

1 at the way we graded ourselves for fuel load, and it sort
2 of makes sense; from a policy level of commitment that area
3 is graded white. From a management area commitment the
4 grade is white. And then, from an individual commitment,
5 we graded it yellow.

6 Now, what's interesting there is, this is a
7 management model once again. It's used to help us monitor
8 our standards, their implementation, and allow us to take
9 corrective action to assure that we are in line with our
10 employees.

11 It's not to say that our employees are yellow.
12 Okay? So, but we think there is areas that we need to go
13 focus on.

14 Let me go down to the policy level area. In that
15 area, we graded the management value structures as yellow.
16 Why did we do that? Well, when we go around and ask our
17 employees and survey about our, we don't get a consistent
18 reply from our employees when we talk about mission,
19 vision, our values; we don't quite feel like they're
20 clearly understood, even though we got them out there and
21 everything else; we're not where we want to be.

22 We have worked on our business plan to ensure that
23 we really focused our business plan on safety now, but we
24 haven't wrote our business plan out to our employees. So,
25 that was a hit that we took there from the policy level.

1 Then, we categorized the management value structure
2 as yellow. And once again, it's just we don't get a
3 consistent message. That was the area that we made yellow
4 under policy levels.

5 Now, if you move on up into the management area of
6 commitment, that's where you talk about the management
7 staff at the plant. If you go look at the acceptance of
8 responsibility, responsibilities commitment was classified
9 as yellow in that area.

10 You know, one of the things we looked at there is
11 our appraisal process. We then have these new competencies
12 that we've installed and we're going through our appraisal
13 process now. We won't finish it until next month. So,
14 because we haven't finished it, we classified ourselves as
15 yellow. That's only one of about 50 questions. But
16 because we have not finished it, we classified ourselves as
17 yellow.

18 And, there is a large number of management
19 observations, once again, that I mentioned awhile ago,
20 larger than what I want to see, that's requiring coaching.
21 So, those two issues cause us to classify that, that
22 indicator as yellow.

23 If you move up in the individual area, we talked
24 about a drive for excellence. We classified that as
25 yellow. We have a number of systems that still have

1 performance problems, you know. They're classified as A-1
2 systems, if you will. Now, each and every one of those
3 have a plan to get them off the A-1 plan before startup,
4 but we haven't had them implemented yet. So, because we
5 haven't had them implemented we classified that as yellow.

6 Then, there is a large number of issues that's
7 facing us from a corrective action standpoint. There is
8 about three thousand issues facing us right now. That's a
9 lot, and we know that's a big battle. So, we classified
10 that as yellow.

11 Then, the number of Condition Reports in the
12 engineering area, we actually classified that as red,
13 because there is just answers, there is questions that you
14 mentioned a while ago, that we just don't have the answer
15 to right now. We made that red.

16 So, the overall area, the overall commitment was
17 classified as yellow.

18 Now, under rigorous work control, we also classified
19 that as yellow. The reason we classified that as yellow
20 is, as we fill the reactor cavity, that's, this is only one
21 example, but we didn't have a contingency plan in place to
22 go look for leakage. You know, and we thought that should
23 have been there. Then, once we got into the reactor cavity
24 issue, we didn't pull the decision-making knob out and use
25 it as effectively as we should have initially. It took us

1 several hours to do that. So, based on that performance,
2 we classified that area as yellow also.

3 Then under nuclear professionalism, once again,
4 we're taking a double hit here, but we haven't finished our
5 ownership for excellence evaluations, and we've had several
6 minor radiation protection CR's written, issues that we
7 found recently. I think you all know some of those where
8 the people didn't, they worked in areas maybe they
9 shouldn't have, but those issues that we came up with
10 there, we thought were enough to classify the nuclear
11 professionalism area also as yellow.

12 So, if you look at us overall, we said, we're ready
13 to load fuel. There is some actions we want to go take.
14 We've already taken some of those actions.

15 But in the policy area, the overall area was white.
16 Management area we classified as white. And then the
17 individual commitment area was yellow; individual
18 commitment areas.

19 MS. LIPA: Let me ask you a
20 question before we go on. I'm looking at slide 33 with the
21 definitions and trying to make sure I understand. If we
22 use the individual's commitment area, for example, there
23 are five attributes that fit into that. Your definition
24 page, it would say yellow, all major areas are acceptable
25 with several indicators requiring management attention.

