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PUBLIC MEETING
U.S. NUCLEAR REGULATORY COMMISSION
FIRSTENERGY NUCLEAR OPERATING COMPANY

Meeting held on Tuesday, May 24, 2005 at
6:00 p.m. at Camp Perry, Clubhouse #600, Port
Clinton, Ohio, taken by me, Marlene S. Lewis,
Stenotype Reporter and Notary Public in and for
the State of Ohio

PANEL MEMBERS PRESENT:

- U.S. NUCLEAR REGULATORY COMMISSION
- Steve Reynolds, Chairman for 0350 Panel
Davis-Besse facility
- Christine Lipa, Branch Chief, NRC
- William Ruland, Vice Chairman, MC 0350 Panel
- Christopher (Scott) Thomas,
Senior Resident Inspector
- Jon Hopkins, Senior Project Manager -
Davis Besse

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1 MR. REYNOLDS: Good evening. Can
2 everyone hear me okay? Good evening. Can the
3 people in the back hear me?

4 (Indicating).

5 Okay, thank you. I'd like to welcome
6 everybody to this meeting. This is a meeting
7 between the United States Nuclear Regulatory
8 Commission and FirstEnergy Nuclear Operating
9 Company to discuss -- talk about Davis-Besse.

10 I'd like to welcome Mark Bezilla and your
11 staff, and members of the public and local
12 officials out in the audience. Appreciate you
13 taking the time tonight to come out here for this
14 important meeting.

15 Like I said, this is a public meeting between
16 the Nuclear Regulatory Commission, NRC, and
17 FirstEnergy Operating Company, FENOC, or the
18 licensee.

19 My name is Steve Reynolds, I'm the Chairman of
20 the 0350 Panel. With us also tonight -- and I'm
21 also the Deputy Director of the Division of
22 Reactor Projects in our Region III office, which
23 is in Lisle, Illinois just outside of Chicago.

24 This is a public meeting open for you all to see.

25 At the end of the meeting between Davis-Besse and

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1 the NRC, the NRC will be available for questions
2 and answers. The purpose of the meeting and I'll
3 talk about that more on the slide, next slide, but
4 really it's to talk about our activities, NRC
5 activities, that led up to this meeting and our
6 activities going forward, and we'll hear from the
7 licensee about -- we'll hear from the licensee,
8 how they see themselves, where they've been the
9 last couple years, their commitments to
10 themselves, to us, and to you members of the
11 public going forward, and we'll talk a little bit
12 about our processees so you understand when we
13 talk about 0350 and the oversight ~~process~~ processes and
14 different columns, and, hopefully, you'll get a
15 better understanding of that, so it's been a
16 while, a number of years since Davis-Besse has
17 been in reactor -- again, like I said, at the end
18 we'll be available for questions.

19 There's a copy of the slides, I see many of
20 you have them, and that's good. There's also out
21 in front, there was a feedback form. We'd
22 appreciate if you would take the time to fill
23 those out. We hand those out at all of our
24 public meetings. Just like any other
25 organization, we try to improve our activities and

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1 any feedback you have on how to make this a more
2 informative public feedback forum. You can give
3 it to any one of us here at the NRC or fold it up
4 and stick it in the mail. Next slide.

5 This meeting along with us and FirstEnergy is
6 really for you in the audience to inform you
7 what's going on and the transition of our
8 processes at Davis-Besse, continuing our NRC
9 oversight, we'll talk about what that means, and
10 what's the extras, discuss our Assessment of
11 Perry -- excuse me, Davis-Besse's, plant
12 performance, give the licensee a chance and we'll
13 receive public comments and answers and questions
14 from the public. Next slide, and at this time,
15 I'd like to --

16 MS. LIPA: It's back at the agenda
17 slide.

18 MR. REYNOLDS: Oh, I'm sorry. Just have
19 people from the NRC introduce themselves and then,
20 Mark, you can introduce your staff, so --

21 MR. RULAND: I'm Bill -- excuse me, I'm
22 Bill Ruland. I'm the Vice Chairman of the
23 Davis-Besse 0350 Panel, and I'm a manager from
24 NRC's headquarter's office in Rockville, Maryland.

25 MR. HOPKINS: I'm Jon Hopkins, Senior

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1 Project Manager from ~~headquarters~~ **Headquarters**, NRC, office of
2 Nuclear Reactor Regulation, and a member of the
3 0350 Panel.

4 MS. LIPA: My name is Christine Lipa
5 and I'm the Branch Chief in the Region III office.

6 MR. REYNOLDS: They can't hear you back
7 there.

8 MS. LIPA: My name is Christine Lipa,
9 and I'm the Branch Chief out of the Region III
10 office, and I'm responsible for the NRC's
11 inspection program at Davis-Besse.

12 MR. THOMAS: My name is Scott Thomas,
13 I'm **a the** Senior Resident at the Davis-Besse
14 station.

15 MR. REYNOLDS: Scott, will you introduce
16 the rest of your staff?

17 MR. THOMAS: Oh, I'm sorry. Jack
18 Rutkowski is also a resident, and Monica
19 Salter-Williams is also at the site, and, oh,
20 Nancy Keller is out front, I don't want to forget
21 Nancy, she's the office assistant at Davis-Besse
22 resident office.

23 MR. REYNOLDS: And then where's Alex?
24 Oh, over there, and Alex Garmoe, he works with
25 Christine and I in our office in Lisle.

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1 MR. HOPKINS: Also attending from NRC
2 headquarters is Sarah Brock. She's from our
3 ~~office, general counsel~~ Office of General Counsel.

4 MR. REYNOLDS: Mark?

5 MR. BEZILLA: Thanks, Steve. To my
6 right is Steve Loehlein, Director of Engineering.
7 Next to him is Barry Allen, Site Director of
8 Operations. To my far left is Kevin Ostrowski,
9 Manager of Operations. Next to him is Ray Hruby,
10 Manager of Nuclear Oversight, and next to me is
11 Bob Schrauder, Director of Performance
12 Improvement, and in the audience we also have Lew
13 Myers, our Chief Operating Officer; Joe Hagan, our
14 Senior Vice President, and Judy Wrinkel, Vice
15 President of Fleet Oversight.

16 MR. REYNOLDS: Thank you. Also, if we
17 have any local officials that want to identify
18 themselves, please do so.

19 MR. PAPCUN: John Papcun, Ottawa County
20 Commissioner.

21 MR. REYNOLDS: Thanks, John.

22 MR. ARNDT: Steve Arndt, Ottawa County
23 Commissioner.

24 MR. REYNOLDS: Thanks, Steve.

25 MR. KOEBEL: Carl Koebel, Ottawa County

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1 Commissioner.

2 MR. REYNOLDS: Thank you, Carl.

3 MR. ~~WHITT~~ WITT: Jere ~~Whitt~~ Witt, County
4 Administrator.

5 MR. REYNOLDS: Thanks, Jere. We
6 appreciate you taking the time out tonight to come
7 here, and, with that, Christine, I'll turn it over
8 to you.

9 MS. LIPA: Okay, thank you, Steve.
10 The next slide talks about the 0350 Panel time
11 line, so what I'll just do is I'll review briefly
12 the -- how the 0350 Panel came in to existence and
13 the key milestones along the way.

14 Obviously, on March 6, 2002 was the discovery
15 of the degradation in the reactor vessel head, and
16 that really began some NRC activities that led to
17 the formation of the 0350 Panel on April 29th.

18 Last year on March 8th, after going through
19 our 0350 process, leading up to the decision to
20 allow restart at the facility, we implemented that
21 process and issued an Approval to Restart and a
22 Confirmatory Order, and that was issued on March
23 8th, 2004. Then part of the Confirmatory Order
24 was for Davis-Besse to do independent assessments
25 in four areas and then also to do a mid-cycle

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1 outage and inspect the vessel for any leakage.

2 On February 3rd, Davis-Besse completed their
3 inspections and reported to the NRC they found no
4 evidence of leakage from the operating bottom of
5 the vessel.

6 Then on May 19th is when we transitioned the
7 0350 process where we talked about what activities
8 need to be met to transition out of the 0350
9 process and into the reactor oversight process,
10 and we'll talk more about that. And the
11 transition is to ~~Comp~~ Column 2 of our oversight process
12 and inspection, and then July 1 is at the end of
13 the quarter, it's actually when this takes effect.

