From: <rritzman@firstenergycorp.com>
To: <tjw2@nrc.gov>
Date: Tue, Jun 26, 2007 8:24 AM
Subject: Fw: Revised slides

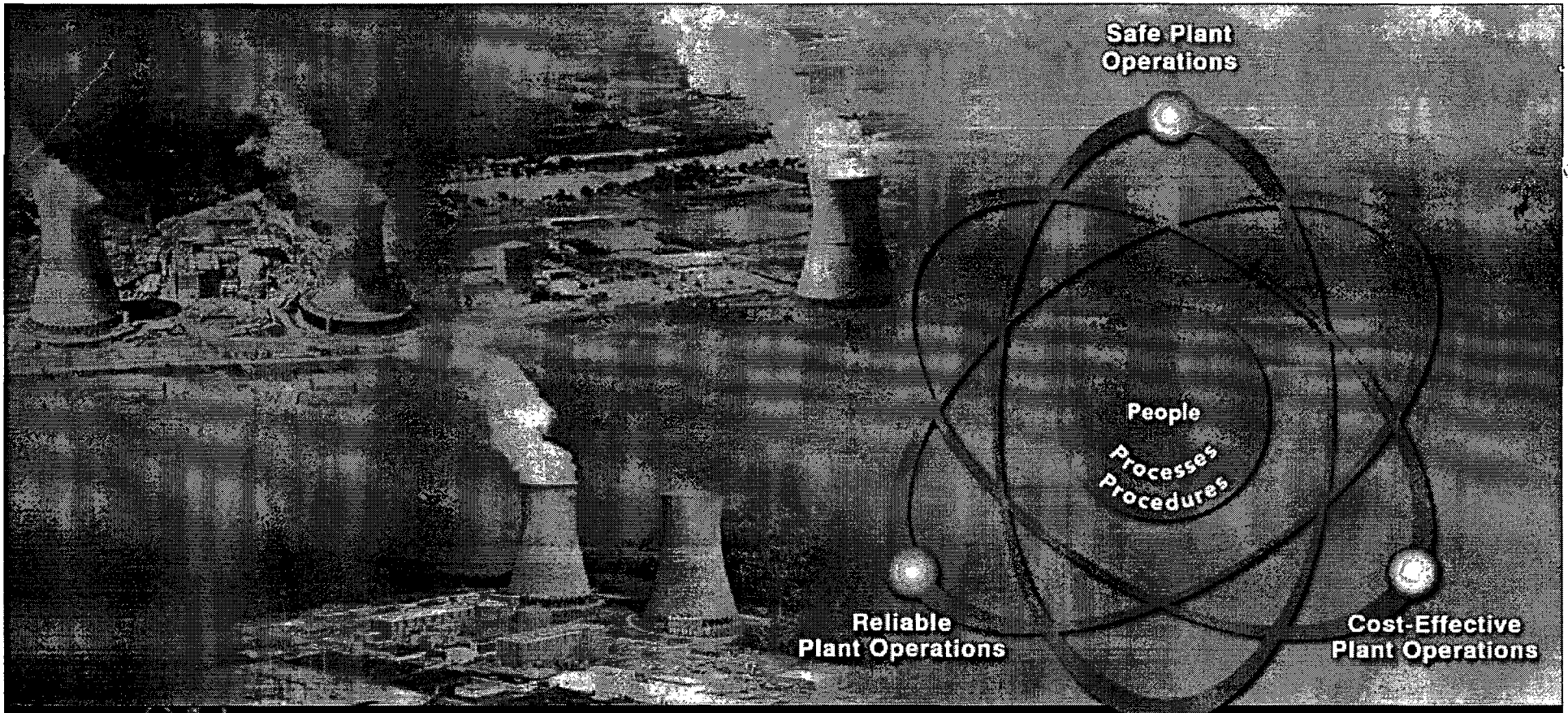
Attached is the presentation for tomorrow

(See attached file: FENOC DFI Response Public Meeting No Background.ppt)