1 What's an area and what's an indicator?

2 MR. MYERS: The area would be
3 the individual commitment area, and then those indicators
4 are the various blocks on the righthand side, which are --
5 so there is a commitment area and then individual
6 commitments.

7 MS. LIPA: So, the page 33
8 then, when it defines yellow, it's talking about all three
9 major areas, you only have three major areas.

10 MR. MYERS: That's correct.

11 MS. LIPA: Okay. Thank you.

12 Oh, let me do a time check too, real quick, because
13 it's about 4:36, and we wanted to finish the presentation
14 part by around 5. So, that will help you plan the rest of
15 your discussions.

16 MR. MYERS: We're right on
17 target.

18 In summary, this is a pretty new concept. We think
19 this concept is pretty unique. We've never seen anybody as
20 a management team spending days trying to evaluate their
21 Safety Culture. I think it's pretty state-of-the-art, you
22 know, the process that we went through.

23 The Safety Culture assessment is innovative, in that
24 we think it's, once again, it's under refinement. You
25 know, we think gave us good messages. Provides a fair

1 assessment of our status. I think some of your guys said
2 in our meeting, it was fairly, it was very, very
3 objective.

4 It contains areas that are both qualitative and
5 quantitative for us to measure. We can go measure rework.
6 We can go measure performance in the field. We can measure
7 items rejected. But, you know, things that are hard to
8 measure, or a little harder to measure is, do our employees
9 understand and believe in our value system. You have to do
10 that by ad hoc surveys and stuff, and just questioning our
11 abilities. And, we found it to be a useful tool for us to
12 focus on, to go take management actions that we need to, to
13 correct the behaviors.

14 We think the assessment is a fair representation of
15 where we're at right now and our results show it. For
16 that, I thank you.

17 Steve.

18 MR. GROBE: Before you go
19 on, Lew.

20 MR. MYERS: I knew I wouldn't
21 get by with that.

22 MR. GROBE: The question I
23 asked earlier, is this assessment process written down in a
24 station procedure policy, so that we can take a look at it
25 at the NRC?

1 MR. MYERS: We're doing that,
2 as we said, we're turning it into a business policy,
3 business guideline. It will be, you know how we do
4 readiness restart reviews, we're adding to that process,
5 then we're adding to our business plan, and it will be an
6 area we assess every month in our business plan.

7 MR. GROBE: When do you think
8 it will be in a final company document?

9 MR. MYERS: I believe before
10 the next meeting.

11 MR. GROBE: Okay, the sooner
12 the better.

13 MR. MYERS: It's going to be
14 very soon.

15 MR. GROBE: Okay.

16 MR. MENDIOLA: I have a simple
17 question. You indicated each group was interviewed for the
18 readiness to load fuel I guess individually. I would
19 assume then that each group has their own Safety Culture
20 Assessment chart, if you would, at a group level.

21 MR. MYERS: What they have is
22 a group of questions that they answered. Then, as they
23 came in, we challenged them on those questions.

24 MR. MENDIOLA: I would assume
25 that the answers, their answers to each of those, I think

1 you said 50 questions, right?

2 MR. MYERS: I don't know.

3 MR. MENDIOLA: Would be, if you

4 will, pulled into each of these individual elements and

5 then into each of the individual commitments. So, I would

6 assume there would be a culture assessment on a group

7 basis, at a group level, that would then roll up into this

8 final overall culture assessment.

9 MR. MYERS: I think the

10 answer, I don't know if the answer to that is exactly yes

11 or not, but close to it. They came in with their charts

12 filled out. And, to be real on he is with you, there were

13 some people that came in and called things red, but after a

14 lot of discussion, they were made yellow. There were some

15 things people brought in they said were green, and by the

16 time we got through with them, they ended up being yellow.

17 There were a lot of areas -- I've got the complete

18 list here with me. There is a lot of individual areas that

19 we classified as red, as a matter of fact, and some areas

20 yellow. If you want to look at the overall results of the

21 report, the questions we asked and everything else; what we

22 do is, we took good notes for the entire meeting. We can

23 share that with you.

24 I think the answer to your question is overall yes,

25 but I'm not sure that we evaluated each and every area on a

1 Safety Culture standpoint.

2 MR. MENDIOLA: Okay, the interest
3 in feedback obviously, that each individual group, if you
4 will, has their grades, so to speak, their self-assessment
5 policies.