14 The next slide talks about part of the 0350
15 process, the assessment that the panel went
16 through to make the determination to return
17 Davis-Besse to the reactor oversight process, and
18 these are mostly words that come right out of our
19 processes and the panel determined for Davis-Besse
20 specific attributes. The NRC performance
21 indicators is part of the ROP, reactor oversight
22 process, ROP, and because of the long-term
23 shutdown some of those performance indicators were
24 not necessarily valid. They might have been
25 green, but they might not have been fully green

1 for us to do the initial inspection in those
2 areas, so by the end of calendar year 2004, we
3 determined that those performance indicators are
4 now meaningful indicators of performance in those
5 performance areas.

6 Then the next criteria was that the licensee
7 had established an effective long-range
8 improvement plan. The next criteria was licensee
9 sufficiently implemented their Corrective Action
10 Program, and we did additional inspections
11 throughout calendar 2004 to verify these criteria
12 and make sure the criteria was met. The next is
13 Demonstrating Safe Plant Operation and Overall
14 Improving Performance, and then, finally, that the
15 utility had adequate controls in place to address
16 the reasons why we implemented 0350 to begin with.

17 MR. REYNOLDS: Let me jump in here before
18 you go onto the next slides, a little bit more
19 about how this process worked internally to the
20 NRC. Our panel went through all the different
21 activities the licensee had performed, along with
22 inspections. We met, we made our recommendations
23 to my boss, the regional administration, Jim
24 Caldwell, who is in charge of Region III office.
25 Mr. Caldwell then discusses the removal of the

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1 0350 Panel with Jim Dyer, who is the Director of
2 Office at Nuclear Reactor Regulations here with
3 Bill Ruland and Jon Hopkins and then those two met
4 with our Deputy Executive Director of Operations,
5 who is Bill ~~Cane~~-Kane, and the three of them, based on
6 our recommendations, decide whether or not it's
7 time for Davis-Besse to transition from 0350 to
8 ROP, and they did that, so I just want to give you
9 a little more insight. It was more than just this
10 panel. It was the -- the top agency official
11 making the decisions based on the Panel's
12 recommendations that it was time for Davis-Besse
13 to transition.

14 MS. LIPA: Okay, thanks for that
15 additional information. Okay, and then the next
16 slide talks about NRC Oversight, so now we're
17 going back to the reactor oversight process which
18 we'll talk in a little more detail later, but we
19 wanted to emphasize that, even though we're going
20 to the ROP, we will conduct inspections beyond --
21 typically what ~~it requires for beyond RO-2~~ is required for Column 2, we'll
22 talk about Column 2, but the first thing we wanted
23 to talk about was our Inspection of the
24 Independent Assessment required by the
25 Confirmatory Order issued on March 8th.

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1 MR. THOMAS: And I think just a little
2 more specific on this, the additional inspection
3 or the Confirmatory Order required additional
4 inspections in the area of -- or excuse me,
5 independent assessments in the area -- is that
6 still on? Can you all still hear me? There we
7 go -- in the area of corrective actions,
8 operation -- operation, safe --

9 MS. LIPA: Try this one.

10 MR. THOMAS: Hello? Hello? Hello?
11 There we go, the order required independent --

12 MS. LIPA: Keep talking, he's
13 probably adjusting.

14 MR. THOMAS: -- independent -- okay.
15 The order required independent assessments in the
16 area of operations, corrective actions, safety
17 culture and engineering. Those were done for
18 calendar year 2004. They are scheduled to be done
19 for calendar year 2005. For each of those
20 independent assessments, the inspectors will be
21 evaluating the inspection plans that the teams
22 will be doing their inspections or their
23 assessments in accordance with as well as the
24 individuals that will be evaluating the
25 individuals' qualifications that will be doing

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1 those assessments.

2 Additionally, they will be monitoring some of
3 the in process activities as well as reviewing the
4 final report to make sure that the assessment was
5 met -- was in compliance with the requirements of
6 the order.

7 Some additional inspection activity will be a
8 problem identification and resolution team inspection.

9 This is in addition to the normally required PIR
10 inspection that's done in accordance with the ROP
11 requirements. The one main focus of this -- this
12 team inspection will be the licensee's progress in
13 addressing reduction of their backlog issues as
14 well as adequacy of completing efforts that were
15 outlined in their cycle 14 improvement plan.

16 Several commitments were outlined in that plan and
17 that will be another focus -- another focus of the
18 PIR inspection. Okay, okay, so that's the
19 additional inspection activities on top of the
20 baseline ROP requirements. One other thing that
21 will be done is a 95001 inspection, which is a
22 follow-up from the White Finding EP issue.

23 That -- one clarification on that, though, is that
24 that's not part of the ROP plus inspection
25 activities. That's part of the process itself in

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1 response to the White Finding and your transition
2 back to Column 2, the Action Matrix, so I think
3 I've covered everything there.

4 MR. REYNOLDS: Let me just -- based on
5 the trouble with the mic --

6 MR. THOMAS: Okay.

7 MR. REYNOLDS: See if I can recap. Can
8 you hear me okay in the back still?

9 UNIDENTIFIED: No.

10 MR. REYNOLDS: Can you all hear me?
11 John, can you hear me back there? Can you hear me
12 now, John? Okay, thank you. I'll try to recap.
13 Basically, the reactor oversight program is the
14 normal set of inspections which we do for every
15 nuclear power plant, and Davis-Besse is going back
16 to theirs, but we're adding additional
17 inspections. We're waiting to see, we want them
18 to continue to improve and use the same
19 performance. They've progressed enough and
20 performed adequately, safely and adequately, such
21 that we're ready to transition over, not totally
22 to go back to the ROP, that's why we still have
23 the Confirmatory Order, that's why we're doing the
24 extra inspections. Thank you.

25 MS. LIPA: Okay, thank you. The

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1 next slide is a graphic of Reactor Oversight
2 Process, and what we have, and I have a more
3 detailed slide later, but we have strategic
4 performance areas, and we have safety
5 cornerstones, and in those areas we do both
6 baseline inspections, and we do this at every
7 plant in the country, and we also have performance
8 indicators, so that's kind of the two halves of
9 the slide up here, and the results from those
10 inspections and the performance indicators go
11 through a significant threshold and those are in
12 through our Action Matrix, and the Action Matrix
13 is an objective defined prior to our process that
14 determines NRC's response depending on the issues
15 that have been identified.

16 The next slide shows the -- obviously, the NRC
17 Overall Safety Mission and the -- you see the
18 three Strategic Performance Areas in yellow,
19 reactor safety, radiation safety, and safeguards,
20 and right below that are seven cornerstones,
21 cornerstones on safety, and how they're divided
22 amongst those Strategic Performance Areas, and
23 these are the areas we do inspection in all these
24 areas, and we have performance indicators in these
25 areas. At the bottom you see cross-cutting

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1 areas. Those are areas that are very important
2 to human performance, safety conscious work
3 environment and problem identification and
4 resolution, and those cut across all the
5 cornerstones, and that's why they're so important.

6 The next slide shows the Action Matrix that I
7 mentioned earlier, and we've got the five boxes
8 across the top that represent the five columns in
9 that. Column 1 is Licensee Response that will get
10 the full baseline inspection and performance
11 indicators will be reviewed, and that will be the
12 extent of the program. Regulatory Response is
13 where Davis-Besse is, and that is additional
14 inspection that Scott mentioned earlier, what we
15 call the 95001, which is a special supplement
16 inspection that follows up on white performance
17 indicators and emergency preparedness and has to
18 do with the sirens, so the way the Action Matrix
19 works is, as you go from left to right, there's
20 increasing on safety significance to the issues,
21 there's increasing NRC inspection, increasing NRC
22 management involvement, and then, as we already
23 discussed, Davis-Besse is in Column 2.

24 Now, I wanted to talk about next upcoming
25 activities. We already talked about Davis-Besse

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1 going to the ROP as of July 1. We'll be doing
2 what Column 2 requires, which is the full baseline
3 plus the extra inspection on the emergency
4 preparedness area. We'll also be doing
5 additional inspections. We mentioned the
6 Additional Problem Identification and Resolution
7 Team Inspection. The way that works for normal
8 plants in ROP is they would get one inspection
9 every other year. What we're doing for
10 Davis-Besse is they're getting additional -- we're
11 having one last year and this year, so this year
12 is the additional PIR inspection, and Scott also
13 mentioned in detail the Confirmatory Order and
14 other inspection.

