

1 as an organization open up an open door type policy.  
2 We're really stressing that as we sit here today.  
3 We have seen some decline in performance back to  
4 the 1999 timeframe.

5 CHAIRMAN GROBE: Bill, other questions?

6 MR. DEAN: Yes. Thanks, Lew. I just have one  
7 comment and I think Tony has a question. And  
8 certainly we'll be interested in hearing -- I know  
9 some of the questions that came from some of the  
10 regional staff and managers there at the end, I  
11 think, kind of got around this issue, but the  
12 recognition that it takes time to inculcate, enhance  
13 standards and expectations of the organization.  
14 And certainly we're going to be interested as to  
15 the 0350 panel getting a good sense in terms of how  
16 you attempt to assess and monitor progress. We  
17 heard some discussion about performance indicators  
18 and other things. But I think there are some ways  
19 you need to measure that and also a sense of what  
20 is the threshold that you expect to reach that  
21 tells you when you are where you want to be. So  
22 those are things that we will want to discuss at

1 the 0350 panel next week, not necessarily here  
2 today.

3 MR. MYERS: Okay.

4 MR. ANTHONY MENDIOLA: My question probably is  
5 a little more of a comment. But it regards the  
6 earlier part of your presentation which talked  
7 about your root causes and your conclusions which  
8 rather simplistically stated that your procedures  
9 and your processes for dealing with certain aspects  
10 of this were adequate or were functional but for  
11 whatever reason did not give you the proper response  
12 or certain aspects failed and led eventually to the  
13 situation that you're in now. The only quick  
14 conclusion that I can make from that is the human  
15 side of that in that the staff that was responsible  
16 for carrying out that process or carrying out that  
17 procedure was either inadequate either in resources,  
18 staffing or training in order to complete these  
19 processes that you discussed. Taking it a little  
20 further along to your corrective action program, my  
21 concern then becomes whether or not your resources,  
22 your staff resources are adequate enough to implement

1 the, I guess, two dozen or so new programs and new  
2 procedures that you have outlined to accomplish, if  
3 you will, the higher standards that you're setting  
4 for yourselves. And I guess my question quite  
5 simply then is if you could address whether you  
6 believe you have enough staff resources and  
7 training and expertise at the staff level in order  
8 to accomplish all those plans that you have.

9 MR. MYERS: You know, we benchmark our  
10 resources consistently across the industry. All of  
11 our plants are high on resources. So we have quite  
12 a bit of resources at our sites, all three sites.  
13 With all this going on right now no one could have  
14 enough resources, so we have supplemented with  
15 contractors. And at the present time there's about  
16 1600 people on site. So there's a lot of resources  
17 on site now that's helping us get through this.

18 The head issue, we had contracted the  
19 head inspection out to a contractor, Framatome, and  
20 we had an engineer assigned to it. We had the  
21 resources that we needed to do a head inspection.  
22 That is not the problem. In fact, at one of our

1 other plants we had done two recent head inspections  
2 and, I think, done those fairly adequately. So I  
3 don't think it was a resource concern; I think it  
4 was more of a standards concern and a compliance  
5 concern.

6 MR. LOEHLEIN: I feel compelled to comment too  
7 on the resource issue because I think some people  
8 think it's self-evident. Yet in all of our  
9 investigation the resource issue almost never came  
10 up in any kind of direct sense. And we talked about  
11 it as a team when we were making our -- concluding  
12 and doing our conclusions. If resources had been  
13 the issue we would have expected the condition  
14 reports and so forth to have had the right  
15 categorizations, the right priorities and so forth,  
16 and the organization would not have gotten to them  
17 meantime because of a resource issue. Yet that's  
18 not what we saw. What we saw from the outset was  
19 an undertreatment if you will of the conditions  
20 which means that even before maybe resources are  
21 even considered the things are not approached from  
22 the standpoint that they may be concerns. So that's

1 why you will see nothing in the report concerning  
2 resources because there just are no facts in  
3 anything we found that could tie resources as an  
4 issue to what happened with the reactor head.

5 CHAIRMAN GROBE: Okay, thanks. Bill or Tony,  
6 any other questions? I will take that as a no.

7 I have a couple of thoughts to share with  
8 you just from the standpoint of -- I am sorry,  
9 Bill or Tony, did you have another question?

10 MR. DEAN: No, we're done. It's just the  
11 challenge of moving electrons through 1,000 miles  
12 or so causes some delay. Thank you.

