

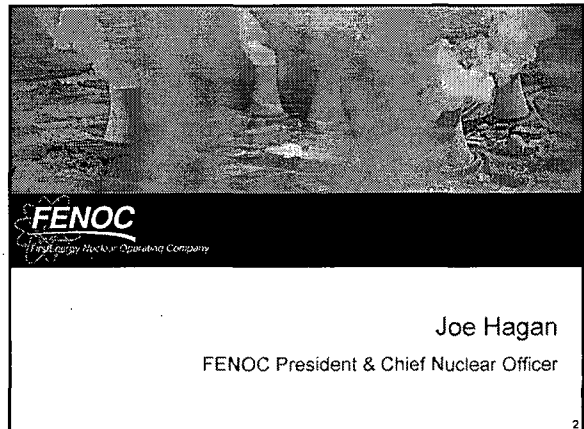
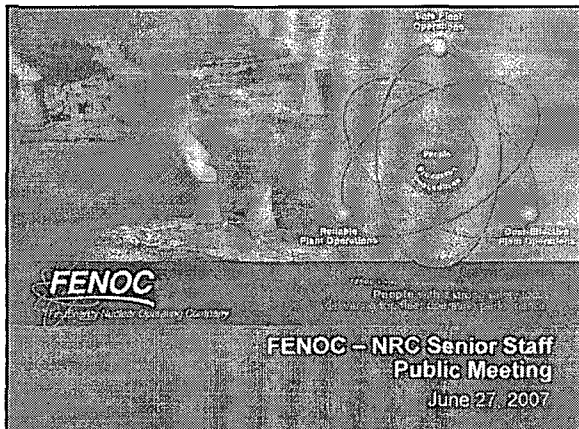
From: <rritzman@firstenergycorp.com>
To: <tjw2@nrc.gov>
Date: Tue, Jun 26, 2007 8:24 AM
Subject: Fw: Revised slides

Attached is the presentation for tomorrow

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

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


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

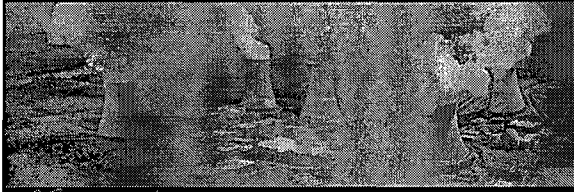
- Conservative operations lead to strong operating performance
- Equipment improvements ensure continued safe, reliable operations
- Industry recognizes performance improvements



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



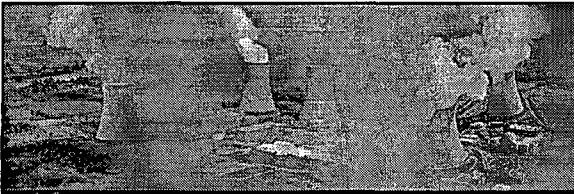


FENOC
FirstEnergy Nuclear Operating Company

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

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
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		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	Jun 13 – FENOC responded to NRC Demand for info
Dec. 18 – Exponent Report sent to NEIL					May 4 – Mattson Report sent to NRC	


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





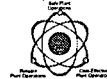
Dan Pace

Senior Vice President, Fleet Engineering

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FENOC Stands by Root Cause Reports

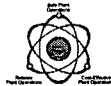
- Analyses of root causes:
 - Provided comprehensive review of the Davis-Besse event
 - Identified programmatic failures
 - Not implementing boric acid corrosion control program properly caused head degradation
 - Leakage detectable prior to 12RFO (2000)
 - Generated comprehensive and appropriate corrective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



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Exponent & Mattson Reports Were Not Root Causes

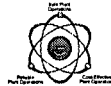
- Reflect expert testimony obtained for insurance claim process
- Exponent Report
 - Evaluated timing and evolution of wastage development based on recent data
 - Assessed ability to detect leakage in 12RFO (2000)
- Mattson Report
 - Provided expert testimony on boric acid control program



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FENOC Performed Analysis of Exponent Report

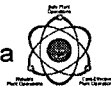
- Key root cause team members participated in review
- Exponent Report statements evaluated against technical/managerial root cause reports
 - Impact on other root cause reports assessed
 - Key differences highlighted
 - Discussed findings with Exponent Team
 - Corrective actions reaffirmed



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FENOC Assessed Report Conclusions

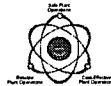
- Exponent provided complex analysis of cracking/wastage on head
 - BWXT Head Report
 - Argonne National Laboratories Report
 - Recent Boric Acid Corrosion Data
- Root causes based on observed operational data
- Exponent results do not fully explain observed operational data



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Differences in Exponent Report and Root Cause Reports Noted

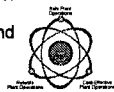
- Root cause reports conclude detectable leakage started prior to 2000
- Exponent analysis indicated degradation not detectable in 2000
- FENOC stands by analyses of root causes



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Mattson Report is Expert Testimony

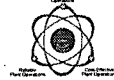
- Contains expert testimony about the industry and its boric acid control programs
- Some of Mattson's conclusions can not be endorsed
- Agree with basic premise that damage to the reactor head was not deliberate
- Endorsed conclusions do not conflict with:
 - Root cause reports
 - Licensee Event Report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




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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



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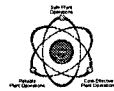


Joe Hagan
FENOC President & Chief Nuclear Officer

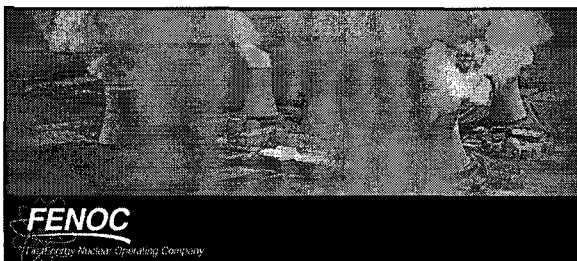
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FENOC Commits to Actions

- 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



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Joe Hagan
FENOC President & Chief Nuclear Officer

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