15 We continue to have resident inspectors on
16 site and regional inspectors from Region III to do
17 the baseline program. We mentioned the 95001,
18 that's a supplemental inspection, about one
19 inspector for a week that will follow-up on the
20 white emergency preparedness issue, and it's
21 scheduled this year, and as part of the reactor
22 oversight process, which is what is known as
23 IMC0305, that's our procedure that guides the
24 process, we do quarterly assessments of the plant
25 performance and part of the reactor oversight

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1 process is we would have one public meeting a
2 year, and that would be the end of cycle, cycle
3 for us would be calendar year, so at the end of
4 this calendar year, we'll be meeting in early 2006
5 to discuss performance and detail and prepare to
6 come out for a public meeting next year, and
7 that's really all I wanted to cover for some of
8 the highlights of the reactor oversight for
9 Davis-Besse and additional items performances for
10 this year and upcoming activities. Anybody else
11 have anything they want to share?

12 (No audible response).

13 Okay, what we'll do next then is turn it over
14 to FirstEnergy.

15 MR. BEZILLA: Okay, thank you,
16 Christine. Next slide, please. Before I cover
17 our Desired Outcomes, I would just like to state
18 that we know how important assessment and the
19 drive for improvement is and ensuring excellence
20 in operating nuclear power plants. We believe
21 strongly that our efforts over the past few years
22 to assess and make effort to improve our
23 performance are bearing fruit and will provide
24 some anecdotal evidence throughout our
25 presentation tonight. Now, onto our Desired

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1 Outcomes. Our Desired Outcomes are as shown in
2 the slides and will demonstrate that we're ready
3 for the normal plus reactor oversight process,
4 that our operations continue to be safe and
5 conservative and that we are working our committed
6 plan. Next slide, please.

7 Our agenda is ~~at~~ as follows. Barry will discuss
8 plant performance and assessments since the last
9 public meeting.

10 Bob will briefly discuss our program -- or,
11 excuse me, our progress on cycle 14 operational
12 improvement plan and our backlog reduction
13 efforts.

14 I'll discuss recent safety culture and safety
15 conscious work environment progress, and then Ray
16 will provide you with oversight perspectives.

17 With that, I'll turn it over to Barry.

18 MR. ALLEN: Thank you, Mark. Tonight
19 I'll discuss how the strong safety focus of
20 Davis-Besse personnel has resulted in the
21 continued, safe operation. Next slide, please.

22 Davis-Besse personnel are exhibiting a strong
23 safety focus, and, as a result, the unit continues
24 to operate safely and reliably. The station is
25 currently at 131 consecutive human performance

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1 success days, which is an indication of good human
2 performance on the part of our personnel. Also
3 operating with good plant materiel condition,
4 reliable safety system performance and 106
5 consecutive days of safe service since we've
6 completed our successful steam generator
7 inspection mid-cycle outage. Next slide.

8 Davis-Besse is in the inspection manual
9 Chapter 0350 oversight process. Nonetheless, we
10 internally measure our safety performance utilized
11 in the NRC's reactor oversight process performance
12 indicators. This slide indicates our current
13 safety performance utilizing the NRC performance
14 indicators. All performance indicators are
15 currently green with the exception of the alert
16 notification system reliability indicator, which
17 was discussed earlier, which will turn green at
18 the end of June. Next slide.

19 Davis-Besse continuously utilizes assessments
20 to validate and improve our safety performance.
21 Some examples of this that have been utilized
22 since our last local meeting includes on February
23 25th, we had a successful unannounced staff
24 augmentation drill to assess the readiness of our
25 emergency response organization to respond off

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1 hours.

2 During the week of March 14th, we had an
3 industry accreditation visit. This assessment of
4 our technical skills training program validated
5 our own internal self evaluation report.

6 During the week of March 28th, we had a
7 thorough industry assessment of our primary
8 systems integrity. The most significant insight
9 we received was that our programs and ~~processes~~ processes
10 used to monitor reactor coolant system leakage are
11 comprehensive and provide management with accurate
12 information to assess reactor coolant system
13 leakage.

14 In the last week of March, we also performed a
15 self assessment of our operations training
16 program. This self assessment was performed by a
17 12 person team with two members of our training
18 organization, five members from the operations
19 line organization, three individuals from the
20 fleet, one individual from another utility, and
21 the accreditation team leader of the ~~institution~~
22 ~~of nuclear power operations~~ Institute of Nuclear Power Operations. Next slide.

23 Our company Nuclear Review Board was also at
24 Davis-Besse on April 5th through the 7th. This
25 Board provides an independent outside assessment

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1 of our safety performance, and the company Nuclear
2 Review Board concluded that the plant is being
3 operated safely.

4 During the week of April 11th, the NRC
5 conducted an inspection of safety culture and
6 safety conscious work environment at Davis-Besse.
7 Improvement was noted with encouragement to
8 continue moving forward in this arena.

9 And on April 18th, FirstEnergy President, Tony
10 Alexander, and the Nuclear Committee of the Board
11 was at Davis-Besse to perform their own
12 independent assessment of the station, and our
13 FirstEnergy President has scheduled routine
14 quarterly visits to the station. Next slide.

15 We also had a successful NRC safety system
16 design and performance capability inspection
17 beginning April 18th. We had extensive dialogue
18 with the inspection team, which resulted in the
19 identification of multiple opportunities for
20 improvement, and last week we held our emergency
21 preparedness evaluated exercise, the NRC
22 inspection of our emergency preparedness
23 performance indicators and an NRC biannual
24 maintenance inspections. These three inspections
25 went well with good dialogue between the station

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1 and the inspector resulting, again, in a number of
2 improvement opportunities being entered into our
3 Corrective Action Program.

4 Additionally, State and County personnel
5 performed very well during the portion of the
6 evaluated exercise which was evaluated by the
7 Federal Emergency Management Agency. Next slide,
8 please.

9 We continuously assess to validate our cycle
10 performance and drive improvements. At
11 Davis-Besse we utilize numerous assessment tools,
12 such as our observation program wherein we observe
13 field work and training on a daily basis. Our
14 duty team members are routinely assigned
15 observations of more challenging tasks. We also
16 utilize site self assessment, for example, the
17 operations training program I mentioned previously
18 falls in this category. Examples of upcoming
19 site assessments include areas of our Corrective
20 Action Program, our emergency response
21 organization, our problem solving and decision
22 making process implementation and ~~radio active~~ radioactive
23 effluence. We also leverage resources to perform
24 common assessments across the fleet. We will
25 utilize this tool to assess work management

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1 effectiveness, conduct of operations, and work
2 force efficiencies and effectiveness throughout
3 the remainder of the year.

4 MR. HOPKINS: Barry, let me ask a
5 question, I may be ahead of time, but you're
6 getting to industry assessments.

7 MR. ALLEN: Yes.

8 MR. HOPKINS: Are you having your
9 staff -- or are they taking part in the
10 assessments of other utilities?

11 MR. ALLEN: Jon, as a quick example,
12 the short answer is yes. In operations, for
13 instance, we've had several shift managers on
14 industry visits at numerous other stations, so
15 we're doing quite a bit of that and getting some
16 pretty positive feedback.

17 MR. HOPKINS: All right, thank you.

18 MR. ALLEN: In the area of industry
19 assessments, these are also utilized to allow us a
20 strong leverage that utilize industry specialties
21 to assess our performance, and examples of these
22 areas completed so far this year include our
23 technical skills training evaluation, we evaluated
24 work management, also our primary systems
25 integrity review, which I mentioned previously,

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1 and we also have numerous industry assessments
2 remaining this year, including areas such as our
3 Corrective Action Program, our transformers, our
4 switch yard controls, evaluation of plant
5 performance and operations training assessment.
6 We also had numerous assessments from multiple
7 oversight groups such as the organization --
8 oversight organization at Davis-Besse led by Ray
9 Hruby, the company Nuclear Review Board, which
10 reviews our performance on a quarterly basis, the
11 Nuclear Committee of the Board, which provides
12 additional oversight, our FirstEnergy President,
13 who periodically visits the station, and our
14 monthly performance review meetings with the
15 executive leadership team.

16 In addition to the assessments I've already
17 mentioned, we also have four Confirmatory Orders,
18 independent assessments of our operations
19 performance, Corrective Action Program,
20 organizational safety culture and safety conscious
21 work environment and engineering programs
22 effectiveness, which we use the Confirmatory Order
23 independent assessments as independent validation
24 of our own extensive assessment processes.