13 CHAIRMAN GROBE: Okay. Thank you. I am  
14 confident you're up to it, Bill. I wanted to share  
15 with you where we are and what my expectation is  
16 for the activities that are under the direction of  
17 the panel. Obviously we can't inspect until you  
18 move along with completion of activities. And with  
19 the completion of this root cause report we have  
20 just begun our activities to inspect this in this  
21 case. Geoff Wright is here today at the table.  
22 He's the team leader for this area of inspection,

1 and he was on site last week beginning to under-  
2 stand the landscape and the details and the data  
3 that's available and plan his inspection. My  
4 expectation is that our inspection in each of the  
5 building block areas will have a number of phases  
6 to it. The first phase is evaluation of what  
7 caused the problem at Davis-Besse and then a look  
8 in that building block area as to whether the  
9 building block plan addresses those root causes,  
10 evaluation of the adequacy of the building block,  
11 observation of your staff implementation of the  
12 activities under that building block, and then  
13 conduct of independent inspection by NRC staff to  
14 confirm the quality and depth of the work that your  
15 staff is performing. We have already, as I said,  
16 begun that in the containment health area because  
17 you're well along in that area. You've had some  
18 problems. You're reperforming those inspections,  
19 and we will be following you in that regard. And  
20 we're just beginning in the other areas, systems  
21 health, program health and various other areas.  
22 This component will also contain a different ent

1 piece because here we're dealing with organi-  
2 zational effectiveness of human performance. It's  
3 difficult to take measurements. I am not aware of  
4 a tool to measure safety focus, engineering tools.  
5 So it's going to involve also some  
6 structure, interview of staff at various levels in  
7 the organization to get a sense of the effective-  
8 ness of your corrective actions as well as a key  
9 focus on the validity of your performance  
10 indicators in this area and monitoring of those  
11 performance indicators. My experience in the past  
12 with situations like this is this is the most  
13 complicated and difficult area to get your arms  
14 around. And that probably explains why this root  
15 cause is coming in in August and the other one came  
16 in in April. And secondly that it's one of the  
17 most challenging to make movement in the organiza-  
18 tion onto the new standards that you expect. And  
19 this is the most important aspect of root cause  
20 inspection. So it's going to be a very strong  
21 focus of the panel and the inspection activities  
22 that the panel is directing, and I expect it to be

1 a significant challenge for your organization. So  
2 with that, Jim, do you have any comments that you  
3 wanted to make?

4 MR. DYER: Yes, I do. You know, I guess I am  
5 struck by the presentation today and certainly look  
6 forward to getting the written report. But I  
7 started back as Scott Thomas, senior resident  
8 inspector, went through the -- took us back to when  
9 this all started with the AIT and that. And it  
10 reminded me, you know, the outcome of this was an  
11 unacceptable reduction in the margin of safety of  
12 one of your principal safety barriers. Just  
13 absolutely unacceptable. And the goal of the  
14 restart efforts that you are doing now and the goal  
15 of our oversight is this cannot happen again; not  
16 with the vessel, not with any of the systems. And  
17 I was thinking back. And, Lew, you used a couple  
18 terms that struck me, you know, in terms of the  
19 site has a lot of pride, you know. And it struck  
20 me that in this case it may be that the pride went  
21 beyond pride; it went into arrogance --

22 MR. MYERS: Yes.

1 MR. DYER: -- and isolationism. I think you  
2 used the term a silo effect. Then you used the  
3 term -- I think you said that you were humble, and  
4 that struck me. I think you might be beyond humble.  
5 I think it's into a humiliation type timeframe right  
6 now. Being humble in this business isn't bad, you  
7 know. It's that humility to go out and listen to  
8 the input from the rest of FENOC, to listen to the  
9 input from the industry, from the NRC and, you  
10 know, really focus on trying to find the problems  
11 before they find you that is critical to good  
12 performance. And so maintaining that humble  
13 outlook, I think we're going to be critical going  
14 forward.