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Release

F-263



FENOC

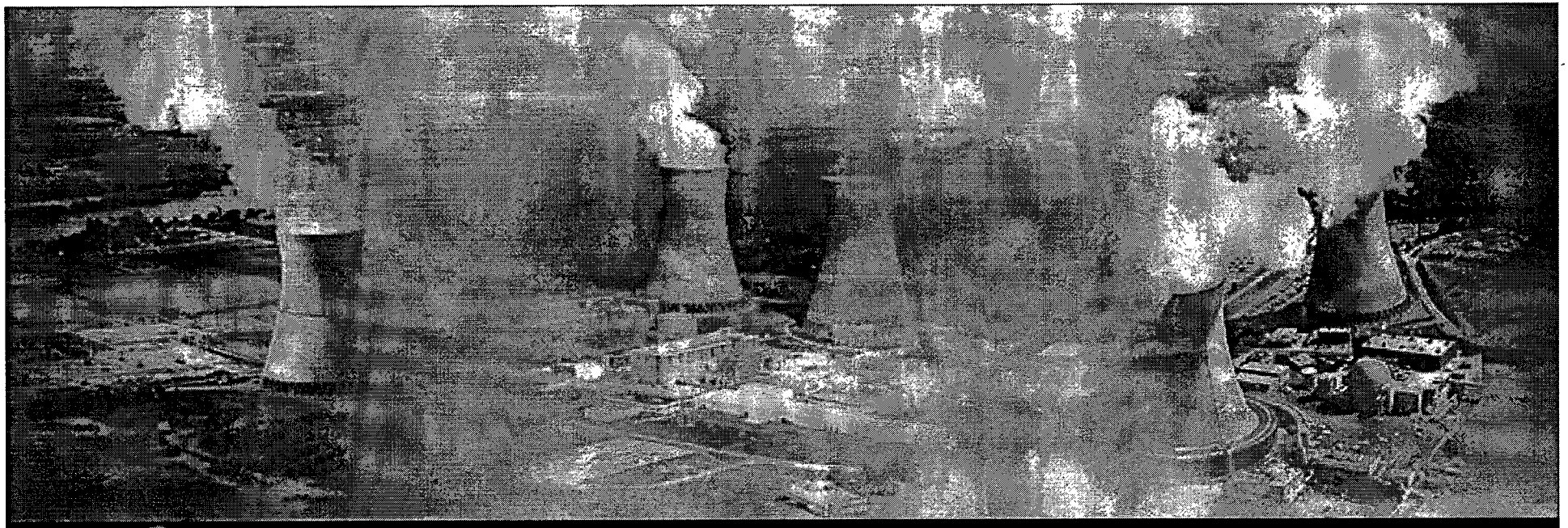
FirstEnergy Nuclear Operating Company

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

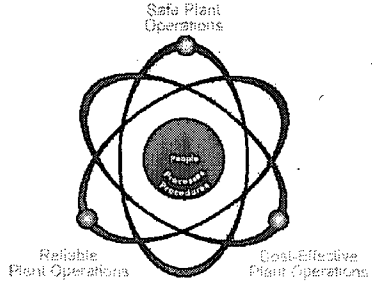
FENOC President & Chief Nuclear Officer

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

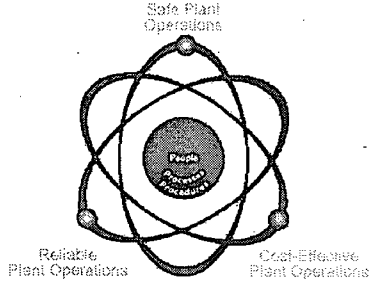
FENOC is Committed to Safety

- 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



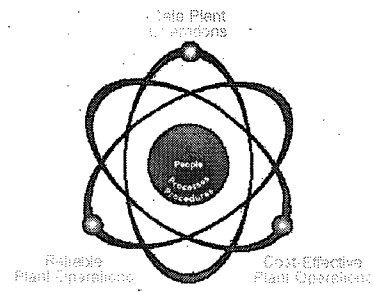
Plant Operations Reflect Safety Commitment