25 MS. LIPA: The question I have for

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1 you, Barry, is how do you integrate the results
2 from all these different assessments, and how do
3 you prioritize the actions you plan to take?

4 MR. ALLEN: Christine, we utilize our
5 Corrective Action Program, all the assessments,
6 opportunities for improving and entering into our
7 Corrective Action Program, and then each of our
8 managers, each department on a quarterly basis or
9 monthly basis go back and look at all of that data
10 from all the different inputs, so we use, for
11 instance, a bidding process, the department
12 manager uses input from all these assessments, bin
13 the results, look for common things, and then the
14 senior management team will review those results
15 and look for cross-cutting things across the
16 station.

17 MS. LIPA: So it sounds like you're
18 relying on some training --

19 MR. ALLEN: Yes.

20 MS. LIPA: -- to prioritize the
21 results or the plans you plan to take, and then do
22 you have action plans that you develop for each
23 one of these assessments or just for certain ones?

24 MR. ALLEN: We have action plans,
25 again, Christine, that get entered into our

1 Corrective Action Program, so all the opportunity
2 for improvement identified will get entered into
3 our Corrective Action Program, and then we'll
4 track those through that program.

5 MS. LIPA: Okay, thank you.

6 MR. ALLEN: Next slide, please.

7 In summary, our people at Davis-Besse have a
8 very strong safety focus, which has resulted in
9 safety conservative operation of the unit and
10 which will ensure continued safety conservative
11 operation of the unit. That concludes my
12 presentation.

13 MR. REYNOLDS: Barry, could you talk some
14 more about the results from the mid-cycle outage
15 both from a performance issues point of view and
16 from a safety conscious work environment point of
17 view?

18 MR. ALLEN: We will --

19 MR. REYNOLDS: Or if somebody will?

20 MR. ALLEN: Mark will discuss the
21 mid-cycle outage in more detail.

22 MR. REYNOLDS: Okay, thank you.

23 MR. ALLEN: If there is no further
24 questions, I'll turn the presentation over to Bob
25 Schrauder.

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1 MR. SCHRAUDER: Thank you, Barry. Very
2 briefly, I want to go over the status of some of
3 the commitments that we made to you.

4 In November of 2003, as we were preparing to
5 restart the plant, we submitted to you what we
6 identified as an integrated restart report. That
7 report contained some 38 commitments of either
8 ongoing activities that we committed to continue
9 doing or additional actions that we would take to
10 ensure the continuous improvement of Davis-Besse.
11 To date, as you can see on the slide, we have
12 completed 31 of those 38 commitments.

13 We also submitted what we call the cycle 14
14 operational improvement plan, which included an
15 additional 94 commitments to the regulator that we
16 would either continue to do or additional actions
17 that we would take. To date, we have closed 71
18 of those commitments, and we are on track to
19 complete the remaining commitments that we have
20 made to you in those regards.

21 MR. REYNOLDS: And cycle 14 ends next --

22 MR. SCHRAUDER: Cycle 14 completes after
23 the end of the next refueling outage --

24 MR. REYNOLDS: Which is?

25 MR. SCHRAUDER: -- which is in the spring

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1 of next year.

2 MR. REYNOLDS: Okay.

3 MR. SCHRAUDER: Okay, the next slide,
4 please.

5 One of the areas that we -- you and we both
6 paid particular attention to was the amount of
7 backlog items that we had open, actions to
8 complete at the site. The way we're tracking
9 that is what we call this total site open
10 documents, and these things include corrective
11 actions, condition report evaluations, corrective
12 maintenance items, elective maintenance items,
13 procedure change request, anything that requires
14 us to take action is included in the open site
15 documents report. When we came out of the long
16 outage, we had approximately 18,000 open site
17 documents to work on. In addition to that, since
18 the time that we restarted the plant, we have
19 generated an additional 14,000 roughly actions to
20 take in some regard. This graph goes back to
21 July of '04 and shows the current status of the in
22 minus the out or the reduction of the backlog of
23 items. We call that a backlog because it's over
24 and above what we would consider a normal
25 throughput or workload. We've done some industry

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1 bench marking in all of the areas and have come to
2 the conclusion that for our plant and our size
3 plant a workload is somewhere between around 4,500
4 to 6,500 open documents that you can expect at any
5 given time, and our goal has been to reduce what
6 is currently a backlog down to a workload by the
7 end of this cycle, or by the end of the refueling
8 outage. This demonstrates that we are on target
9 currently to meet that goal, and we feel we're
10 doing a pretty good job of reducing the backlog
11 and converting it into an ongoing workload for us
12 that we'll be able to maintain at approximately
13 that level going forward.

14 MR. REYNOLDS: And just to help everybody
15 out here, backlog reduction has been an area of
16 concern for the NRC and remains so, in fact, this
17 is one of the areas where we'll be doing
18 additional inspections this coming year, so,
19 again, backlog reduction is getting additional
20 inspection above the reactor oversight process
21 which was of concern.

22 MR. SCHRAUDER: That concludes my remarks
23 unless there are any questions.

24 (NO AUDIBLE RESPONSE).

25 MR. BEZILLA: Okay, thanks, Bob. Next

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1 slide. So what is safety culture? We've defined
2 it as that assembly of characteristics and
3 attributes in organizations and individuals which
4 establishes that an overriding priority toward
5 nuclear safety activities and issues receive the
6 attention warranted by their significance.

7 And what is safety conscious work environment?
8 An environment in which personnel are encouraged
9 to identify problems, are confident that problems
10 will be effectively evaluated and corrected, and
11 are protected from any form of retaliation as a
12 result of having raised issues. I believe my --
13 the Davis-Besse people have a strong safety focus.

14 Next slide, please.

15 Prior to our steam generator inspection
16 mid-cycle outage a little over four months ago,
17 the management team adopted the following areas of
18 focus to demonstrate clear overriding priorities
19 for nuclear, industrial, radiological and
20 environmental safety. A safety versus schedule
21 focus, overall communication quality, openness of
22 communication of emergent issues, openness for
23 employee ideas for solutions to emergent plan
24 issues, resolution and disposition of emergent
25 issues and engagement of the workforce. As a

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1 result of this focus and effort, I'm pleased to
2 inform you that we have seen positive results.
3 Feedback from our employees in general is
4 positive. Our employees are engaged. For
5 example, employees participate in problem solving
6 and decision making teams, and they are
7 participating in our training review committees
8 and our curriculum review committees which lay out
9 the future trainees for their respective sections
10 and departments. Management is engaged. The
11 best example here is the implementation of our
12 duty teams. The duty team has key members of the
13 staff engaged in day-to-day activities, and
14 they're available, I'll say 24 hours a day, at a
15 moment's notice to respond to any plant issues
16 that may arise, and, in a minute, I'll share the
17 results of a recent eight question survey that was
18 administered shortly after the steam generator
19 inspection mid-cycle outage. The purpose of the
20 survey was to solicit feedback from our folks for
21 the management team to see how we were doing in
22 regard to our focus areas. Also, based on some
23 input from you all as to how do you compare to
24 other nuclear sites, nuclear facilities from a
25 safety culture, safety conscious work environment

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1 standpoint, we also found that industry group
2 utilities services alliance that conducts safety
3 culture assessments very similar to the survey
4 that we conduct on an annual basis in accordance
5 with our nuclear operating practice. We spent --
6 we sent them our November 2004 survey results and
7 asked them to compare us to a recent population of
8 other facilities or peers, if you will, that they
9 had surveyed, and the results were encouraging.
10 What we saw was we were not an outlier, and in
11 some areas compared very favorably, in fact, very
12 positive to our peers. Next slide, please.

13 MR. REYNOLDS: Mark, before you go on --

14 MR. BEZILLA: Yes.

15 MR. REYNOLDS: Again, I want to talk
16 about safety culture, safety conscious work
17 environment as obviously one of the areas of the
18 Confirmatory Order. The licensee, from our point
19 of view, still has to do more work there. Is it
20 safe enough right now, I think we are still
21 looking to focus on that through independent
22 assessments, and we're willing to do more
23 inspections in that area, so that's, again, the
24 extra inspections we're going to do in this area,
25 safety culture, safety conscious work environment.