15 But that isolationism, as I look through  
16 it the way you describe it here today, you know, in  
17 not only line management but all your independent  
18 oversight plus the outside QA oversight and the  
19 industry, you know, it just didn't take. All these  
20 problems -- This problem on the vessel head  
21 bypassed all those. And it also struck me, you  
22 know, as I connected the dots, the thing that

1 appears to me was that the NRC seemed to be driving,  
2 you know, the Davis-Besse response to a lot of  
3 issues, what your perceived regulatory risk was as  
4 opposed to an independent set of values and that.  
5 And, you know, we're also doing our own lessons  
6 learned review. And certainly one of the things  
7 that you wind up with is from a period of about  
8 1997 to 2000 Davis-Besse was not that inspected.  
9 With the other issues that we had in Region III and  
10 the plants that we were focused on, you know, we  
11 did not provide the -- we provided the minimal  
12 amount of inspection that was allowed by our  
13 program at the Davis-Besse facility. And, you  
14 know, as a result of that I think the quality  
15 degraded, the effort there. And now you are in a  
16 position where you have got to have these building  
17 blocks and go back and reboot your program if you  
18 would and essentially rebuild it as it comes up.  
19 And, you know, the one thing that strikes  
20 me in your presentation -- You talked around it.  
21 You know, the building blocks are one thing. But I  
22 think you need a good foundation and having the

1 right safety values and where you're bringing in a  
2 lot of new people and starting to listen to the  
3 industry and that. And you can't ever let yourself  
4 get into the position where you're relying on us  
5 and the amount of inspection that we do to set  
6 those values. When that happens you end up in a  
7 corrective action program like you're in right now  
8 under 0350. And that's particularly tough because  
9 we are going to focus on going back to the  
10 fundamentals, back to the basics. We're going to  
11 inspect in detail every one of your building blocks  
12 and your corrective action programs. And Jack and  
13 the team have put together a restart inspection  
14 plan. As you heard, Geoff Wright's one of the team  
15 leaders and that we're starting to put together our  
16 strategies. But we are going to focus on making  
17 sure that you have implemented your building blocks  
18 to get the expected results that you are looking  
19 for and that we expect. And you cannot be basing  
20 your get well program on what you expect the NRC to  
21 inspect. Because if that happens it's going to be  
22 a long, painful restart process. Because

1 historically I can tell you having been through  
2 about a half dozen of these restarts is the utility  
3 needs to get out ahead of us and needs to set their  
4 own standards, and those standards need to be  
5 higher than our expectations when we go in to  
6 inspect.

7 I think it's going to be quite a  
8 challenging period for both you and us in achieving  
9 inspections. And I just think that we need to keep  
10 the communication -- I think the 0350 process has  
11 laid good groundwork for your start-up activities  
12 and our inspection plans. And this is a key. This  
13 root cause assessment you did is a key component of  
14 that. And as Jack said, it's the one that's going  
15 to need to be corrected to make sure you stay on an  
16 improving trend after restart too.

17 CHAIRMAN GROBE: Okay. With that the business  
18 portion of the meeting is adjourned.

19 MR. MYERS: Could I ask one other question?

20 CHAIRMAN GROBE: Sure.

21 MR. MYERS: We have got some employees here  
22 from Davis-Besse. Do you have any comments

1 concerning the statements?

2 MR. MUGGE: Yes, I would say just one. And  
3 that is regarding the comments that you just made,  
4 when we shifted focus down to doing the minimum  
5 that was required, we gave away that margin; we  
6 gave away the margin to safety. And we didn't have  
7 an appreciation for that, and that's unacceptable.  
8 So I agree with your comment. And I think the  
9 ramification is that we need to turn that around  
10 much earlier than coming down where we have been  
11 with the enforcement.

12 MR. MYERS: Do you have anything?

13 MR. SPENCER: No.

14 MR. MYERS: Okay. Thank you.

15 CHAIRMAN GROBE: Okay. Anything else, sir?

16 MR. MYERS: No.

17 CHAIRMAN GROBE: Okay. Thank you. The agenda  
18 has a break at this point in time. But recognizing  
19 that it's already 5:20 and we probably have a  
20 number of people from the eastern time zone -- it's  
21 6:20 in their time zone -- I would suggest that we  
22 just go ahead and move right into questions from the

1 public. This portion of the meeting is intended to  
2 provide the opportunity to members of the public  
3 who are attending this meeting to ask questions of  
4 the NRC staff and provide input to the NRC staff.

5 So what I propose we do is -- We have three sort  
6 of venues of questions, opportunities for  
7 questions. Do we need to set something up?