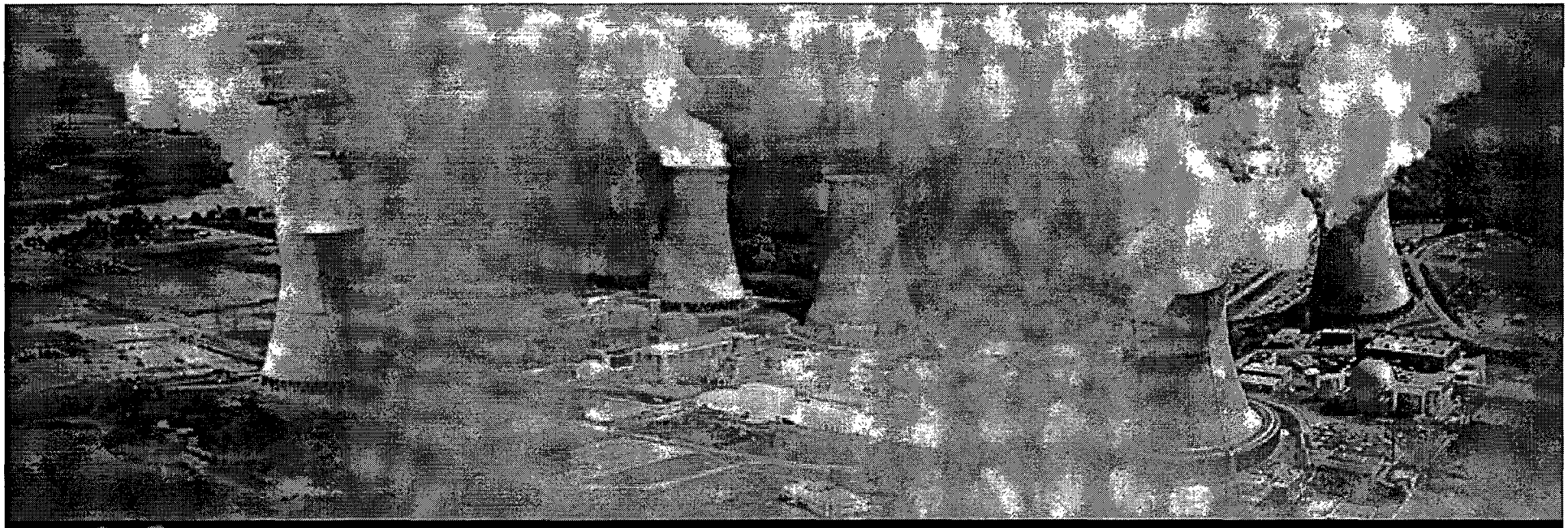
- Conservative operations lead to strong operating performance
- Equipment improvements ensure continued safe, reliable operations
- Industry recognizes performance improvements



