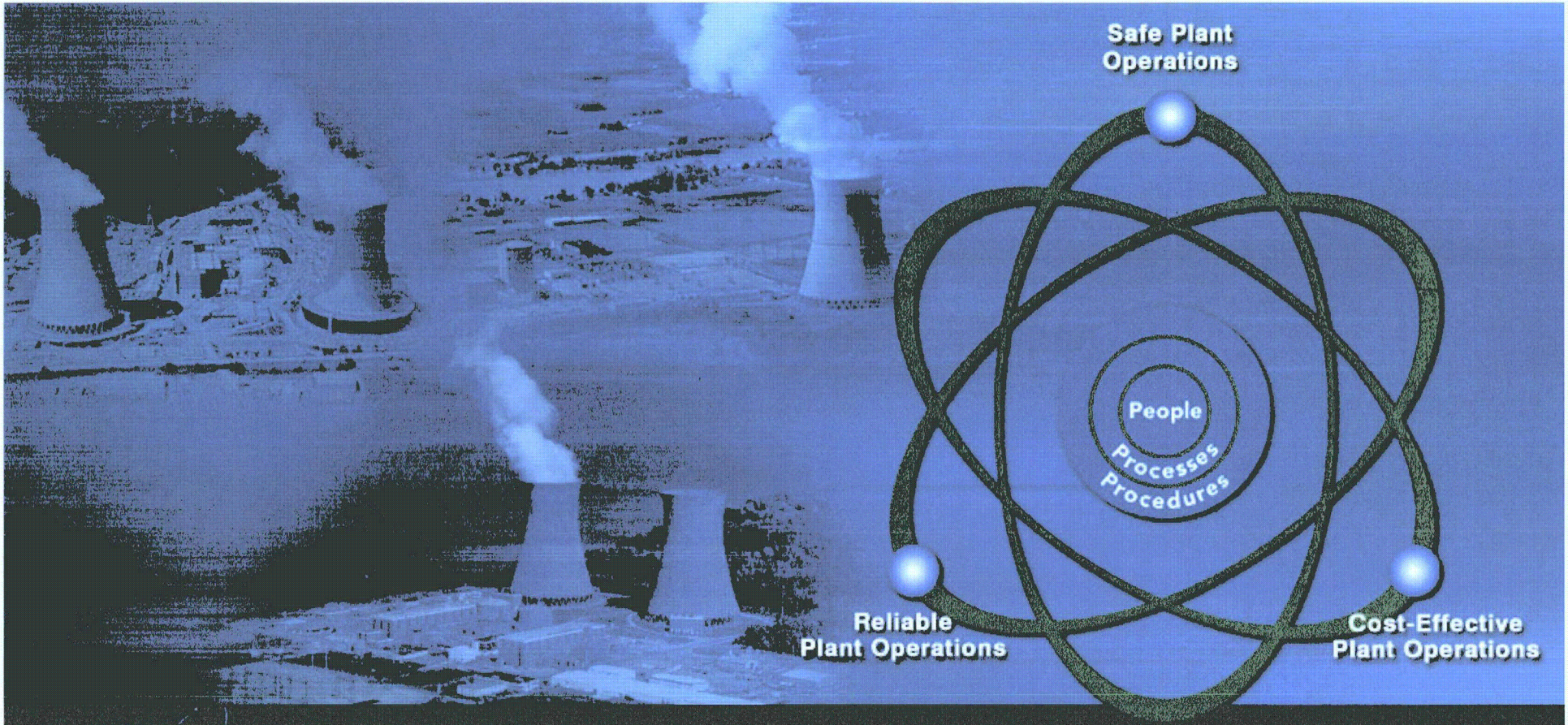


FENOC

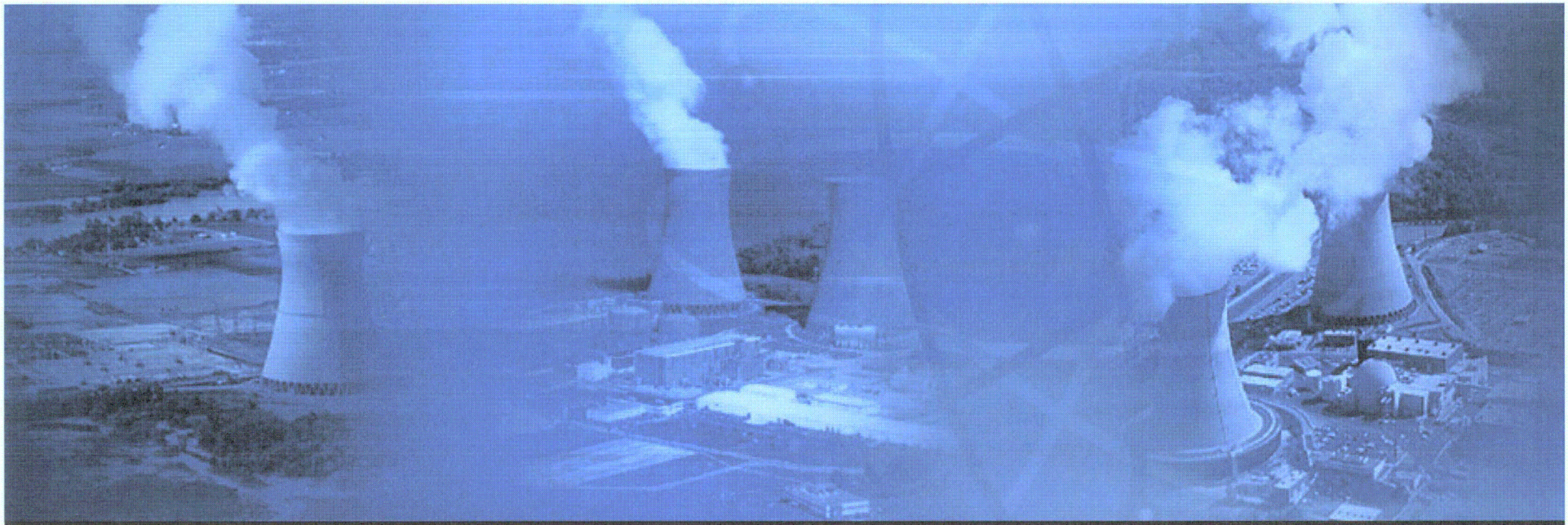
FirstEnergy Nuclear Operating Company

FENOC Vision

People with a strong safety focus delivering top fleet operating performance.

FENOC – NRC Senior Staff Public Meeting

June 27, 2007



FENOC

FirstEnergy Nuclear Operating Company

Introduction

Joe Hagan

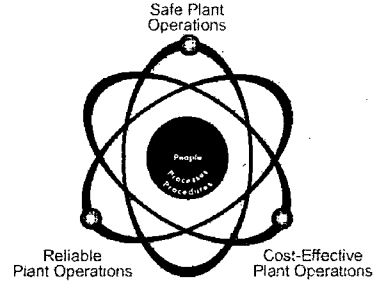
FENOC President & Chief Nuclear Officer

Introduction & Agenda

- Joe Hagan
  - Opening Remarks
- Gary Leidich
  FirstEnergy Senior Vice President – Operations
  - FirstEnergy Perspective
- Greg Halnon
  Director – Fleet Regulatory Affairs
  - Insurance Claim Timeline & Process