8 MS. LIPA: A microphone.

9 CHAIRMAN GROBE: Don't anybody move. Don't  
10 get out of your chairs. We're going to do a couple  
11 of logistical things making sure the microphones  
12 are turned on and things of that nature. Go ahead  
13 and take care of that. While Cheryl's doing that,  
14 why don't I just describe how I want to proceed  
15 with the questioning process. As I mentioned we  
16 have three venues for questions. We have folks  
17 here in the Lisle, Illinois office; we have folks  
18 in the headquarters offices in Rockville, Maryland;  
19 and then we have folks that are on a telephone  
20 bridge link who may also have questions. What I  
21 would like to do is proceed in that order. Anyone  
22 that has -- a member of the public who wants to ask

1 a question here in Lisle could go first. And  
2 approach the microphone and ask your question, and  
3 we will answer it as best we can. And then we will  
4 proceed to headquarters and then to the telephone  
5 bridge. And before folks leave I would also like  
6 to remind you once again of our feedback forms.  
7 We're always looking for feedback on the quality of  
8 our meetings. So please make sure that you take  
9 the opportunity to fill out that form. It doesn't  
10 require a stamp. You can mail it back. It can be  
11 anonymous. You can provide us constructive  
12 feedback, and if you feel so inclined you can also  
13 compliment various aspects of these meetings. That  
14 would also be appreciated. But please anybody here  
15 in Region III if you have a question or a comment,  
16 please approach the microphone. I think we have  
17 one representative of public officials here and  
18 that was Gere Witt. Gere just stepped out? He had  
19 a plane. I know that. Unfortunately he is not  
20 here. Members of the public here in the Chicago  
21 area, if you have any comments please approach the  
22 microphone or questions. Please, sir. Identify

1 yourself and go ahead.

2 MR. ROBERT ZAMENSKI: Bob Zamenski, and I live  
3 in close proximity to the plant. But I also work  
4 at a nuclear facility across the way. And I am  
5 here mostly for lessons learned so I can carry them  
6 back to our organization. 90% or maybe 100% of  
7 what we talked about today transcends boric acid  
8 and goes into stuff that applies to PWRs. I was  
9 wondering if the NRC is planning on -- after their  
10 reviews are completed and Davis-Besse is back on  
11 line if you are going to plan on issuing a bulletin  
12 or information notice on the soft issues that we  
13 talked about today.

14 CHAIRMAN GROBE: That's an excellent question.  
15 I don't believe anything of that nature was  
16 contemplated right now. All of the documents that  
17 we have are available on our web site, and there's  
18 a very well-organized set of links to various  
19 documents. And when we receive this document, that  
20 will likewise be available to anybody in the  
21 industry or the public on our web site. We'll take  
22 that under consideration that that could be a

1 possibility. We appreciate the comment.

2 MR. MYERS: I can add some information if you  
3 would like. This is strictly from an industry  
4 standpoint. We met with Institute of Nuclear Power  
5 Operations a couple weeks ago. It is our intention  
6 to have a group of utility meetings, not public  
7 meetings, utility meetings to talk about this event  
8 in great detail and the lessons learned for all the  
9 utilities. So we talked to them about having four  
10 different meetings in different parts of the United  
11 States to ensure that, you know, every lesson  
12 learned we can give you we do give you. So that's  
13 our intent right now.

14 CHAIRMAN GROBE: Okay. Very good. I  
15 appreciate that. Another question?

16 MR. ZAMENSKI: One other question, Jack. I  
17 was wondering why the '92 event where we had base  
18 metal wastage at the steam metal generator at  
19 Davis-Besse was not included in any correspondence  
20 from the NRC. I went back to 1980 and reviewed all  
21 your bulletins and information notices and generic  
22 letters and couldn't find anything on that

1 particular event.

2 CHAIRMAN GROBE: I don't know that all  
3 occurrences of boric acid corrosion at every  
4 nuclear power plant in the United States have been  
5 captured in an info notice. I would suspect it  
6 certainly hasn't. But I believe that if you go  
7 back and review Davis-Besse inspection reports,  
8 you will find that that issue was discussed in  
9 inspection reports for Davis-Besse.

10 MR. ZAMENSKI: Okay. Thank you.

11 CHAIRMAN GROBE: Okay. Thank you. Any other  
12 members of the public here in Lisle have a question  
13 or comment?

14 THE OPERATOR: This is the IO operator. Would  
15 it be possible to repeat the questions being asked  
16 for the audio participants?

17 CHAIRMAN GROBE: Okay, I will do that. Thank  
18 you. Good suggestion. Bill, why don't we go to  
19 Rockville, Maryland and see if any members of the  
20 public there would like to approach the microphone  
21 and ask a question.

22 MR. DAVID LOCHBAUM: Dave Lochbaum of the

1 Union of Concerned Scientists. I have a couple of  
2 observations on the observations that the root  
3 cause team put out.