6 MR. MYERS: Yes.

7 MR. MENDIOLA: And they take them
8 back to see, to improve themselves.

9 MR. MYERS: If it requires
10 management attention; for instance, there was one area, one
11 group, that the overtime was in question right now. So,
12 we've already met with that group, and gave some direction
13 on where we want to see them reduce the overtime. So, a
14 lot of things, we're already beginning to take action on
15 those things. So, each group, you're right, walked away
16 with feedback and actions.

17 MR. MENDIOLA: Okay, thank you.

18 MR. MYERS: Okay. Steve.

19 MR. LOEHLEIN: Thank you, Lew.

20 I'll try to be brief.

21 As you know, on the NRC Nuclear Quality Assessment,
22 or NQA, it's our job to find problems, basically to find
23 the problems that no one else in the organization has, and
24 get them corrected. It's also our job, our value really is
25 measured in the types of things we can find. If we can't

1 or don't find issues of value, then we can't be effective
2 in improving the safety performance of the plant. So,
3 that's our mission.

4 What I'm going to share with you today are some
5 examples of activities that we do that really fall into two
6 simple categories; one is observations. Now, on
7 observations this is where we are trying to ensure that
8 actions and decisions that are being made are appropriate.
9 And if they're not, then we intervene if necessary to
10 ensure the proper outcome. Examples of this would be
11 participating in meeting settings, review boards,
12 briefings, that sort of thing.

13 We also have the audit and assessment portion of our
14 activities, which deals with measuring against the standard
15 or acceptance criteria for a plant activity. And in those
16 cases, we provide feedback, usually via conditional reports
17 and audit records.

18 So, what I've done is I've separated slides into
19 three parts, results from recent activities on the first
20 slide that I'll go through, then the other two deal with
21 ongoing assessments, and the last one for our plans for the
22 future here, near future.

23 So, there's a number of items listed there. I'll
24 try to pick some of the high points. First, fuel spacer
25 grid damage and the associated stop work. I'm sure the NRC

1 is aware of the stop work that NQA imposed on us a few
2 months ago on the movement of fuel.

3 Randy Fast talked to you about different types of
4 grid strap damage that was being found. That had occurred
5 in the past. Corrective actions had been taken, which when
6 found new damage now, NQA was not satisfied that we had in
7 place the necessary controls to make sure we would not have
8 future damage, so that's why we imposed the stop work.

9 There was ultimately a formal Root Cause Evaluation
10 done. And we have, we are satisfied here in the last few
11 days that the compensatory measures and corrective actions
12 necessary to make fuel movement safe was achieved.

13 I think that was a case, one of the cases where NQA
14 didn't have to, thought they needed to impose stop work
15 authority.

16 Restart Station Review Board Decision-making. This
17 is an interesting area. It's a meeting that we observed
18 with quite a bit of regularity, because this team, this
19 review board team is evaluating which activities or which
20 Condition Reports and Corrective Actions need to be
21 performed prior to restart versus post restart.

22 So, naturally NQA, our main vision is to make sure
23 that the decisions made there are made conservative. But,
24 while in the process of observing that, or any activity,
25 sometimes we find issues in related areas. And in one, in

1 a case that we're looking at, one of these review boards,
2 the Restart Station Review Board, came to light that one of
3 the Condition Reports that had been evaluated for post
4 restart was done on the basis that an issue, the only issue
5 that might be restarted was going to be handled on a
6 different Condition Report.

7 Well, under the charter of the Restart Station
8 Review Board, they don't question whether that translation
9 actually happens. It's not part of their scope. In a
10 particular case, we found that that transference of that
11 issue to the other Condition Report had not actually
12 occurred. So, we identified that on a Condition Report and
13 aligned the evaluation to make sure we don't have more
14 cases of that type of situation.

15 In other related type of looks, we found a few cases
16 where Work Orders were deferred to post outage; whereas,
17 the Corrective Actions that were associated were still
18 properly shown as preresart. So, the organization had not
19 lost track of the item from a Corrective Action standpoint.
20 There was this concern that perhaps something could, would
21 be found in the way a work order had been retargeted post
22 restart. This again, we identified on a Condition Report
23 and underlined as to looking to what that means in terms of
24 scope and we will monitor that.

25 Since we are on a time bind, there is a number of

1 them up there, I think there's a couple of key ones. If
2 you have any questions on any of those in particular,
3 please say so; otherwise, I'll move on to some of the
4 ongoing things we're doing.

5 On the next slide, there is a list of the things
6 that I have both past assessment activities and things
7 we're doing right now.

