to enroll in
21 that VP Oversight role sometime next year,
22 probably in the second or third quarter.

23 MR. GROBE: Okay, thank you.

24 MR. BEZILLA: Okay. Just a little
25 summary, I believe that this mix of talents

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1 represents a strong management leadership team for
2 Davis-Besse. I believe the team's knowledgeable,
3 experienced, skilled, and has the ownership to
4 drive continuous improvement at the site.

5 With that, Jack, that's all I thought we would
6 present based on your request.

7 MR. GROBE: Questions?

8 MR. REYNOLDS: Yes, I have some
9 questions.

10 You talked about benchmarking utilities, I was
11 looking for a little more detail. Did you
12 benchmark organizational structure and/or the
13 number of people in any given organizational
14 department, and was your goal to have it -- so
15 that you're -- I'm assuming you did both, and I'll
16 let you clarify whether that's correct or not,
17 that organizational structure and a number of
18 people in this department, was that based on your
19 goal and desire to be top, quote, performance and
20 that's the structure and the numbers of utility
21 that operates at that -- at that level, that
22 current level? If you're not clear, I can go
23 back and restate the points to my question.

24 MR. BEZILLA: Okay, there was a lot of
25 stuff in that question.

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1 MR. REYNOLDS: Yes, there was.

2 MR. BEZILLA: Okay, so in our
3 benchmarking, did we look at organizational
4 structure? I believe our answer is yes. All
5 right.

6 Did we look at resources within the
7 organization? I believe the answer is yes, okay.

8 Did we look at resources as compared to
9 process, and did we look at resources as compared
10 to our specific situation at Davis-Besse as well
11 as the other two FENOC plants? I believe the
12 answer is yes, all right, and when we went through
13 and -- we also looked at fleet in a Corporate
14 governance and said, okay, what do we want to
15 resemble, and, as I mentioned earlier, we talked
16 about being lenient, but have a strong Corporate
17 governance, so the answer is yes. We took all
18 those things into consideration as we put the new
19 FENOC organization in place.

20 MR. REYNOLDS: I appreciate your
21 answering -- answering all those different parts
22 of the question, that was good. I think I
23 followed all that.

24 Now, Davis-Besse, I think your discussion was
25 on top performance yet. Obviously, that's a goal

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1 of yours.

2 When you did the benchmarking, did you look at
3 utilities or sites that have been shut down for a
4 long period of time and gone through recovery or
5 performance improvement situations, same as you,
6 and seen where they were as far as structure and
7 resources and how that compares to a plant that's
8 top core -- core top performance and does it have
9 those improvement needs.

10 MR. BEZILLA: Okay. There's a lot in
11 that, too, okay, so when we did our benchmarking
12 and we came up with what our structure was, did we
13 also look at other plants that had been on, say,
14 extended shutdowns or not in top performance --

15 MR. REYNOLDS: That's correct.

16 MR. BEZILLA: The answer is yes, and the
17 number of players that we have either from our
18 senior executive team or our senior leadership
19 team at the sites have been to some of those
20 plants ourselves, okay? We've experienced some of
21 those and have gone through the extended shutdown
22 to recovery to improving performance to, I'll say,
23 the pack and beyond, okay?

24 From a Davis-Besse perspective, not only did
25 we look at, I'll say, the resources from a people

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1 standpoint, but we also looked at the funding
2 required and for this year, we had additional
3 funds of about 10 million dollars. Next year, we
4 have an additional funding of about 12 million
5 dollars to help us with our Operational
6 Improvement Plan and to help us with our backlogs
7 both in the maintenance arena as well as a
8 Corrective Action arena and the procedure arena.

9 MR. REYNOLDS: I appreciate that. Let
10 me see if I can tell you what I think I heard.

11 Your organizational structure and your
12 resources will get you through your performance
13 improvement and your top core performance. While
14 you are making that transition or your goal for
15 that transition, you also added additional
16 money -- I think you said like 10 million dollars
17 a year or so, for your organizational structure
18 and resource staffing records, in other words,
19 where you think they need to be to improve and
20 sustain with the addition of just the
21 additional amount.

22 MR. BEZILLA: I'll follow-up with
23 feedback. We believe we have the right staff.
24 We believe we have the right amount resource;
25 however, we will do check and adjusts and continue

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1 to monitor our progress, and if we need to make
2 adjustments to any of our staff and/or our
3 dollars, we will do that.