4       On slide 36 of the presentation one of  
5 the key observations was training was not provided  
6 to individuals performing inspections for boric  
7 acid, end quote. In our June letter to the lessons  
8 learned task force and the 0350 panel we had  
9 pointed out that the NRC's September of 1989  
10 inspection following up the bulletin on the boric  
11 acid corrosion program identified the lack of  
12 training, and it designated it as unacceptable in  
13 the report that was sent out to FirstEnergy in  
14 early 1990. So it looks like that was a problem  
15 both on the company's and the NRC's side of the  
16 house in not having corrected that problem even  
17 though it was identified quite some time ago.

18       The second comment is an observation on  
19 the following slide, slide 37, that's been  
20 discussed at some length today. It's the monetary  
21 incentive program rewards production more than  
22 safety at senior levels. With that in mind -- And

1 we're not by any means suggesting advocating those  
2 programs are bad or inherently evil or anything  
3 like that. But it looks like the NRC should learn  
4 from this and look at when they do AITs or possibly  
5 do the inspection manual verification of the  
6 performance indicators that they be aware of bonus  
7 plans or incentives to see if there might be a  
8 potential bias or potential bias in the decision-  
9 making process. Again hopefully that would always  
10 verify that there wasn't one, but it looks like we  
11 know that some plants have gone to providing  
12 incentives linked directly to performance indicators.  
13 So it looks like the NRC needs to be in awareness  
14 of that and factors that go into the incentive  
15 program.

16 CHAIRMAN GROBE: Jim, David raised two  
17 questions. And the first one had to do with the  
18 feedback that was provided from a team of folks  
19 from the NRC that went out and examined -- after  
20 Generic Letter 88-05 examined the program put in  
21 place at Davis-Besse. One correction I think to  
22 Mr. Lochbaum's characterization, the team concluded

1 there were some weaknesses in the area of training  
2 and that is correct. And I think it's a correct  
3 observation that that condition was also an  
4 observation here in the root cause. Does Davis-  
5 Besse have any appreciation of whether there was a  
6 corrective action taken back in the early '90s and  
7 then it atrophied, or was that something that was  
8 never responded to?

9 MR. DeSTEFANO: The audit report that  
10 Mr. Lochbaum is referring to had those two recom-  
11 mendations in it, and they were geared towards  
12 operations staff and the engineering staff who  
13 performed boric acid inspections. And what we  
14 found in our investigation was that no follow-up  
15 action for those two recommendations had been taken  
16 and there were no action items in the tracking  
17 system for that. So during our recent investigation  
18 a condition report has been issued to follow up on  
19 that exact issue.

20 CHAIRMAN GROBE: Okay. Very good. Thank you.  
21 And the second comment that David made concerned  
22 performance indicators and the structure of the

1 reactor oversight process. And we will make sure  
2 that the Division of Inspection Program Management  
3 gets that information. Okay. Jim Riccio, do you  
4 have a comment?

5 MR. JAMES RICCIO: Just a couple of comments.  
6 I guess more directed towards the NRC. NRC has  
7 placed significant staff effort into several  
8 programs over the last several years that seem not  
9 to have had an effect at Davis-Besse, the 50.59 RF  
10 letters that went out in regards to understanding  
11 that your design basis is maintained. NRC also put  
12 a lot of effort into ensuring that the the industry  
13 understood the process for 50.59 evaluations. Both  
14 instances seem at Davis-Besse not to have really  
15 sunken in. And it's a question both to the  
16 industry and the licensee. What needs to be done  
17 to assure that the design basis is maintained and  
18 understood, and what's to give the public any  
19 confidence that not only the industry but also the  
20 licensee has taken steps to improve its processes  
21 to ensure that it doesn't get caught with its pants  
22 down again?

1 CHAIRMAN GROBE: Thanks, Jim. The focus of  
2 the discussion here today, I believe, on 50.59 and  
3 safety evaluations was primarily focused on the  
4 kinds of questions that are considered in the  
5 context of decisionmaking. You make a decision not  
6 within the context of a loss of control of the  
7 design basis or the licensing basis of the plant.  
8 But I understand your question and appreciate it,  
9 and I will consider it in how we structure the  
10 inspections we do at Davis-Besse.

11 Any other questions from headquarters?

12 MR. DEAN: Nothing else from here, Jack.

13 CHAIRMAN GROBE: Okay. Operator on the  
14 telephone bridge, could you facilitate questions  
15 from folks that are on the telephone lines?

16 THE OPERATOR: Our first question comes from  
17 Paul Gunter. You may ask your question.

18 MR. PAUL GUNTER: Hi, Jack. This is Paul  
19 Gunter with Nuclear Information and Resource  
20 Service. Can you hear me?