8 In the System Health Readiness Review, that's an
9 area that's been discussed at some length here. We know
10 from past meetings with you, with the NRC and others here,
11 that we had done five independent reviews of systems
12 ourselves, and to do a comparison.

13 We had concluded that the System Health Readiness
14 Reviews were successfully done. We did find some
15 differences, and overall in that whole process, I had
16 written about 60 Condition Reports identifying the
17 differences in other enhancements that we at NQA
18 recommended. None of those resulted in us identifying a
19 significant condition or that we felt that the process had
20 not worked properly.

21 Program Reviews is ongoing right now, because we
22 have, in a similar fashion, we performed six independent
23 program reviews, and we're right now gathering our delta
24 comparison on these programs, what we found compared to
25 what the line found.

1 The Program areas are the In-service Test Program,
2 The TEP ODP, which is the Test Equipment Procurement
3 Operability Determinations Process, Reliability Program,
4 and Classification Process, which takes a look at how the
5 organization decides whether something is or is not a
6 safety related item, either materials area or in the work
7 function area. And, we're compiling our data right now and
8 we'll be initiating Condition Reports as appropriate for
9 that.

10 We also reviewed six Phase I Reviews, or we observed
11 six Phase I Reviews and looked at five Phase II Reviews
12 that were performed by the line.

13 Another area here that's ongoing is the area that's
14 probably of interest is Safety Culture and Safety Conscious
15 Work Environment and Independent Survey. What we did in QA
16 is we just last week completed a ten percent survey of the
17 plant staff, face-to-face interview style survey.

18 Now, we're still digesting what all those results
19 are telling us, but I thought I would share with you some
20 of the initial impressions of the results.

21 First, in all the interviews we conducted, none of
22 the individuals stated that they had personally experienced
23 retaliation in response to identifying a concern. We had
24 all but one individual indicate that they would personally
25 use the Corrective Action Program to identify concerns as

1 their first, that's the first place they would go.

2 After those two items, the next few bullets I have
3 for you have to do with their perceptions. A lot of these
4 questions we asked them, and we have this in Safety
5 Conscious Work Environment, is really about how do they
6 feel about what they hear, and you know, even if they have
7 not been personally involved in a situation.

8 Over 95 percent of the sampling told us that they
9 believe that management wants employees to report
10 problems. About 90 percent did not feel that the
11 possibility -- I'm sorry. I'm trying to characterize this
12 right.

13 The way we asked the question was, had they heard of
14 issues with retaliation. They themselves had already told
15 us they didn't experience. We asked them, do you believe
16 retaliation is a possibility or an issue that you've heard
17 of in the last three months, was not properly dealt with.
18 From that perspective, there were 90 percent of those
19 people identified that they felt this concern had been
20 properly addressed. Ten percent of them felt they had
21 heard something somewhere that it had not gone right.

22 And about 80 percent felt that the identified
23 concerns had been completely and effectively resolved.

24 So, these numbers, we think, are improvements over
25 the numbers that Bill Pearce had presented some months

1 back, but it's the kind of thing we're continuing to look
2 at. These are just our early, the early data we've got
3 based on what we completed late last week.

4 MS. LIPA: Steve, was that
5 ten percent a random ten percent? I might have missed that
6 part?

7 MR. LOEHLEIN: Yeah, the way we
8 actually did it, Christine, is we took the organization
9 chart of supervisors and below, so no one above supervisor
10 was included in the sampling. Then, we went through the
11 Org. charts and picked up, like every so many we picked a
12 name, whoever that happened to be, and that's how we
13 established the randomness of it.

14 MS. LIPA: Thank you.

15 MR. LOEHLEIN: Are there any more
16 questions on the examples I put up here?

17 In terms of upcoming observations which are on the
18 next slide, probably a good one to mention was the fuel
19 movement activities. Assume that the plant conditions
20 support fuel movement. That will be the next really
21 important thing for QA to observe.

22 And we will be providing coverage on every shift to
23 look at fuel movement activities. And, we're real
24 interested in things like the preevolution briefs, command
25 and control in the field, and proper application of the

1 compensatory measures that are being taken to prevent fuel
2 damage.

3 Another important one that is taking place now is
4 radiation protection activities, because now the plant will
5 be moving fuel. We'll have changes in RWP Requirements,
6 Radiation Worker Requirements, and that sort of thing.