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

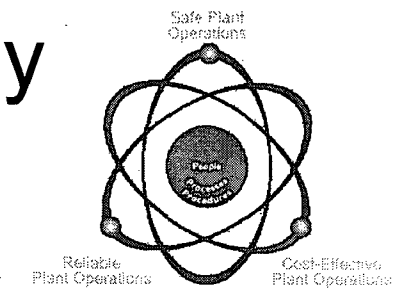
FirstEnergy Perspective

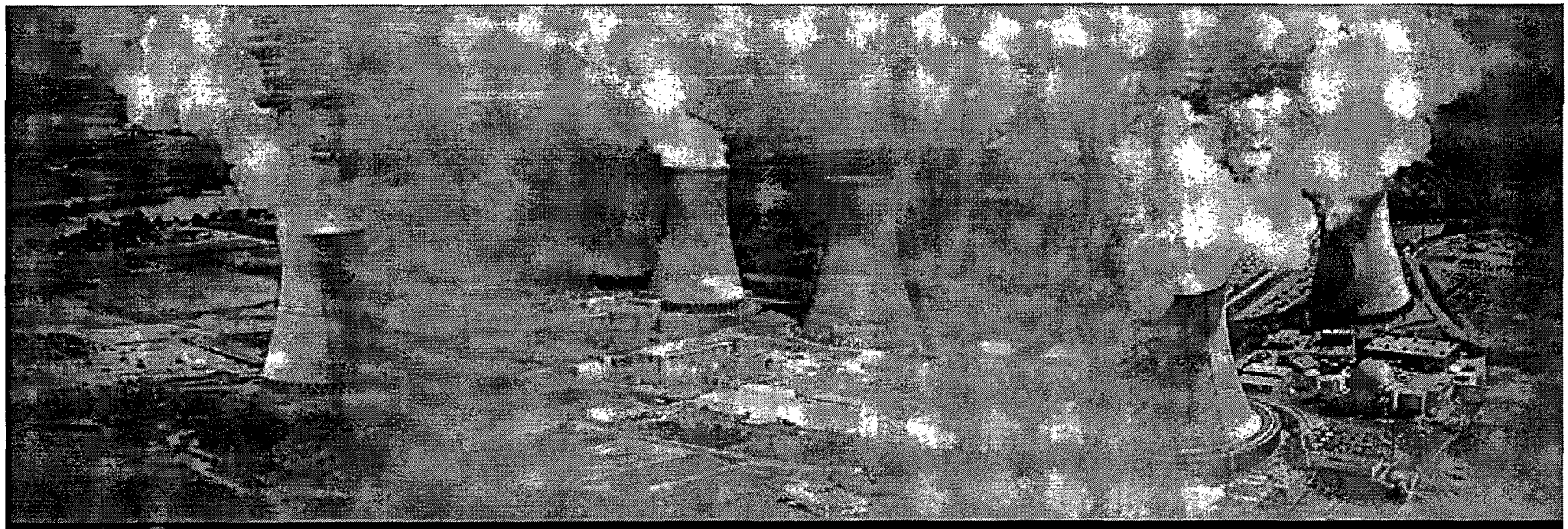
Gary Leidich

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

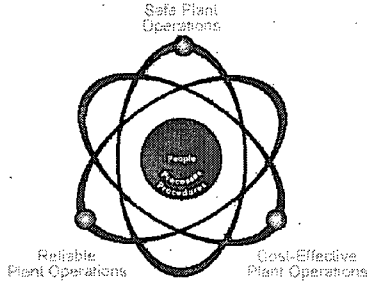
Director, Fleet Regulatory Affairs

FENOC Receives Reports

Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07
Dec. 5 – Exponent & Mattson draft reports circulated Dec. 18 – Exponent Report sent to NEIL		Feb. 23 – FENOC initiated CR to address NEIL safety concern; NRC notified	Mar. 20 – Exponent Report sent to NRC		May 2 – FENOC responded to NRC Request for Info May 4 – Mattson Report sent to NRC	Jun. 13 – FENOC responded to NRC Demand for Info

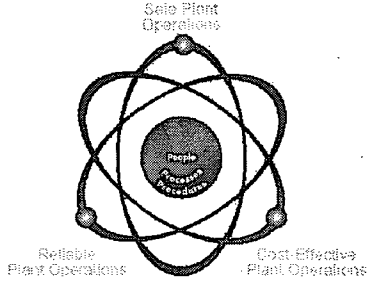
FENOC Considers Exponent Report

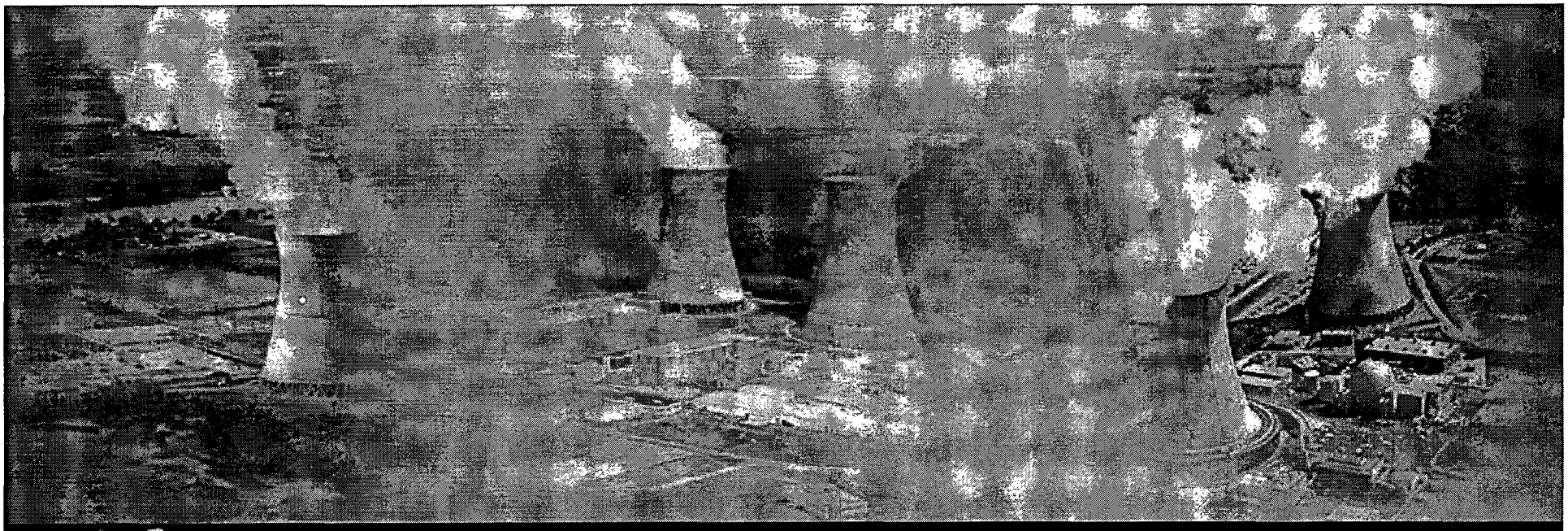
- Commercial and nuclear processes did not sufficiently interface
- Determined no safety or inspection concern existed
- Lacked sensitivity to regulatory interest
- Improved process being developed