- Dan Pace
  Senior Vice President – Fleet Engineering
  - Exponent & Mattson Report Analysis
- Joe Hagan
  - Commitments & Concluding Remarks

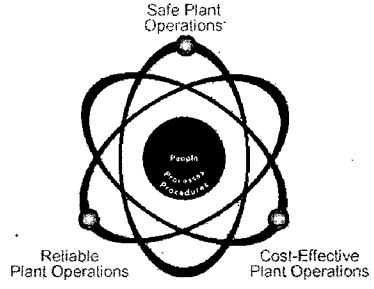
FENOC is Committed to Safety

- Lessons learned from the Davis-Besse event will not be forgotten
- Strongly committed to operating all nuclear facilities safely and responsibly
  - Annual Safety Culture and Safety Conscious Work Environment (SCWE) survey scores remain strong
  - World class fleet industrial safety performance in 2006
  - Excellence Plans drive continued performance improvement



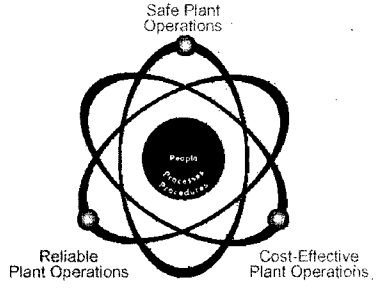
Plant Operations Reflect Safety Commitment