21 CHAIRMAN GROBE: Absolutely.

22 MR. GUNTER: My comment has to do with the

1 remark that opened the presentation. And I too was  
2 struck by FirstEnergy's humbled position. Recog-  
3 nizing their devotion to production as part of the  
4 root cause, I was struck by something a little more  
5 fundamental and as disturbing if not more. And it  
6 has to do with slide 22 where in the root cause  
7 conclusion, the first bullet, Davis-Besse  
8 adequately identified and documented nonconforming  
9 conditions. I have to take issue with that. And  
10 there are numerous examples, but I would like to  
11 follow one thread that begins with a condition --  
12 actually with a work order that was issued on April  
13 25th, 2000, with regard to the large boron  
14 accumulation noted on top of the reactor vessel  
15 head.  
16       The work order clearly identifies that  
17 the program is required due to degradation of the  
18 control rod drive mechanism nozzle caused by  
19 primary water stress corrosion. And in order to  
20 perform the required inspections, it says here the  
21 the nozzles as well as the penetrations must be  
22 free of boron deposits. Once the head is free from

1 boron, new boron deposits may be easily noted and  
2 remedial actions taken. The work order then goes  
3 on to provide a handwritten note that says work  
4 performed without deviations, and it's signed and  
5 dated. That was in April of 2000. Then on October  
6 3rd in a telcon with staff, FENOC identifies that  
7 100% inspection of the head was conducted. Then on  
8 October 11th, 2001, in a briefing by senior manage-  
9 ment of -- well, a management team from FirstEnergy  
10 in briefing the Commission's technical assistants  
11 provided testimony that all CRDM decipher were  
12 verified to be free from characteristic boron  
13 deposits using video recordings from the previous  
14 two refueling outages. So, you know, clearly the  
15 most fundamental and most disturbing question about  
16 this is the veracity of the document trail here  
17 provided by FirstEnergy. And I don't see that  
18 identified in the root cause analysis. Actually it  
19 contravenes what Davis-Besse has identified as  
20 adequately identifying and documenting noncon-  
21 forming conditions.

22 More specifically the concern is with

1 the accuracy of the analysis and the document trail  
2 here. And it seems to raise the question about  
3 FirstEnergy's devotion to telling the truth. And I  
4 don't see that as addressed in this root cause. But  
5 it seems to be much more fundamental in light of  
6 the admissions of the devotion to production that  
7 we need to address the devotion to tell the -- to  
8 accurately tell the condition of the plant  
9 particularly in reports to the Commission. And I  
10 think that this is a piece that is not provided in  
11 this root cause and that must be brought about to  
12 some degree to be addressed in order for there to  
13 be any public confidence in both FirstEnergy's  
14 past, present and future reporting and the NRC's  
15 ability to decipher that the company's reporting  
16 to it is either accurate or a truthful admission to  
17 the actual condition of the plant. And I am  
18 wondering how we can -- how the NRC plans to  
19 identify this very fundamental problem that's  
20 currently not identified in the root cause.

21 CHAIRMAN GROBE: Paul, that's an excellent  
22 question. And it's an area that I had intended to

1 focus on and had not. I appreciate your question.  
2 Steve, during the AIT inspection as well as during  
3 the AIT follow-up inspection which was just exited  
4 last Friday, we identified some questions regarding  
5 the accuracy of information contained in internal  
6 documents as well as documents to the NRC. And did  
7 you evaluate during your root cause evaluation what  
8 role that may have played in the effectiveness of  
9 the organization?

10 MR. LOEHLEIN: Well, I think I would like to  
11 probably straighten a few things out in terms of  
12 accuracy and how they're portrayed as well as root  
13 cause goes. For example, the condition report  
14 that's identified from the year 2000, in terms of  
15 root cause we know quite clearly damage to the head  
16 was well underway by the year 2000. And we  
17 established that back in April already that this is  
18 a 4- to 6-year issue. In terms of root cause the  
19 failures had already occurred.

20 In terms of truthfulness in the root cause  
21 investigations, how this happened and how the organi-  
22 zation failed to recognize the significance of

1 issues, we investigate records and we look at  
2 information as regards interviews. If during that  
3 investigation we find facts that can't line up or  
4 whatever, we discount them. And if at any time we  
5 believe somebody may be not truthful, it's our job  
6 to turn that over to security. We do not have the  
7 right to investigate whether we think somebody is  
8 truthful or is not truthful. That's not the kind  
9 of thing we investigate.