7 We have already taken a look at the high red areas
8 and having all those, were properly established.

9 MR. PASSEHL: Just a question.
10 How do you, or what's your mechanism for capturing your
11 observations in writing? Do you submit reports or?

12 MR. LOEHLEIN: Yeah, we had a
13 data base known as the QFO, Quality Field Observation.
14 It's a data base that's really not too dissimilar from what
15 the management team uses for management observations to
16 capture what we see in observations there. But, of course,
17 it doesn't mean that we also don't have Condition Reports,
18 quite of number of them actually, in areas that we write as
19 we do observations and assessments. That's where we
20 capture all our information and we share with line
21 management and they result in the basis for our quarterly
22 audits.

23 MR. PASSEHL: So, I guess, do
24 you roll up your observations, say Program Reviews, System
25 Health Readiness Reviews with a separate assessment report;

1 or, it sounds like you don't do that?

2 MR. LOEHLEIN: Well, we, in terms
3 of, it's probably going to depend on what you're talking
4 about. On System Health Readiness Reviews, we have talked
5 about how we are going to do rollups when that whole
6 process is completed, but in the interim we're using our
7 Continuous Assessment Process, the parts of it that fit our
8 Standard Master Assessment Plan, as we call it, get
9 reported as part of the quarterly assessment. But you're
10 right, there are some areas like that, that we are planning
11 to write individual reports on the results at the end.

12 MR. PASSEHL: I see. And have
13 you mapped out your assessment activities beyond fuel
14 movement?

15 MR. LOEHLEIN: Well, what we do
16 most of our, we have a plan we set up, we produce a
17 quarterly assessment plan. And the whole thing is we have
18 a number of things that we see or look at periodically.
19 And what we do is we look ahead to what the station's
20 schedule of activities is planned to be.

21 We look for those areas that, you know, key areas of
22 perhaps vulnerability in terms of safety and that sort of
23 thing, and we ensure that those elements and attributes
24 that apply to those kinds of activities are included in our
25 plans for that quarter. That's how we do it.

1 MR. PASSEHL: Okay, thank you.

2 MR. LOEHLEIN: I think the
3 Resident receives a copy of our Quarterly Assessment Plan
4 to share them with you. If you need a copy, we can get you
5 one.

6 Overall, I think I would like to make a concluding
7 statement really about how we feel at NQA in what we're
8 seeing, and that is overall we're observing a lot of good
9 performances in many areas, but we continue to provide the
10 feedback that's necessary to ensure that improvements and
11 corrections are made when appropriate.

12 MR. GROBE: Thanks, Steve. I
13 appreciate that briefing. I actually have a question for
14 Bill Pearce, and I was wondering if you might come up. I
15 saw you back there.

16 One of the changes in the organizational structure,
17 one of the Corrective Actions for the Root Cause was to
18 separate Quality Assessment from the Line Organization at
19 the site. You have a very unique reporting relationship in
20 that new structure. You report both to the President of
21 FirstEnergy as well as to the Nuclear Subcommittee Board of
22 Directors.

23 I was wondering if you could talk a little bit about
24 what sort of interface you have with the President of
25 FirstEnergy, and the Subcommittee of the Board.

1 (Off the record.)

2 MR. MYERS: Can I ask a
3 question real quick? Right now, I think, the charts are on
4 the wall for the schedule part. I feel comfortable
5 deleting that.

6 MR. GROBE: That would be
7 great.

8 MR. MYERS: Okay.

9 MR. PEARCE: First part about
10 meeting with the President, I actually talked with Bob
11 Damon on the telephone, and we talked about what's going on
12 at the three sites, and how I perceive it. And of course,
13 we talked to the line organization also.

14 If I see something, and I've had several times where
15 I did, where I called Bob about something that I saw going
16 on, to give him what I thought was a different perspective
17 of what we're doing, and provide some information or
18 insight into what I think is going on. So, I think that
19 demonstrates some amount of independence.

20 And I pretty well watch, I spent most of my time at
21 Davis-Besse, and the majority of my time; and both working
22 with the Quality Assurance Organization and Employee
23 Concern Program, in trying to assess, get some feel of how
24 things are going, and where the Quality Assurance Program
25 may need some assistance or help.

1 In fact, every day when I'm there, which is like I
2 said about 90 percent of the time, I go down in the
3 mornings and get some update on what they're doing, what
4 they're seeing, you know, what they're interaction with the
5 staff is, and how they're feeling about things.