4 MR. REYNOLDS: So some people ask, you
5 know, a plant that's going through a recovery, how
6 can they have the same structure, same staff,
7 resources as top before performance as a
8 performing plant would be. How would you answer
9 that? You're trying to improve, but you set
10 yourself up, staffing, No. 1, how would you
11 address --

12 MR. SCHRAUDER: We would say we did not
13 staff to top core numbers. We are still higher
14 in numbers at our plant than top core numbers, so
15 our numbers are approaching industry average
16 numbers, but they're not near the top worked
17 numbers in the industry now. Our goal is not to
18 be at the top core tile numbers at this time.

19 MR. REYNOLDS: Thank you.

20 MR. GROBE: Other questions? I'd
21 like to, if we could, go to slide 36 just quickly
22 okay. Thanks. The way this slide is presented,
23 I presume that this assessment, results were from
24 assessments conducted on September 21, so just a
25 few days ago?

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1 MR. BEZILLA: Correct.

2 MR. GROBE: One of the things that's
3 on this slide that kind of jumps out at you is the
4 direction of all the arrows, and there's very few
5 improving arrows, and that's similar to the focus
6 of what we talked about earlier in Operations
7 area. I think I'd like to -- to have us talk
8 about several things at the next meeting. You
9 always add to this list as we go on, but we're
10 currently contemplating our next meeting for
11 several months from now -- probably about two
12 months from now. I'd like to have a more
13 thorough understanding of why there aren't more
14 improving arrows on this chart, and that goes much
15 more broadly to plant performance and what you're
16 doing to ensure improving performance in the area
17 of Human Performance, which is what this Safety
18 Culture is underpinning, and the second thing is
19 that Barry indicated that you're benchmarking your
20 backlogs. I'd like to focus on what you've
21 learned from the benchmarking, what you expect to
22 be your minimum level, routine level of work
23 activity and what the problem areas are,
24 particularly focusing, and I believe as to
25 managerial area, the easiest activities to

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1 accomplish are ones that are -- where you're
2 knocking them off the fastest and what your
3 projects are. I believe it's realistic that we
4 expect those curves to be straight lines, so I'd
5 like to get a better sense of where you're at,
6 where you're going with respect to backlog
7 reduction, what your expectations are. You've
8 expressed tonight that you hope to be or you want
9 to be in early '06, but you don't really know
10 where you're going to be at in '06, so it's hard
11 to say when you hope to get there, so if we could
12 flush that out a bit. Other thoughts or topics
13 for the next meeting?

14 MS. LIPA: Well, the Corrective
15 Action program continues to be important every
16 time we talk about it.

17 MR. GROBE: Excellent! And maybe
18 we'll let Ray talk about his first quarter's
19 assessment by that time. Okay, great! I feel
20 this has been a very productive meeting.
21 Christine and I were chatting during the break
22 about the context of the next meeting. I believe
23 we had one member of the public comment this
24 evening.

25 Are there any members of the public in the

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1 audience? County Commissioners are here, I see
2 them back there -- are there any others? We may
3 be thinking about changing location of the
4 meeting, but we'll be getting back to you on that.
5 Any other thoughts or comments before we close?

6 (NO AUDIBLE RESPONSE).

7 Okay, very good. At this time we would
8 normally take a break and ask if there's any
9 questions, but why don't we just roll into that.
10 We have a number of FirstEnergy employees here.
11 I assume the rest of you, you didn't classify
12 yourself as members of the public, which is who
13 you are. You must be FirstEnergy employees.
14 Any questions or comments or thoughts?

15 (NO AUDIBLE RESPONSE).

16 MR. GROBE: Quite a group. You must be
17 working hard during the day. Okay, anything else,
18 Christine?

19 MS. LIPA: Just a reminder, we're
20 looking at the next Davis-Besse 0350 Panel Meeting
21 about two months from now and trying to schedule
22 the FENOC performance meeting approximately
23 November time frame, so those are the upcoming
24 meetings.

25 MR. GROBE: Okay, very good. Thank

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1 you very much.

2 THEREUPON, the meeting was adjourned.

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CERTIFICATE

STATE OF OHIO)
) ss.
COUNTY OF HURON)

I, Marlene S. Lewis, Stenotype Reporter and Notary Public within and for the State aforesaid, duly commissioned and qualified, do hereby certify that the foregoing, consisting of 123 pages, was taken by me in stenotype and was reduced to writing by me by means of Computer-Aided Transcription; that the foregoing is a true and complete transcript of the proceedings held in that room on the 28th day of September 2004 before the U.S. Nuclear Regulatory Commission.

I also further certify that I was present in the room during all of the proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office at Wakeman, Ohio this day of , 2004.

Marlene S. Lewis
Notary Public
3922 Court Road
Wakeman, OH 44889

My commission expires 4/28/09

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