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1 MR. BEZILLA: Now, Steve, the next few
2 slides are, I'll say, the results of our post
3 steam generator mid-cycle outage survey. Next
4 slide. What we have at the time is the question
5 that was asked on the survey, and then we put
6 together the results in a pie chart, and we
7 strongly agree, the agree and the generally agree
8 are in the blue, green, and dark blue. The
9 disagree and strongly disagree are in yellow and
10 red, and we did that so it would be pretty visible
11 from a distance because sometimes I know numbers
12 and things are hard to see, and what we found is
13 in the previous surveys sometimes our folks just
14 don't know or they don't have an opinion so we
15 gave them a don't know, an opportunity to just,
16 I'll say, abstain from commenting if they didn't
17 have anything from a positive or a negative or an
18 agree or disagree standpoint. So, in regard to
19 the first question here, decisions appropriately
20 weighted safety significance relative to schedule,
21 and, as we said, that was one of our focus areas.
22 You can see the results are fairly positive, I'll
23 say, in fact, very positive from our folks, and
24 some of the comments that came with the survey
25 results, and these are our people providing us

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1 feedback, what we did well, problem solving teams
2 worked through issues and evaluated plant
3 conditions to determine how to proceed without
4 feeling pressured to meet schedules or at the
5 expense of safety, the outage directors and
6 assistant outage directors emphasized safety over
7 schedule. Next slide.

8 The next question was, I was kept generally
9 informed of what was happening and why, and,
10 again, you can see very positive response. A few
11 disagrees, but, in general, very positive. What
12 went well during the mid-cycle, Bob and Steve, who
13 were the outage directors put out daily e-mails,
14 and those were very well received. We had an
15 outage newsletter that helped keep our folks in
16 the know. Our morning meetings were informative
17 and detailed. Shift turnovers were very
18 thorough, and we had an outage log summary that
19 was computerized so you could get in and check
20 what was going on if you cared to on your own.
21 Those were all a number of positives.

22 One of the feedback items that we got that
23 said we could have done better on was communicate
24 how many hours behind or ahead of schedule we
25 were, and I think I mentioned it before, but we

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1 made a conscious decision to not focus on
2 schedule. About a week into the outage, our
3 people couldn't stand it, and they said you got to
4 let us know where we're at in regard to the
5 critical ~~fact~~ path -- where we are at in regard to the
6 schedule, you got to keep us informed, so we may
7 have went too far in the one direction, but we
8 took that feedback. All right, next slide,
9 please.

10 The third question was, employees were
11 encouraged to identify emergent issues, and you
12 can see here again, very positive response by our
13 folks. Again, some of the -- what we did well
14 comments, the outage control center atmosphere was
15 open and supportive, and we were encouraged to
16 identify emergent issues as soon as possible.

17 Next slide, please.

18 Employee input was encouraged to help resolve
19 emergent issues, again, very positive response.
20 Some things on what we got -- what we did well,
21 performed problem solving -- or formed problem
22 solving teams that were multi-disciplined,
23 included the craft, encouraged to provide input,
24 not pressured to find quick solutions, and the
25 outage directors and the outage control center

1 were receptive to input, and one of the items in
2 this question that we got where we could have done
3 better was to provide better explanation of the
4 basis used to make decisions to the staff and the
5 team, and that was an area of focus, and we tried
6 to make sure we were clear on why we made the
7 decisions we made, but we got feedback, and we
8 know we can improve, and we will work to improve.
9 Next slide.

10 MR. REYNOLDS: That's an area that I
11 think everyone assumes probably will be better --
12 not only internally, but the NRC provides the
13 basis for every decision, so if you could remember
14 internally the basis behind the decisions.

15 MR. BEZILLA: Yes, we agree. The next
16 question, emergent issues were appropriately
17 investigated, prioritized and resolved, and,
18 again, pretty positive response from our folks.
19 A couple of things that we did well, problem
20 solving and decision making and emergent issues
21 manager helped to resolve issues in a timely,
22 focused manner. For this outage we had a number
23 of individuals, a few individuals that called the
24 emergent issues manager whenever something popped
25 up that was not part of the plan, they got it, and

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1 then they had the resources to figure out, did we
2 need a problem solving decision making plan, who
3 should be on the team, what resources would we
4 need, and the team, I think, felt very positive
5 about those individuals, how they formed and, I'll
6 say, coordinated activities to resolve issues that
7 came about during the outage. Next slide.

8 I think this was the seventh question, I was
9 engaged and we were aligned as a team during the
10 outage, a few strongly disagrees and agrees here,
11 but, again, overall pretty positive response, and,
12 again, what did we do well outage director --
13 outage directors communicated well. Senior
14 management, that would probably be Barry and I in
15 this case, didn't bird-dog, concentrated on big
16 issues, and the daily meetings kept communications
17 flowing, and then one of the things under this
18 question we could have done better, provide
19 additional training on outage assignments upfront,
20 and as we did with all of these comments, we took
21 them and put them into our outage critique, and
22 then we'll have additional follow-up, but we
23 thought that was of particular note that our
24 people wanted to have a better idea if they were
25 stepping into a new role during the outage, and we

1 owe it to them to provide them the information and
2 the training to be successful, so we took that to
3 heart. And then the last question, next slide.

4 Do you feel good about what we achieved during
5 the outage, and little less than 98 percent
6 positive response, and we felt pretty good about
7 that, and what we did well, some comments on this
8 question performed every task safely and
9 efficiently, worked as a team, handled emergent
10 issues well, reduced dose and contamination
11 throughout the plant, good work environment in the
12 outage control center, and the plant was returned
13 to service in better shape than when we headed
14 into the outage, and one of the things we got back
15 as a could have done better, communicate critical
16 path activities and key equipment problems, and
17 even though that was a focus area for us, we said,
18 okay, we got it, but we can do better, okay, we'll
19 try to do better.

20 A couple of additional things we thought were
21 worth mentioning here because they're what our
22 people told us, and this is what they said is that
23 senior management team demonstrated the performing
24 work activities in the correct and safe manner was
25 the highest priority. More emphasis was put on

1 getting the job done right no matter what the cost
2 or schedule. Emergent issues were handled with
3 calm observations, clear data and fact gathering
4 and team approaches to resolutions, and then this
5 was sort of the kicker, and the one gal that took
6 all this data and put all this together, she put a
7 little slide with, I'll say, people holding up
8 sort of a trophy, and this is how she thought and
9 she felt was probably the key comment, we're
10 beginning to function as a team. I found trust
11 and honesty in the outage support center.

12 Leadership, I saw a team dedicated to doing what
13 was safe and what was right. I found support when
14 needed, and I never felt alone, and I just thought
15 that was a very positive statement from our folks.

16 A couple recommendations going forward in
17 regard to this question, keep the conservative
18 safety focus management approach, build on what we
19 did in the mid-cycle, communicate, communicate,
20 communicate, so those were the results of our
21 eight question survey and the result of some of
22 the focus that the management teams put on the
23 outage and beyond from a safety culture, safety
24 conscious work environment standpoint.

25 MS. LIPA: (Indicating).

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1 MR. BEZILLA: Yes, Christine.

2 MS. LIPA: Just a couple questions.

3 Did you tell us the number that responded to
4 the survey?

5 MR. BEZILLA: The number was 199 of our
6 approximately 700 people.

7 MS. LIPA: And what was the method
8 that people were handed surveys, did you have an
9 in-box or e-mail, or what was the method that they
10 were given the choice to participate in the survey
11 or not?

12 MR. BEZILLA: It was a computer capable
13 response, it was a hard copy response, it was
14 e-mail to the staff management projection, and I
15 think we even ran in our news article a couple of
16 items in there that said, hey, we need your
17 feedback, please take a minute and fill out the
18 survey for us, so with a lot of communication
19 methods to get the feedback.

20 MS. LIPA: Okay, thank you.

21 MR. BEZILLA: Okay, my next slide.

22 In conclusion, I believe we have a healthy
23 safety culture at Davis-Besse, and I know we have
24 people that will raise issues and concerns. And
25 if there is nothing else, I'll turn it over to

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1 Ray.

2 MR. HRUBY: Thanks, Mark. Good
3 evening. Barry, Bob and Mark have already
4 discussed some of the results of the recent
5 activities at Davis-Besse. Today, I will be
6 presenting some of the quality oversight
7 organization's independent observations.

8 First, I want to begin by stating that based
9 on our observations and assessments the oversight
10 section concludes that Davis-Besse continues to be
11 operated in a safe manner. Next slide, please.