10 CHAIRMAN GROBE: I wasn't focusing on motive;  
11 I was simply focusing on accuracy of records. Let  
12 me put it in a more specific context. For example,  
13 during the year 2000 after the outage there was a  
14 continuation of air cooler cleanings and rad element  
15 filter replacements. Did the information which  
16 indicated that the head had been cleaned, inspected  
17 and no anomalies noted, did that factor into the  
18 follow-up to the containment air cooler cleanings  
19 and the rad element filter replacements in a sense  
20 that it may have led people to different outcomes  
21 in their thinking about those issues? Did you look  
22 at the impact of inaccurate information?

1 MR. LOEHLEIN: I don't know if I am following  
2 your question correctly. I won't put words in your  
3 mouth, but it sounds like you're asking that in light  
4 of what was said or documented, did that cause the  
5 organization to respond.

6 CHAIRMAN GROBE: Differently.

7 MR. LOEHLEIN: Differently. You could ask the  
8 other members of the team. I personally -- From  
9 the information we had discussed as a team, I don't  
10 think so. The mind set that was in place prior to  
11 12RFO continued to be in place after 12RFO. The  
12 leakage was coming from the flange both before and  
13 after the outage. As a matter of fact, there was a  
14 lot of -- among the staff they felt strongly it was  
15 coming from a particular flange, D11 it would have  
16 been. Because as it turned out, they weren't so  
17 sure that had been assembled adequately and maybe  
18 that was a source of the leak.

19 CHAIRMAN GROBE: Okay.

20 MR. LOEHLEIN: So that while that piece of  
21 evidence is there that asks the question as to  
22 whether that accurately reflected things and

1 whether people may have been misled, I didn't see  
2 any change in the pattern of the thinking before  
3 and after 12RFO and before and after those  
4 documents were in place. Mario, do you have any  
5 other insight?

6 MR. DeSTEFANO: At no time did we see any  
7 indication that the troubleshooting associated with  
8 the rad elements or the containment air coolers had  
9 taken the path they did because of assumptions on  
10 the reactor vessel head other than the leakage is  
11 coming from flanges. No, we did not see any  
12 indications that they stopped short because of  
13 inaccurate information. Additionally, we did  
14 during our very interviews probe any areas where we  
15 felt that documentation had not lined up or we saw  
16 a conflict between documents of the same author and  
17 included those type of responses in our conclusions  
18 or, like Steve said, disregarded information that  
19 we had. Because we had plenty of sources. This  
20 investigation did not rely on any small number of  
21 documents or personnel. It was that deep. And we  
22 had so many documented cases where there wasn't one

1 that would break the back of this investigation.

2 MR. MYERS: We did have another investigation,  
3 a different type of investigation or look at some  
4 of the documents on the legal side of the house  
5 that had been submitted. You brought some of those  
6 issues up, the AIT exit. We know about the work  
7 order that was signed out. We know about some of  
8 the conflicts in the presentation that we have  
9 seen. Some of them indicate that the head wasn't  
10 fully inspected; some of them indicate that it  
11 was. So we know about some of those conflicts.  
12 And we have separate investigations going on just  
13 for that purpose. So it's not something we're  
14 ignoring either.

15 CHAIRMAN GROBE: Okay. I think I understand  
16 the answer to the question. Jim, did you have  
17 something?

18 MR. DYER: Yes. This is Jim Dyer. And I  
19 guess let me understand -- I am asking Jack Grobe  
20 as much as anybody. And this gets closer to Paul  
21 Gunter's question as to where we are in the process  
22 of addressing these issues.

1 First of all we did an AIT follow-up  
2 inspection which really went to characterize our  
3 fact-finding from the AIT in regulatory space, and  
4 we had an exit last week at the site and we're  
5 going to plan to review that. Is that this Tuesday,  
6 or is that going to be discussed at the 0350  
7 meeting?

8 CHAIRMAN GROBE: Yes.

9 MR. DYER: Now, that particular exit identifies  
10 potential violations.

11 MR. MYERS: That's correct.

12 MR. DYER: And Paul's question got to whether  
13 or not you're telling the truth, I guess was the  
14 term that he used, in that. And at this stage of  
15 our inspection process we identified some instances  
16 of inaccurate information.