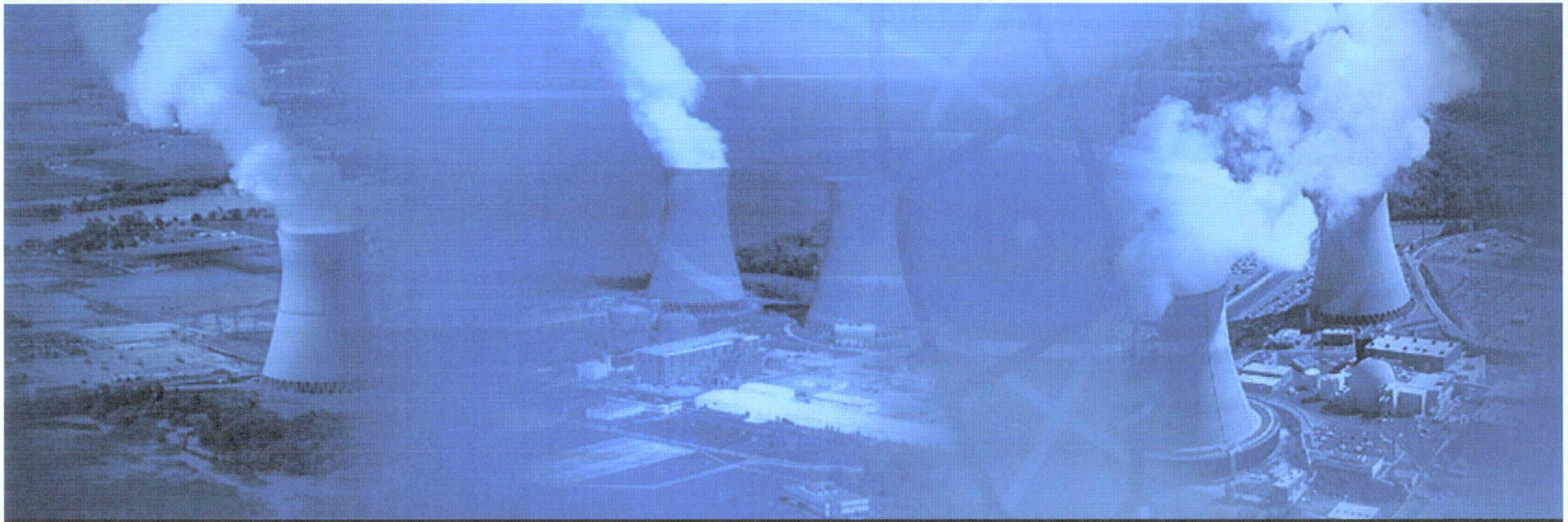
- Conservative operations lead to strong operating performance
- Equipment improvements ensure continued safe, reliable operations
- Industry recognizes performance improvements



FENOC Response Addresses Key Issues

- FENOC accepts full responsibility for the Davis-Besse event
- Root causes and corrective actions remain valid
- Expert reports do not impact safe and reliable operation of Davis-Besse or other nuclear plants
- Lessons learned are:
  - Formal Reviews
  - Early Communications