12 Now, I will be presenting some of the
13 highlights of the results of quality oversight
14 organization's first quarter assessment. The
15 details of the assessment are contained in quality
16 filled observations and the assessment findings
17 have been entered into the corrective action site.
18 Quality oversight audited 23 primary elements in
19 the four functional areas of operations,
20 engineering, maintenance, and support during the
21 first quarter using our internal assessment
22 process.

23 Four performance categories are used to rate
24 the effectiveness of programs and primary
25 elements. These rating are effective,

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1 satisfactory, marginally effective, and
2 ineffective. During the first quarter, one
3 primary element was rated effective, 19 were rated
4 satisfactory, three were rated marginally
5 effective, and there were no primary elements that
6 were rated ineffective.

7 During the first quarter, nuclear oversight
8 also reconciled the environment attribute and
9 rated it to be satisfactory. The conduct of
10 radiation protection was the primary element that
11 was rated effective. Contributing to this rating
12 were effective exposure and contamination and
13 controls that were demonstrated during the
14 mid-cycle steam generator inspection outage.

15 Three primary elements were rated marginally
16 effective. The first of these was the limiting
17 conditions for operating technical specification,
18 tracking primary element in the operation program
19 area. This rating was adversely affected by
20 technical specification compliance issues that
21 occurred during the first and second quarters of
22 2004.

23 Four other primary elements were rated
24 satisfactory. The second primary element to be
25 rated marginally effective was corrective action

1 effectiveness. Improvements continue with some
2 aspects of the Corrective Action Program, and
3 action plans were in place to address other areas
4 for improvement; however, a relatively large
5 backlog and timeliness issues still challenge
6 overall program effectiveness.

7 And the third primary element that was rated
8 marginally effective was emergency response
9 performance indicators. The emergency plan
10 control and contents primary element was rated
11 satisfactory. This indicates that the program
12 controls required to respond to emergency remain
13 satisfactory. Next slide.

14 MR. REYNOLDS: Before you go on.

15 MR. HRUBY: Okay.

16 MR. REYNOLDS: First, I'd appreciate it
17 if you'd comment about oversights' overall
18 assessments of Davis-Besse, something we're always
19 looking for is oversights' assessments and how the
20 plant is operating, so I appreciate that. Now,
21 my question is, the three primary elements that we
22 have marginally effective, how long have they been
23 marginally effective based on how you count
24 quarter-wise or however?

25 MR. HRUBY: Let me look here. Okay,

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1 the corrective action effectiveness has been
2 marginally effective for the last two periods.

3 MR. REYNOLDS: Do you remember what it
4 was before that?

5 MR. HRUBY: No, I don't have that
6 information, but we could get that for you.

7 MR. REYNOLDS: I was wondering if it was
8 above training or --

9 MR. HRUBY: I would have to get that
10 information.

11 MR. REYNOLDS: Okay.

12 MR. HRUBY: The performance indicators
13 in the emergency preparedness area was white
14 during the last -- which was satisfactory, and
15 that was largely marginal due to the performance
16 indicators, white indicators that we have
17 currently.

18 MR. REYNOLDS: Okay. And your first one?

19 MR. HRUBY: Oh, the first one was
20 limited conditions for operation. I don't have
21 the data for that, so I'll have to get back to you
22 on that.

23 MR. REYNOLDS: Okay. I was trying to
24 put you on the spot, see if know.

25 MR. OSTROWSKI: If I can repeat the

1 question, you're looking for what was the overall
2 rating?

3 MR. REYNOLDS: What I'm really -- my
4 specific question is how long has it been
5 marginally effective, what's the trend? Is it
6 staying flat, no improvement, have we gone from
7 ineffective to marginally effective, that
8 direction, or are we going from satisfactory to
9 marginally effective?

10 MR. HRUBY: I don't have the rating,
11 but I can tell you that based on our assessments
12 in the first quarter of operation performance and
13 the technical specification alliance there, there
14 has been improvement. As I stated, the
15 marginally effective rating was largely due to
16 events that occurred in first and second quarter
17 of 2004, so there has been improvement in
18 operation, if that answers your question.

19 MR. REYNOLDS: Yes, it does. Thank you.

20 MR. THOMAS: Ray, you may cover this in
21 your next slide, but let me ask it anyway so you
22 can bring it in if that's where you're going to
23 cover it.

24 MR. REYNOLDS: Can you hear Scott?

25 UNIDENTIFIED: No.

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1 MR. THOMAS: How about now?
2 UNIDENTIFIED: No.
3 MR. THOMAS: Can you hear me now?
4 MR. REYNOLDS: It's not working.
5 MR. THOMAS: The question that I have,
6 ideally in regards to the identification of
7 issues, you know what we like to see is licensee
8 staff, you know, identify the significant majority
9 of issues, QA and oversight, identifying the much
10 smaller sub-set of the issues, and then there
11 would be nothing left for us to find, okay, so, in
12 your opinion, where is QA in that spectrum? Are
13 you finding too many issues, are you -- issues
14 that should be identified by, you know, the
15 licensee staff, do you understand my question, or
16 I can try again?
17 MR. HRUBY: No, I understand your question.
18 You're asking if relative to the line organization
19 is oversight identifying more than we should, less
20 than we should or about the right amount?
21 MR. THOMAS: Yes.
22 MR. HRUBY: Okay.
23 MR. THOMAS: And any insights that you
24 have to go along with --
25 MR. HRUBY: Okay. In the past, I'm

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1 going from memory here, so -- I believe the
2 identification rate for internal oversight was
3 running roughly 10 percent. Recently, I've seen
4 some data that that shows that that percentage is
5 lower than it has been, so it's indication to me
6 that the organization is identifying more
7 conditions adverse quality relative to oversight
8 than they have been, if that answers your
9 question.

10 MR. BEZILLA: Scott, let me help Ray
11 here, Ray, so a line, a line -- line's goal is to
12 identify all of their problems, right, so anything
13 Ray identifies is a failure on, say, on our part,
14 all right, so we strive to find all of those, in
15 fact, we have goals set up, but the last look/see
16 for, I believe it was April time frame we were
17 about 84 percent where the line had identified 84
18 out of 100 things, a line's was identified. Ray's
19 guys were identifying about seven out of 100
20 things, and then the remainder was identified by
21 either you all or other outside organizations that
22 came in and looked at us, right, and where we'd
23 like to be is up in the 90's where we're
24 identifying over 90 percent of the items, I'll say
25 self-identification type range, so that's an area

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1 we watch, and I'll try to help Ray here, I'd just
2 as soon him not find anything, but if the line
3 doesn't find it, I'd much rather have him find it
4 than have you guys have to look for it and find
5 it, all right, so that's our goal, and that's
6 where we want to be. We want to be identifying
7 things within the line, and, worse case, have Ray
8 and his guys identify issues.

9 MR. THOMAS: Okay.

10 MR. HRUBY: Okay, next slide. Next I
11 want to talk about some independent insights and
12 future focus area. First procedure use and
13 adherence remain a site-wide cross-cutting concern
14 at Davis-Besse. Although improvements have been
15 noted in adherence to step-by-step procedures,
16 adherence in the field general reference procedure
17 remains now. Continued management attention in
18 this area is warranted to ensure that corrective
19 actions are implemented to address this procedure
20 use and adherence issue.

21 Second, operations performance remains a focus
22 for quality oversight organization, although
23 oversight has observed some improvement in overall
24 operations performance since 2004. Some
25 operations performance issues indicate that there

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1 are still some areas that need to be improved.

2 Third, relatively large overall site-wide
3 workload continues to be an issue at Davis-Besse.
4 Oversight will continue to closely monitor the
5 backlog activities to ensure they're being
6 performed in a quality manner.

7 Fourth, management behaviors in organizational
8 performance remains a focus for the oversight
9 section. Our observations and feedback from site
10 personnel indicate the Davis-Besse management team
11 continues to consistently exhibit the appropriate
12 safety culture and encourages a healthy safety
13 conscious work environment.

14 And, fifth, the Davis-Besse line organization
15 continues to be very responsive when oversight
16 expresses concerns or intervenes station
17 activities. Davis-Besse line organization has
18 also on a number of occasions recognized the
19 oversight section for being intrusive and critical
20 and for adding value during the performance of
21 station activities. This concludes my
22 presentation. Are there any questions?