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

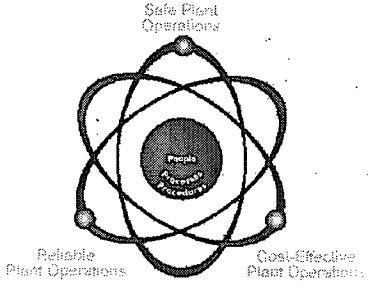
Senior Vice President, Fleet Engineering

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

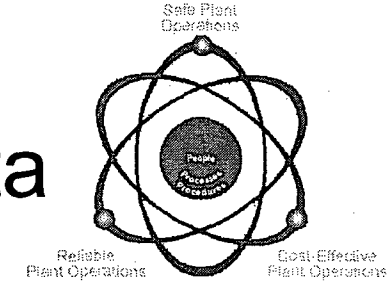


FENOC Performed Analysis of Exponent Report

- 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

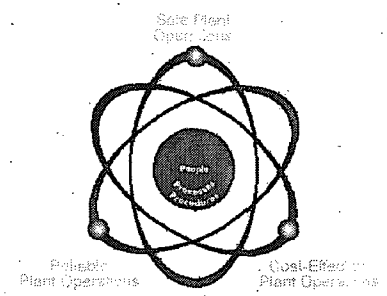
FENOC Assessed Report Conclusions

- 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



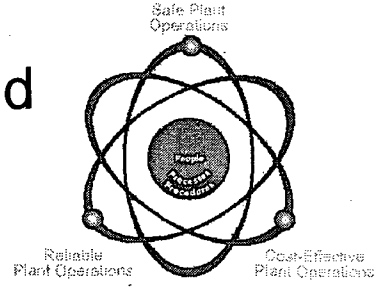
Differences in Exponent Report and Root Cause Reports Noted

- 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



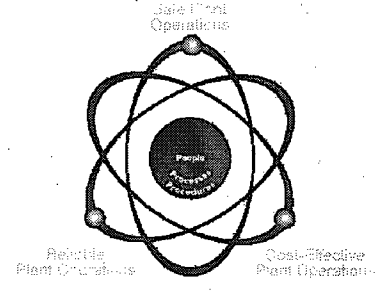
Mattson Report is Expert Testimony

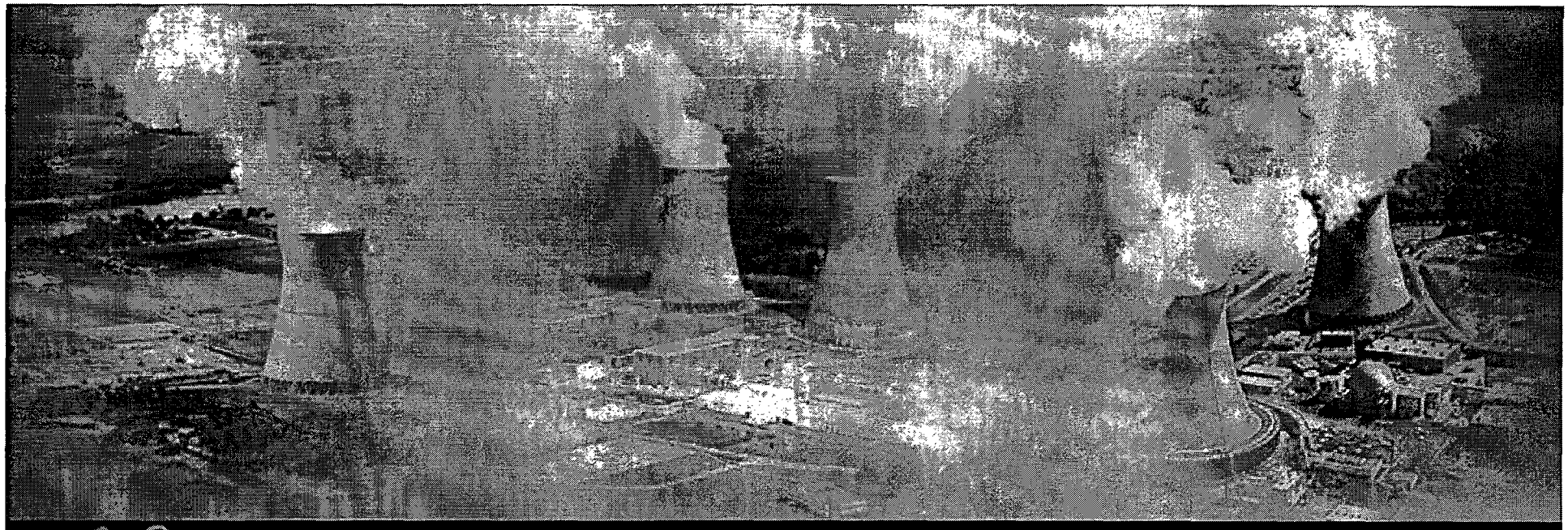
- Contains expert testimony about the industry and its boric acid control programs
- Some of Mattson's conclusions can not be endorsed
- Agree with basic premise that damage to the reactor head was not deliberate
- Endorsed conclusions do not conflict with:
  - Root cause reports
  - Licensee Event Report 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