6 So, I guess that's really what I'm doing, Jack.

7 In regard to the Nuclear Committee of the Board,
8 they meet monthly. I meet with them monthly, as does the
9 Line Organization. And, I try to give some independent
10 view as to, from a safety perspective of where we're going,
11 not just how we're doing it, you know, getting work done,
12 or how we're doing in the outage, but from a safety
13 perspective; focus on issues that are relevant to, like
14 fuel integrity, RCS integrity, containment integrity,
15 health of the safety systems and provide some insight from
16 a safety perspective to the board, to the different
17 committees of the board.

18 So, that's some independence I think I provided.
19 Other than the Line Organization, they of course give their
20 reports and I give mine. And they don't always match
21 exactly, but at least the Line, I think they know what the
22 issues that I have are.

23 MR. GROBE: Could you just
24 give one example of a situation where you had a differing
25 perspective than what the Line Organization had on a

1 specific activity?

2 MR. PEARCE: Sure. I just
3 gave, I think the last time I think it was, the Line
4 reported about what was going on at Beaver Valley on the
5 steam generators. And, I had some concern whether, whether
6 the Nuclear Committee of the Board fully appreciated the
7 condition of the steam generators at Beaver Valley. So, I
8 tried to give some definition, technical definition of
9 that, that they could understand, and to make them
10 understand where we were.

11 It's, I think that's something, that level in the
12 organization needs to understand, that they need to support
13 what we're doing over there with those generators.

14 MR. GROBE: Okay. Let me
15 just characterize what I think I understood you to say.
16 You provided some additional context from your perspective,
17 so that there would be a complete understanding of the
18 situation in that one example. Is that correct?

19 MR. PEARCE: That's correct. I
20 can give you some other examples, if you let me think of
21 them.

22 MR. GROBE: No, I just wanted
23 one, just to make sure I understood.

24 MR. PEARCE: Right.

25 MR. GROBE: Okay, thanks.

1 MR. PEARCE: You're welcome.

2 MR. GROBE: Any other

3 questions?

4 At this point, Lew, do you have any closing remarks

5 that you want to give?

6 MR. MYERS: Yes, I do. I

7 would like to take a moment for that.

8 You know, backing up, before I get started, I can

9 tell you there has been times from a schedule standpoint

10 and all, that Bill give, or cost standpoint, that Bill give

11 the board a different perspective than I did. I'm always

12 giving the most aggressive perspective. So, I know there's

13 been some differences there. So, I can assure you, he's

14 brutally honest from his perspective. There is another

15 example.

16 In closing, you know, I want to talk about fuel

17 movement. We're not, we're not going to move fuel until

18 we're comfortable with the clearance of the vessel. That

19 may take longer than we expect, especially if we wind up

20 having to review internals or something, but we'll do that

21 if we need to.

22 We're sitting here today. We looked at the tapes

23 before we came here. We're going to work it for the next

24 twelve hours or so, but we're looking at other options

25 also. So, fuel movement is eminent and we feel like we're

1 very ready for that when the time comes.

2 Containment testing will be completed in early
3 March. We're looking forward to that. We already have the
4 air compressors lined up, good owner of the program, and we
5 feel of that project, feel like we're closing in on being
6 ready to pressurize that containment.

7 System reviews showed good, good progress. We don't
8 have all the questions answered. We know that. But we've
9 got them in our data base, and we have people working on
10 all of them. So, we're pleased with the progress we made
11 there so far.

12 The one thing, I think it served us well that we
13 haven't, we talked a lot about, is Safety Culture
14 evaluation, that the Readiness Restart Review for fuel load
15 that we did. We identified over a 170 issues that we took
16 on as a management team before fuel load. One of them was
17 to ensure that we wanted to have the other decay heat train
18 functional. And that wasn't a requirement. We thought it
19 gave us added value. So, we've got both decay heat trains
20 available.

21 Additionally, once again, we think that serves us
22 well. We think that Safety Culture did serve us well.
23 Eventually, I have a prepared statement though that I
24 wanted to provide you. And I'll do that now. I prepared
25 this today.

1 At our January 30th meeting with NRC in Lisle,
2 Illinois, we reported that we had recently, it was reported
3 that we had recently been informed that several persons
4 have been subject to retaliation for raising safety
5 concerns at Davis-Besse.

6 The person claimed that within the past two weeks at
7 least two employees who have raised safety concerns to
8 their immediate supervisors or stopped work for safety
9 reasons received letters of reprimand, verbal threats of
10 harm by co-workers and/or experienced damage to their
11 personal property while on site, specifically that tires
12 were slashed.