23 MR. REYNOLDS: I want to go back to the
24 third bulletin, overall site-wide workload, and, I
25 guess, ask individually, Steve, Barry, and, Bob,

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1 do you have the staff and resources that you need
2 to address workload and the backlog reduction?

3 MR. ALLEN: Yes -- yes, we do, Steve,
4 and I think if you look at just the relevance of
5 that chart and if you look at the graph that Bob
6 put up, of course you can see we have been making
7 progress, pretty consistent progress, and that's
8 with the staff and resources we've always had, and
9 we continue to make progress, we continue our
10 ability to stay on our work and get where we're
11 projecting our overall workload to be.

12 MR. LOEHLEIN: Yeah, and speaking for
13 engineering, Steve, we have maybe in some ways
14 surprised ourselves. We have been training ahead
15 of the curves we originally projected for
16 ourselves, and on each challenge we've had, we
17 continue to make good progress on the backlog
18 reduction numbers and the level and commitment of
19 resources we have, so we're real confident in our
20 ability to continue to reduce the backlog.

21 MR. SCHRAUDER: I'd say, yes, we have the
22 resources we need. If we need additional
23 resources and have asked for them, we've got them
24 then. We do have some augmented staff, I'd say
25 right now. Particular areas that I'm working on

1 is procedure, backlog reduction, and we have a
2 group of contract procedure writers that's
3 assisting us in that, so, as you know, we have had
4 set aside some additional funds for last year and
5 this year for Davis-Besse, specifically to work
6 out these items, so, to date, we have been given
7 the resources that we need and we'll expect that
8 to continue.

9 MR. REYNOLDS: Thank you.

10 MR. THOMAS: That includes PM back --
11 specific, PM backlogs as far as projected
12 backlogs, staffing to work off plant maintenance
13 activities, etc. Did that include that sub-set of
14 work?

15 MR. SCHRAUDER: I'm not sure I understand
16 your question, Scott.

17 MR. ALLEN: Scott, if you're asking
18 about the PM backlog --

19 MR. THOMAS: Yes.

20 MR. ALLEN: -- yes, that includes
21 that, that's part of the maintenance backlog and
22 that's included.

23 MR. THOMAS: Okay.

24 MR. HOPKINS: Ray, last bulletin on
25 organizational responsiveness, how do you monitor

1 that, what do you assess to check that?

2 MR. HRUBY: What we did is, as you're
3 probably aware, conducted a survey and interviews
4 late last year, and what we did was we, based on
5 the results of the surveys specifically focused on
6 management behaviors and organization and
7 performance, one of the mid-cycle outages and
8 beyond, and we largely based that on our own
9 observations, sitting in the meetings, sitting
10 with the problem solving teams, monitoring the
11 Corrective Action Program and performance and
12 follow-up discussions with individuals, let's say,
13 and so those are the types of tools we use to make
14 our assessment.

15 MR. HOPKINS: So a lot of the check is
16 on management decision making then?

17 MR. HRUBY: Well, it's not just
18 management decision making, it's people bringing
19 up issues, expressing concerns, writing condition
20 reports, and then the management responds to the
21 concerns that are raised. We're watching the
22 whole process.

23 MR. HOPKINS: Okay, thank you.

24 MR. BEZILLA: Okay, next slide. Before
25 I conclude, Steve, there's one individual that

1 played a very key role, I'll say, in getting us
2 off of the 0350 process and has also helped
3 another FENOC site here in the most recent past,
4 and I usually don't get a chance to get the last
5 word, but I might tonight, okay, but before I do
6 that, I'd like to offer Lew Myers, our chief
7 operating officer, a moment if he had any remarks
8 he'd like to make at this meeting? Lew?

9 MR. MYERS: I do think there's some
10 things worth noting is that -- let me tell you
11 what I heard tonight is that -- and one thing I
12 don't think we said is --

13 MR. REYNOLDS: Can you hear back there?

14 UNIDENTIFIED: No.

15 MR. MYERS: Okay, can you hear me?

16 UNIDENTIFIED: Yeah.

17 MR. MYERS: One of the things that was
18 said tonight is that, you know, we should be proud
19 of our company, FirstEnergy, their support is
20 throughout the return to service this plant and
21 continues to support us to improve the operation
22 of the facility and provide the resources we need
23 for good performance. I also heard that you said
24 we're really proud of our employees, that we think
25 they're demonstrating a good safety focus, but I

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1 also heard NRC to say in the Confirmatory Order
2 program, this is only Step 2, you know, we still
3 have Step 3. Step 3 -- 2 means you'll continue
4 to watch our safety culture for a long length of
5 time. You know, I think the plant is performing
6 well. I continue to monitor the pre-job
7 briefings, said when we started the plant the
8 Corrective Action Program, decision making and
9 troubleshooting process and the leak rate programs
10 would service well, I believe they are, and, once
11 again, what I heard out of the NRC tonight is this
12 is only the second step in regaining public trust,
13 and we must continue to address our backlogs and
14 we've committed to do that. We must continue to
15 meet our commitments to you, and we've committed
16 to do that, and we're demonstrating that. I
17 heard Bob say that. We must demonstrate that our
18 work preparedness continues to improve and that
19 we're ready to handle issues and address them
20 properly, and we must continue to earn the trust,
21 and we do that by having a strong assessment
22 process that you'll monitor throughout the
23 Confirmatory Order and Step 3 of being a normal
24 plant. That's what I heard tonight, and I think
25 you have our commitment to moving forward. Thank

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1 you.

2 MR. REYNOLDS: Thanks, Lew.

3 MR. BEZILLA: Okay, thank you, Lew. So
4 in conclusion, today at Davis-Besse we have
5 employees who are people with a strong safety
6 focus. We have an engaged workforce, healthy
7 safety systems, reliable equipment performance,
8 fleet governance in oversight and desire to
9 improve in everything we do.

10 I'd like to thank all those groups and
11 individuals that helped us through the last three
12 years. These groups include you all, the
13 regulator, our industry peer groups, which you
14 heard a number of these guys talk about, state,
15 and local representatives and officials, and the
16 community at large. This team, Davis-Besse, will
17 remain committed to safe and conservative
18 operation, and we will strive for continuous
19 improvement in all that we do. Thank you very
20 much.

21 MR. REYNOLDS: Thanks. Let's -- now, if
22 we can, let's go to the very last slide.

23 MR. BEZILLA: Which one, Steve?

24 MS. LIPA: Last slide of the NRC
25 packet.

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1 MR. REYNOLDS: Yes.

2 MR. BEZILLA: Oh, the NRC slide back
3 here? The last slide for NRC.

4 MR. REYNOLDS: I have not skipped the
5 question and answer period, I just want to go to
6 this slide, and then we'll get questions. I
7 don't know if Scott or John, anything you want to
8 say at this time?

9 MR. HOPKINS: Yeah, I'll start off, you
10 can fill in here if someone else wants to address
11 this. We have been holding these routine
12 periodic public meetings here for several years
13 now as part of the 0350 Panel. I'm not sure how
14 well it's been explained, but when we go to the
15 reactor oversight process, these normal public
16 meetings will not be held like this. We will
17 have always an annual meeting where we will talk
18 about the assessment of the plant operations for
19 next year and also talk about our upcoming
20 inspections, and that occurs annually, but this
21 number of public meetings will not be happening.

22 The NRC has a public affairs office in both
23 Region III and in headquarters. We have our web
24 site, which you can see at the bottom where you
25 can feedback and contact us. Of course, there is

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1 the Resident Inspectors here at site that can
2 always be contacted, the NRC's phone number is in
3 the phone book, so there are ways to continue to
4 contact us when we are in the reactor oversight
5 process over at Davis-Besse, and that's all I have
6 to say.

7 MR. REYNOLDS: Thanks, Jon.

8 MR. THOMAS: I have nothing.

9 MR. REYNOLDS: Christine?

10 MS. LIPA: No.

11 MR. REYNOLDS: Bill?

12 MR. RULAND: Just a couple thoughts.
13 We've -- at least for me, I have done this now for
14 two years, and what has struck me about this --
15 these public meetings is the public accountability
16 that I feel personally about having these
17 meetings. There is something about getting up in
18 front of members of the public and these folks
19 seeing what we do and the decisions we make, and
20 it's that public accountability that is really at
21 the heart of what the NRC is all about, and,
22 ultimately, I think what FENOC is all about, and I
23 don't think we're going to lose that, and I hope
24 we don't, that we go back to our what I'll say our
25 standard business is, and we maintain a sense of

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1 that public accountability. It's something that
2 I believe that the NRC holds very dearly, and I
3 think this process has taught us both how easy it
4 is to lose that public trust and how very, very
5 difficult it is to regain it, and that's just kind
6 of my personal reflection on this.