FENOC

FirstEnergy Nuclear Operating Company

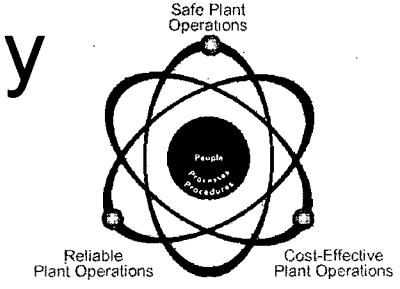
FirstEnergy Perspective

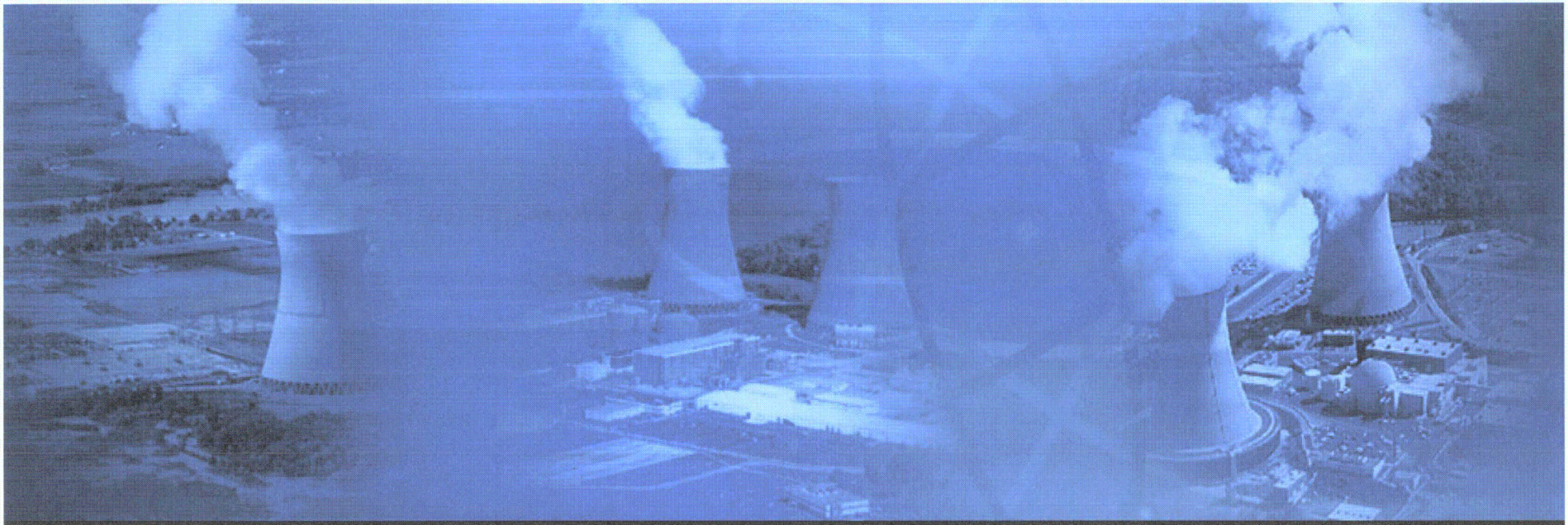
Gary Leidich

FirstEnergy Senior Vice President - Operations

Corporate Commitment to Nuclear Safety is Strong

- Nuclear safety is at the forefront
- Corporate confidence in FENOC with full authority to operate facilities safely and reliably
- Interfaces across corporate organizations need to improve
- Emphasis on safety is the highest priority at all levels of FirstEnergy





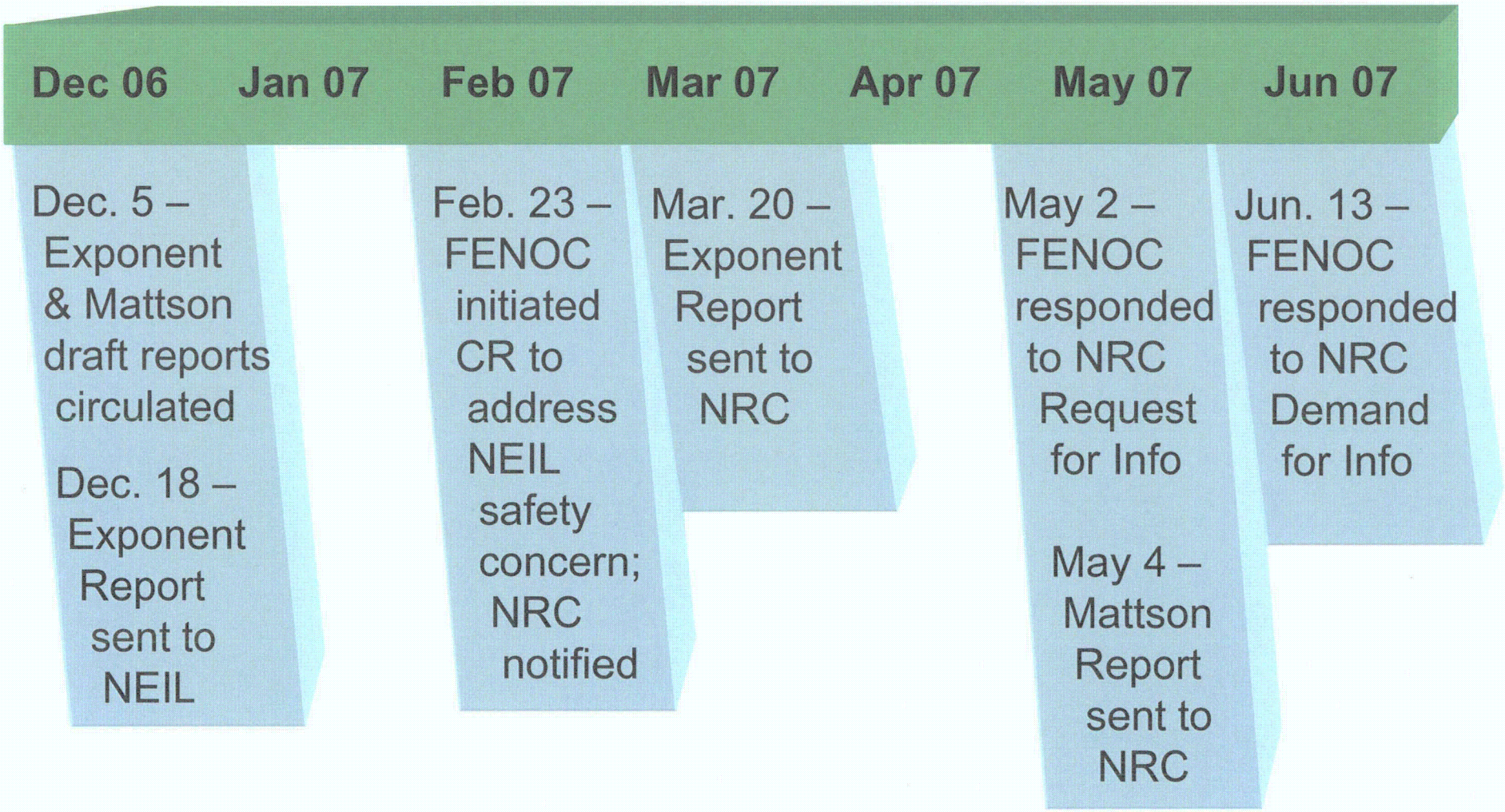
FENOC
FirstEnergy Nuclear Operating Company