13 When I got back, I requested our attorney to contact
14 the individual, and obtain a more, obtain more specifically
15 information, so that we could perform a meaningful
16 investigation of these allegations. Our attorney called
17 the individual on two occasions and left detailed messages
18 requesting information. Neither call was returned.

19 We conducted a review of our records and concluded
20 the allegations most likely corresponded to two separate
21 events that we know of. One occurred more than six months
22 ago, and the other within the last month. Our
23 investigation of both events did not substantiate
24 retaliation to raising safety concerns.

25 We are in the progress on actions for the second

1 event. Management received, management received the
2 discipline for the employee in question and has retracted
3 the issue at the time of the meeting on January the 30th.
4 This issue had to do with the practice at Davis-Besse of
5 employees leaving early without supervisor notification,
6 not a safety issue.

7 Our message is clear. Bring us the allegation.
8 We'll address that. We can not solve problems unless we
9 have all the relevant information. We all share the
10 responsibility to maintain a Safety Conscious Work
11 Environment at Davis-Besse. I'm firmly committed to that.

12 We encourage interested members of the public to
13 share in that responsibility with us. I thank you very
14 much.

15 MR. GROBE: Okay. Thanks,
16 Lew.

17 I think what we'll do right now is just move right
18 into the question and answer session without taking a
19 break. That way we'll get folks to dinner at a reasonable
20 hour, if that's okay. Christine and I will just step down
21 in front.

22 MS. LIPA: What we would
23 like to do is have everybody sign in and state your name
24 clearly. Just make sure we have a sheet up here.

25 Sign in, state your name clearly for the

1 transcriber, and then we're really going to keep people to
2 3 to 5 minutes. This is one of the feedbacks that we've
3 gotten in the past is we haven't kept people to the time
4 limit. So, we're going to be policing that a little bit
5 better this time.

6 MR. GROBE: Before we get
7 started, I just wanted to make two observations. One was
8 we also received a lot of feedback regarding the quality of
9 our sound system. I think this is an improvement. I think
10 that the microphones have been working much better than
11 they have in the past.

12 If you do have feedback though, we are continuing to
13 respond. We have made several revisions to the sound
14 system in the last couple of months, and this one seems to
15 be effective. So, I want to thank the folks here at Camp
16 Perry for this sound system.

17 I also wanted to comment on an action that the
18 Agency took today that some of you may have heard about.
19 In the continuing Agency response with all pressurized
20 water reactors in the United States, the Agency has issued
21 orders to each operating pressurized water reactor in the
22 United States, specifying NRC expectations for future
23 examinations of reactor head penetrations.

24 After the discovery of the situation at Davis-Besse,
25 actually preceded Davis-Besse, the Agency had initiated a

1 number of what we call generic activities; that's
2 activities that affect more than one Licensee. The
3 inspections that Davis-Besse was doing during the outage in
4 February of 2002 was in response to an NRC bulletin
5 requesting certain examinations and inspections of head
6 penetrations.

7 After Davis-Besse, that continued. There were two
8 more bulletins issued. And, just today there were orders
9 issued to every operating PWR in the United States. So,
10 those are activities that really have little to do with
11 what we're doing here; that is, assessing Davis-Besse's
12 progress toward approaching restart, but I just wanted to
13 make sure everybody was aware of that.

14 So, are there any, I think first local officials
15 that have a question or a comment?

16 Okay, are there any members of the local area around
17 the plant that have a question? Quiet, satisfied group or
18 a very hungry group; one or the other.

19 Okay, are there any other members of the public that
20 have a question or comment?

21 Excellent.

22 MR. RIDZON: Paul Ridzon with
23 McDonald Investors.

24 Jack, at the close of every meeting, you always give
25 an overview of the meeting, and your take on progress

1 made. That's what I always thought was the valuable part
2 of the meetings. I wonder if you could provide that to us
3 now.

4 MR. GROBE: I was afraid you
5 were going to say a benediction.

6 I think my perspective and the panel's perspective
7 hasn't changed over the last several months; that the plant
8 continues to make progress in running their Return to
9 Service Plan. We continue to have inspections and our
10 inspections have not disclosed any significant issues in
11 their activities.

12 Last month was a busy month. The meeting on January
13 30th was very meaningful. FirstEnergy has clearly
14 articulated their plans for assessing Safety Culture, going
15 forward, and the proof is in the pudding, of course. We
16 need to see those plans fleshed out in paper, so that we
17 can understand them and evaluate them; and then we need to
18 see them implemented. So, progress is being made, and I
19 think it's being made on every front.