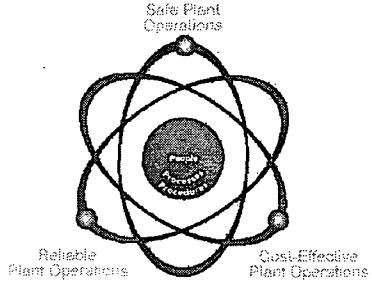
Commitments

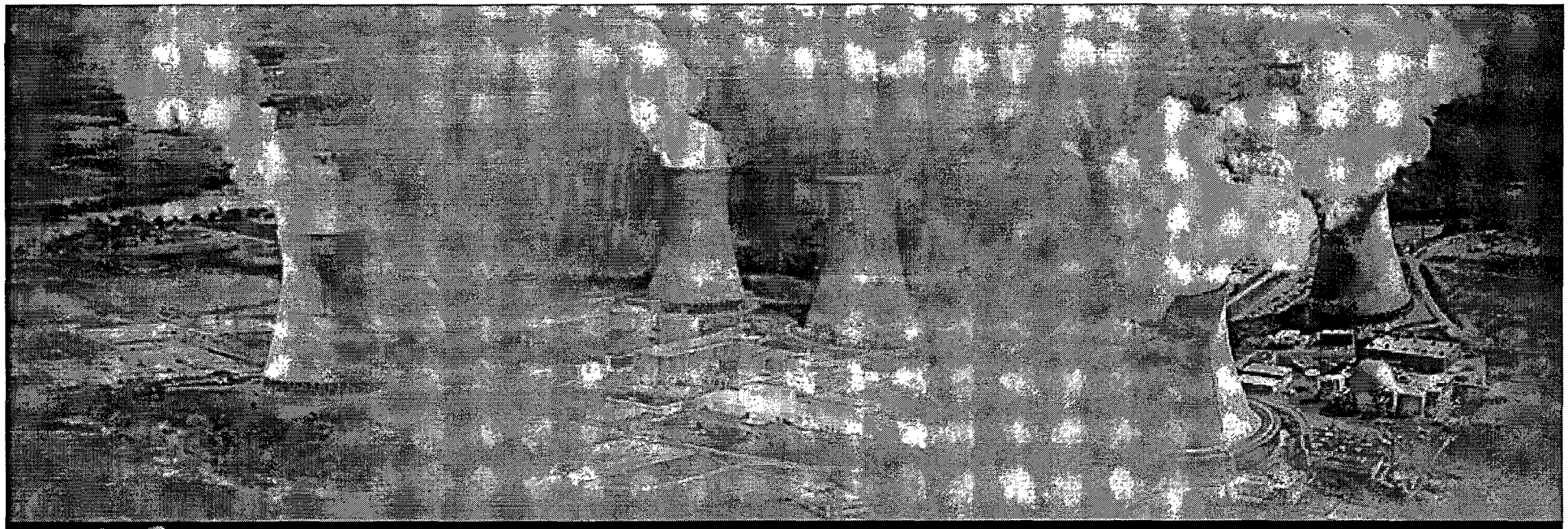
Joe Hagan

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