Insurance Claim Timeline & Process

Greg Halnon

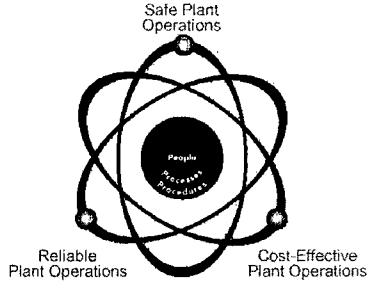
Director, Fleet Regulatory Affairs

FENOC Receives Reports



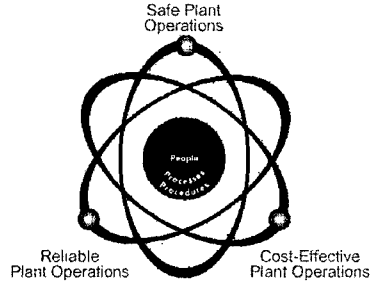
FENOC Considers Exponent Report

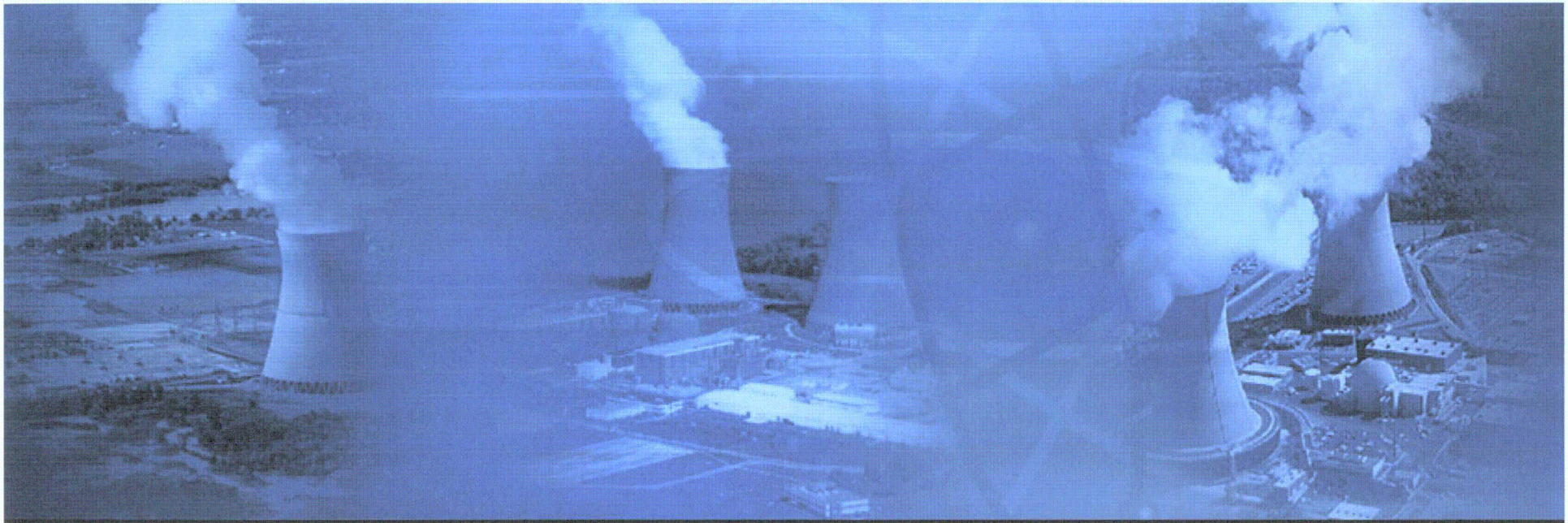
- Commercial and nuclear processes did not sufficiently interface
- Determined no safety or inspection concern existed
- Lacked sensitivity to regulatory interest
- Improved process being developed



FENOC Addresses May 2 Response

- Response was:
  - Narrowly focused on crack and cavity development
  - Not an endorsement of the entire Exponent Report
- Response did not sufficiently consider:
  - Exponent's overall conclusions and assumptions
  - Operational data





FENOC
FirstEnergy Nuclear Operating Company

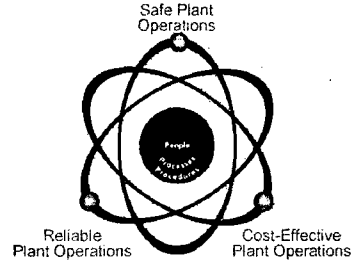
Exponent & Mattson Report Analysis

Dan Pace

Senior Vice President, Fleet Engineering

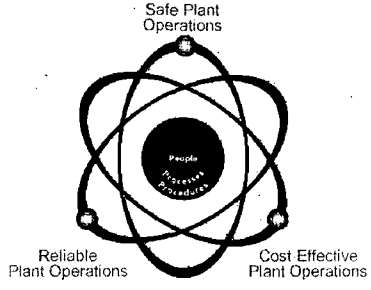
FENOC Stands by Root Cause Reports

- Analyses of root causes:
  - Provided comprehensive review of the Davis-Besse event
  - Identified programmatic failures
    - Not implementing boric acid corrosion control program properly caused head degradation
    - Leakage detectable prior to 12RFO (2000)
  - Generated comprehensive and appropriate corrective actions