20 MR. RIDZON: Could you give a
21 sense as to what level of implementation is required for
22 restart? Obviously, you can't get a hundred percent of the
23 way, I guess Sonya at one point said that it takes three
24 years for this to kick in. I expect we're not going to --

25 MR. GROBE: Oh, I understand

1 your question. Let me articulate it to make sure I
2 understand it. Your question has to do with the level of
3 Safety Culture that is necessary for restart.

4 What we're waiting for is for FirstEnergy's
5 definition, so we can clearly understand the threshold that
6 they've set. In broad terms, the threshold is that none of
7 their areas of performance will be in the red category.

8 They've established colored categories for their
9 performance. We need to see what's behind that. What goes
10 into those assessments.

11 Lew presented in broad terms the assessment they did
12 for fuel loading. Again, we need to see the details that's
13 behind that before we can make a judgment as to whether or
14 not we agree with their assessment scheme; and we'll do
15 that as soon as they have it for us.

16 MR. RIDZON: Thank you.

17 MR. GROBE: Hello, Amy.

18 MS. RYDER: How are you?

19 My name is Amy Ryder. I'm with Ohio Citizen
20 Action.

21 I have a question about this infamous red photo that
22 was taken back in April of 2000. Apparently, this was
23 reported in the Cleveland Plain Dealer, that a Condition
24 Report was written about this photo in April of 2000; was
25 given to a FirstEnergy supervisor, and then was turned over

1 to an NRC inspector. Now that it's clear that both the NRC
2 and FirstEnergy knew that the condition of the reactor
3 was -- or that it was corroding, that there was a
4 significant amount of rust; does the NRC still stand by its
5 decision that they should not have issued the immediate
6 shutdown order?

7 MR. GROBE: I'm not sure --

8 MS. RYDER: Your agency --

9 MR. GROBE: I'm not sure what
10 your question is, but let me step back and make sure that I
11 understand it.

12 The photograph you're talking about is the one that
13 showed rust materials coming out of the, what are called
14 weep holes on the side of the reactor vessel.

15 First, to the best of my knowledge, the NRC did not
16 see that photograph until the Augmented Inspection Team
17 received that photograph as part of the background
18 information that they reviewed. That was in March and
19 April, early April of 2002.

20 This specific question is under review within the
21 NRC, and I don't know the results of that review, but I
22 think the second question that you asked was whether we're
23 revisiting the issue of issuing -- or not issuing an order
24 near the end of 2001. And I think the Chairman fairly
25 clearly articulated the agency's position on that in his

1 letter to the Inspector General in response to the
2 Inspector General's investigation of that matter.

3 So, I don't have anything more to add beyond what
4 the Chairman stated.

5 MS. RYDER: My understanding
6 was that Condition Report was turned over to an NRC
7 inspector long before April of 2002.

8 MR. GROBE: That was
9 information that I believe the Union of Concerned
10 Scientists put out and I don't know what the foundation of
11 that is, and it's under review. To the best of my
12 knowledge, the first time we saw that photograph was March,
13 middle of March, between the middle of March of 2002 and
14 the first week in April of 2002.

15 MS. RYDER: So, their
16 information is wrong?

17 MR. GROBE: That's, to my
18 understanding it is. That's correct, but it's under
19 review, and I'm not part of that review. So, it's being
20 looked at.

21 MS. RYDER: Okay.

22 MR. GROBE: Other questions?

23 Okay, very good. I guess the rest of you are
24 waiting for our meeting at 7:00 this evening, when we're
25 going to have a general public meeting and receive

1 questions and comments from the public at that time.

2 Thank you very much.

3 (Off the record.)

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1 CERTIFICATE

2 I, Marie B. Fresch, Registered Merit Reporter and
3 Notary Public in and for the State of Ohio, duly
4 commissioned and qualified therein, do hereby certify that
5 the foregoing is a true and correct transcript of the
6 proceedings as taken by me and that I was present during
7 all of said proceedings.

8 IN WITNESS WHEREOF, I have hereunto set my hand and
9 affixed my seal of office at Norwalk, Ohio, on this 21st
10 day of February, 2003.

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Marie B. Fresch, RMR

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NOTARY PUBLIC, STATE OF OHIO
My Commission Expires 10-9-03.

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