7 Just on another note, we issued on May 19 a
8 letter that transitioned you folks to the normal
9 oversight process, and I think I heard that you
10 acknowledged you're not there yet, Lew said that
11 you're basically at Step 2, and we agree you're
12 not there yet. You're going to have to do
13 independent assessments for another four years.
14 We're going to watch those. We're going to make
15 sure that those are done right because when we
16 issue that Confirmatory Order, we want to make
17 sure that your performance truly was sustained,
18 and we're going to keep doing that, not only
19 through those independent assessments, but through
20 our routine operations, and, finally, we're
21 basically going to be going to almost routine
22 work, and it's in that routine work that sometimes
23 we lose that edge and on this ~~verging~~ **subject we are converging**, NRC staff
24 and FENOC, which I think I've already heard is
25 that we're really not going to make it routine.

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1 We're going to make vigilance routine, and I think
2 that's what the public deserves, and I know the
3 NRC staff is prepared to commit to that. Thank
4 you.

5 MR. REYNOLDS: Thanks, Bill. You may
6 have to bear with me because I may repeat some of
7 the things that Bill said, but first thing I want
8 to say to members of the public -- it's not
9 working -- can you hear me now, I may end up
10 repeating some of the things that Bill said,
11 you'll have to bear with me, but the first, I want
12 to tell the members of the audience that you're
13 very lucky in that your local officials, your
14 Ottawa County Commissioners, have been and are
15 very involved in Davis-Besse, and from working at
16 the NRC for a long time and interacting with a lot
17 of different utility process sites, the level of
18 commitment from the Ottawa County Commissioners is
19 to be applauded, and you're well served in a
20 nuclear safety point of view from them, and we'll
21 continue to interact with them, and I think FENOC
22 is going to continue doing that. I lost my mike
23 again.

24 (APPLAUSE).

25 MR. REYNOLDS: I don't know if I'll lose

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1 my mike, again, but I'll just stand up here.
2 Again, the Ottawa County Commissioners, they did a
3 good job and are continuing.

4 We've heard tonight that the NRC has enough
5 confidence in the licensee to operate the plant
6 safely. We'll be transitioning out of 0350 back
7 to the oversight process with additional
8 inspections. They can ride their bicycle, but
9 they need training wheels. We've heard from the
10 licensee their commitment to continue to improve
11 and you've heard publicly, we met with them
12 separately, and they committed to us also to
13 continue to those meetings to continue to go
14 forward and improve, that's important, that's
15 important for Davis-Besse and important for FENOC
16 and important for the nuclear industry and
17 definitely important for the public. The NRC has
18 also improved over the last three years. Nobody
19 in this business wants another Davis-Besse to
20 happen, period, so, when Bill Ruland talked about
21 vigilance, it goes for every person that works in
22 the nuclear business whether you're a regulator or
23 licensee or a contractor, so, vigilance is key.

24 While I have the floor, I do want to take the
25 opportunity to thank the NRC staff, Bill Ruland,

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1 Jon Hopkins, Christine Lipa, Scott Thomas, Scott's
2 staff has lived Davis-Besse for a long, long time
3 and it's a huge effort for the NRC to follow a
4 plant like this, to follow three years' worth of
5 effort to restart, to make the call whether the
6 plant is safe to operate, to make the call that
7 they're ready to return out of the 0350 and back
8 into the reactor oversight process with additional
9 inspections, so I want to thank each and every one
10 of you, appreciate the effort. Also, my
11 predecessor, Jack Grobe, made significant efforts
12 here, so -- he's not here, of course, but he can
13 read it on the record, so thanks to Jack, and
14 thanks to each and every one of you. I think
15 several of you actually work at Davis-Besse, and
16 it takes individuals, each and every one of you
17 each and each and every day to do your very best
18 job, to ask the tough questions and do the job
19 right the first time, so -- and members of the
20 public that don't work at Davis-Besse, your
21 vigilance in making sure that activities both from
22 the licensee and from the NRC that we do our job
23 day in and day out. We want you to stay vigilant
24 also.

25 With that, I think I'll close. We'll take a

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1 short break and then come back for questions. If
2 any of you are not staying for questions, I
3 appreciate you coming, and drive safely, so, with
4 that, we'll take a -- probably a 10 minute break
5 and be able to answer questions.

6 THEREUPON, a brief recess took place.

7 MR. RULAND: Okay, let's get started.
8 We're ready, take a seat, please, and we'll get
9 started.

10 MR. REYNOLDS: Let's get started. All
11 right. The way I'd like to do this is offer the
12 elected officials the opportunity to go first, so
13 if you have any questions.

14 MR. PAPCUN: Thanks, Steve. Since I'm
15 older than Lew, I'll go first.

16 (Laughter).

17 I'm John Papcun, President of the Board this
18 year, and on behalf of my colleagues, Carl Koebel
19 and Steve Arndt, first of all, I'd like to thank
20 the NRC, the panel, and all your employees for
21 working with us in the last couple years,
22 cooperation and your work ethic is wonderful. We
23 also want to thank you for allowing Jere ~~Whitt~~ Witt,
24 our County Administrator, to serve on ~~your~~ Davis-Besse's
25 oversight committee. We thank Jere for all his

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1 hard efforts on behalf of the employees and the
2 general public in serving on that committee, which
3 I believe is unprecedented in the United States,
4 is it not?

5 MR. REYNOLDS: I believe so, yes.

6 MR. PAPCUN: So that's great!

7 Your extra meetings and lunches and dinners
8 and breakfasts with us to keep us up-to-date is
9 most welcome.

10 Secondly, I'd like to thank FirstEnergy for
11 providing the resources and the key personnel to
12 get the plant back going, that's most appreciated,
13 saved over 800 jobs in our little community here,
14 we appreciate that very much, and, of course, most
15 of all, to the employees; without which, their
16 endeavors, this never would have happened, but
17 don't stand on your morals, keep working and make
18 this the best plant in the country. I do have
19 one hit, though, for my old eyes, it's easy to
20 follow the colors on the pie charts on the screen,
21 but the black and white on here, Lew, you can't
22 follow, so you need to come up with the money to
23 either make color copies or change this to A, B,
24 C, D, E or cross action or something because the
25 two that conflict is generally agree and strongly

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1 disagree on the black and white, so thank you very
2 much.

3 (Laughter).

4 MR. REYNOLDS: Thank you, John.

5 MR. ~~WHITT~~WITT: Hi, I'm Jere ~~Whitt~~ Witt, County

6 Administrator, Ottawa County. First of all, I
7 would like to thank the NRC also for your
8 professionalism through this, the insight, my
9 education. I learned more than in my four years I
10 spent in college, I think, in going through this
11 two years of process. I remember an infamous
12 quote from Lew Myers early on in this process, and
13 I think that quote went something along the lines
14 of, it's hard to call your baby ugly. That baby
15 got pretty over three years, didn't it, Lew?

16 MR. MYERS: Absolutely. I'm right
17 here.

18 MR. ~~WHITT~~WITT: And I also remember Lew
19 saying I'm going to bring in a new management
20 team, and he did that, and I applaud their
21 efforts. They certainly turned this around, and
22 he also sat in his office one day and said, these
23 are good people, they can make it happen, and I
24 think the biggest applause tonight needs to go to
25 the employees of Davis-Besse because they are

1 truly the ones that made this happen, and we thank
2 you for that.

3 (APPLAUSE).

4 MR. REYNOLDS: Thank you, Carl -- Jere.

5 Any other elected officials? If not, how
6 about members of the public that do not work at
7 Davis-Besse?

8 (NO AUDIBLE RESPONSE).

9 MR. REYNOLDS: Okay, then we'll open to
10 anybody, anybody like to ask us a question?
11 Going once, twice, three times. Everybody have a
12 very safe night and, again, thank you for coming
13 out.

14 THEREUPON, the hearing concluded at 7:38 p.m.

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CERTIFICATE

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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 65 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 24th day of May 2005 before the 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 , 2005.

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

My commission expires 4/28/09

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