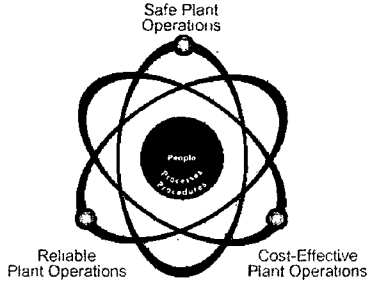
Exponent & Mattson Reports Were Not Root Causes

- Reflect expert testimony obtained for insurance claim process
- Exponent Report
  - Evaluated timing and evolution of wastage development based on recent data
  - Assessed ability to detect leakage in 12RFO (2000)
- Mattson Report
  - Provided expert testimony on boric acid control program



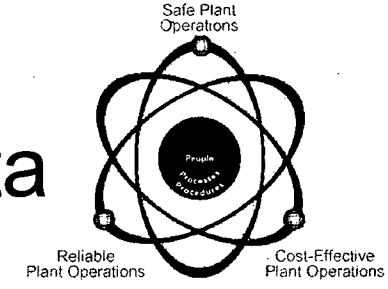
FENOC Performed Analysis of Exponent Report

- Key root cause team members participated in review
- Exponent Report statements evaluated against technical/ managerial root cause reports
  - Impact on other root cause reports assessed
  - Key differences highlighted
  - Discussed findings with Exponent Team
  - Corrective actions reaffirmed



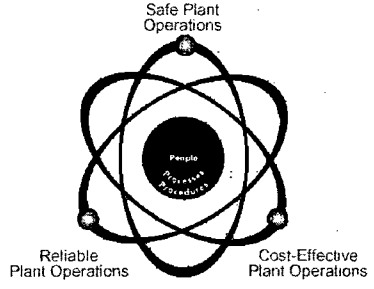
FENOC Assessed Report Conclusions

- Exponent provided complex analysis of cracking/wastage on head
  - BWXT Head Report
  - Argonne National Laboratories Report
  - Recent Boric Acid Corrosion Data
- Root causes based on observed operational data
- Exponent results do not fully explain observed operational data



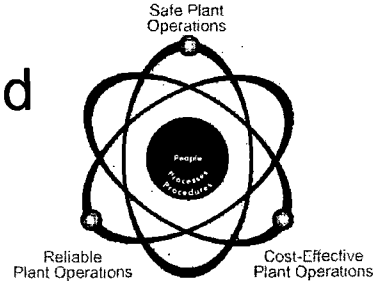
Differences in Exponent Report and Root Cause Reports Noted

- Root cause reports conclude detectable leakage started prior to 2000
- Exponent analysis indicated degradation not detectable in 2000
- FENOC stands by analyses of root causes



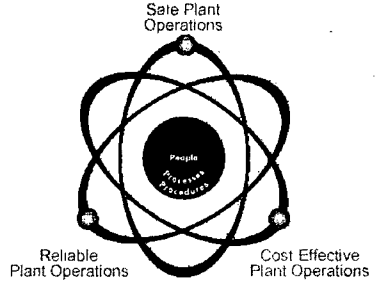
Mattson Report is Expert Testimony

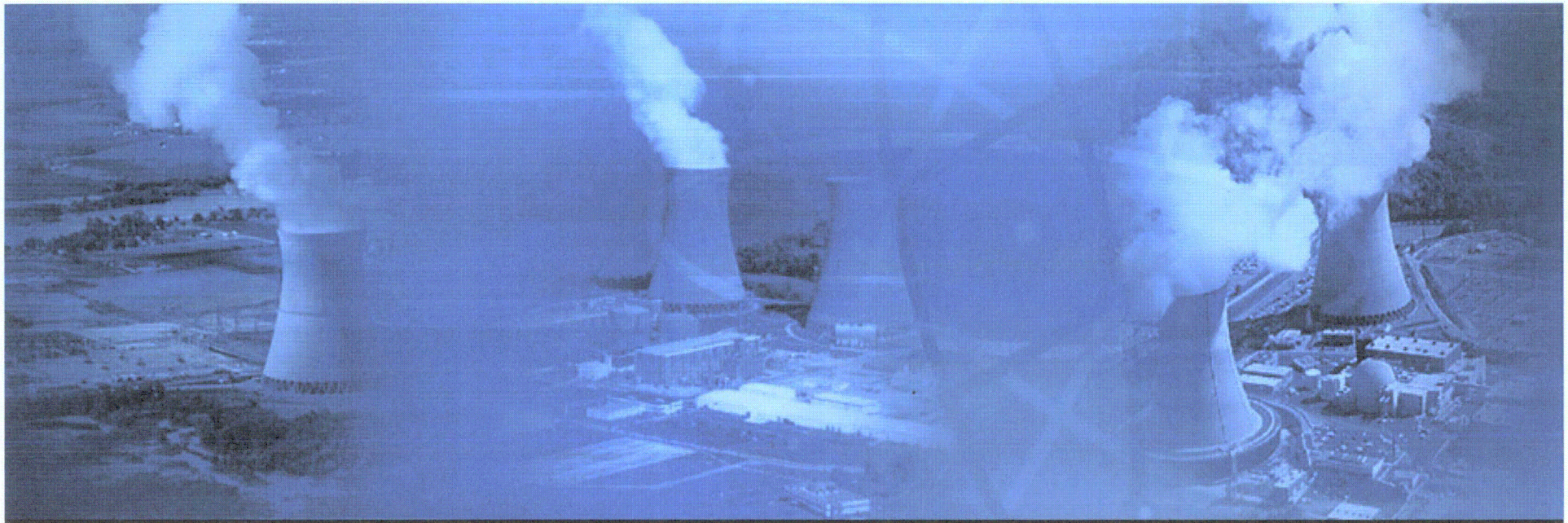
- Contains expert testimony about the industry and its boric acid control programs
- Some of Mattson's conclusions can not be endorsed
- Agree with basic premise that damage to the reactor head was not deliberate
- Endorsed conclusions do not conflict with:
  - Root cause reports
  - Licensee Event Report regarding the Reactor Pressure Vessel
  - FENOC's response to Notice of Violation and Proposed Imposition of Civil Penalties



Report Conclusions Summarized

- FENOC stands by analyses of root causes
- Reports represent expert opinion
- Exponent Report provides detailed technical analysis
- FENOC disagrees with Exponent regarding when leakage was detectable
- FENOC agrees damage to the reactor head was not deliberate





FENOC

FirstEnergy Nuclear Operating Company

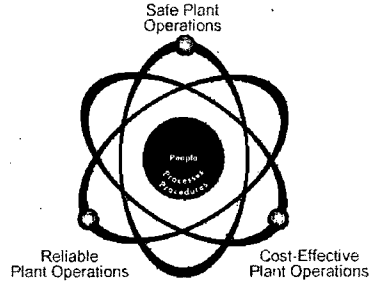
Commitments

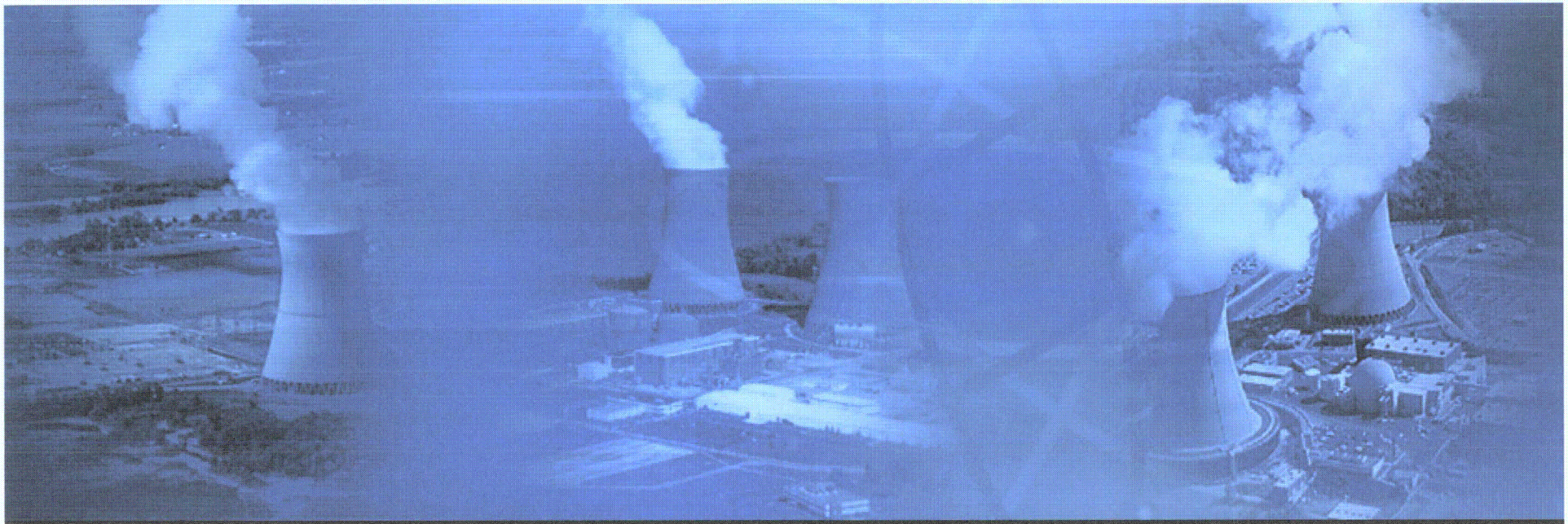
Joe Hagan

FENOC President & Chief Nuclear Officer

FENOC Commits to Actions

- Develop process to review reports prepared for commercial matters
- Provide Operational Experience to industry
- Improve NRC correspondence procedure
- Assess Regulatory Communications policy
- Develop lessons learned from May 2 response





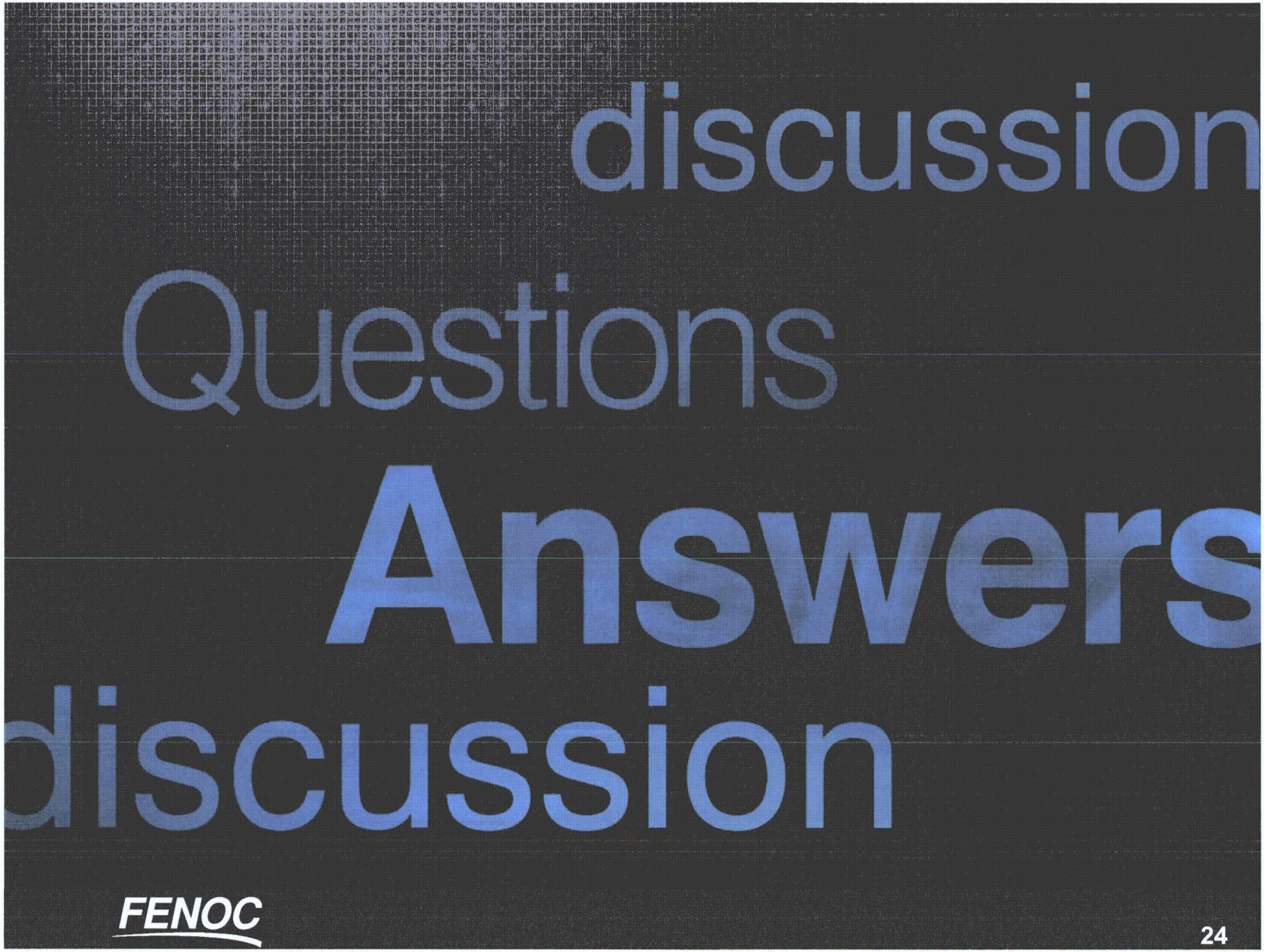
FENOC

FirstEnergy Nuclear Operating Company

Closing Remarks

Joe Hagan

FENOC President & Chief Nuclear Officer


discussion
Questions
Answers
discussion
FENOC