17 MR. MYERS: Correct.

18 MR. DYER: At this stage by the NRC we have  
19 not characterized whether there was any kind of  
20 motive to it if you would. It's more just the fact  
21 it is an inaccurate statement, and that is a  
22 violation of regulations. Whether or not it's

1 truthful or not really gets to the nature of the  
2 violations and things that we have to look at, and  
3 I am sure we'll dialogue some more.

4 As far as the intent and that we do have  
5 ongoing investigations from our side of the house  
6 that are ongoing that will look into other allega-  
7 tions that we have or possibilities that there was  
8 a deliberate or willful violation of the regulations.

9 At this stage what we have done is identified a  
10 number of violations of regulations. And those --  
11 Again I don't want to get ahead of ourselves, but  
12 those will be discussed, I believe, next week.

13 CHAIRMAN GROBE: Yes, that's correct. We will  
14 provide a broad discussion of the results of the  
15 AIT follow-up inspection at the public 0350 meeting  
16 next Tuesday. And I appreciate Paul's question  
17 also. And we'll evaluate and we have heard the  
18 licensee's position that inaccurate information  
19 didn't play a role in this issue. And that will be  
20 part of what we evaluate during our inspection in  
21 this building block area.

22 Are there any other questions from the

1 phone lines, Operator?

2 THE OPERATOR: The next question is from

3 Michael Keegan. You may ask your question.

4 MR. MICHAEL KEEGAN: Michael Keegan, Coalition

5 For A Nuclear-Free Great Lakes. I heard the folks

6 from FirstEnergy, especially the culture of

7 production over safety, and then they went on to

8 discuss that they have done some walk-downs of

9 other systems. The hole in the reactor was beyond

10 the maximum credible accident scenario, was never

11 considered. With all the other systems I am very

12 concerned about the status of those systems. And I

13 am very interested in what kind of oversight the

14 NRC is going to provide to those systems prior to

15 allowing a restart.

16 CHAIRMAN GROBE: I think I can answer that,

17 the licensee has developed a restart program that

18 includes an evaluation of systems, evaluation of

19 all equipment inside containment. Pursuant to our

20 reaction letter they're evaluating the remainder of

21 the primary coolant system pressure boundary. So

22 the licensee has undertaken a fairly comprehensive

1 evaluation of hardware at the plant. And we are  
2 structuring our inspections focusing in the same  
3 way the licensee is focusing their activities. And  
4 we will have an inspection of the systems reviews  
5 that they're doing as well as we already have an  
6 ongoing inspection of the equipment inside  
7 containment. And those inspections will be  
8 documented and the results of those inspections  
9 will be considered by the oversight panel, the  
10 NRC's oversight panel for Davis-Besse. And the  
11 oversight panel when it feels that issues have been  
12 sufficiently evaluated will make a recommendation  
13 to senior NRC management with respect to restart.  
14 Are there other questions on the phone lines,  
15 Operator?

16 THE OPERATOR: Our last question comes from  
17 Karen Schafer. You may ask your question.

18 MS. KAREN SCHAFER: Can you hear me?

19 MR. GROBE: Could you speak up, please?

20 MS. SCHAFER: Sure. Hope you can hear me.

21 CHAIRMAN GROBE: That's fine.

22 MS. SCHAFER: I had a couple of quick questions.

1 I heard from the discussion today this will take  
2 some time for the NRC to accept all of the infor-  
3 mation on the management performance root cause  
4 analysis as done by the company. But I wonder if  
5 we could hear a little bit of initial response. Is  
6 the NRC oversight team satisfied with the  
7 sufficient provingness of the analysis so far?

8 CHAIRMAN GROBE: I can't speak for all the  
9 members of the panel. I will ask them to provide  
10 any additional insight. The report I see that is  
11 sitting over next to Lew Myers is well over an inch  
12 thick. And we have already gone through in  
13 two and a half hours or three hours an extraordinary  
14 amount of detail. The presentation appears to cover  
15 many of the areas that I was focusing on. But the  
16 details of the assessment and the alignment of the  
17 root causes with the specific issues that we have  
18 identified during our inspections is yet to be  
19 completed. So I would hesitate to make any broad  
20 statements on adequacy or confidence, I think, was  
21 the word you used. But it appears that the plan  
22 once we receive it and have an opportunity to

1 evaluate it covers all of the areas that I was  
2 focusing on. Are there other members of the panel  
3 that have comments?

4 MS. LIPA: I agree.

5 CHAIRMAN GROBE: Bill Dean, do you have any  
6 thought or comment from headquarters? Did you have  
7 any comment? Bill, I can see your mouth moving.  
8 Bill, we can't hear you. We still can't hear you.  
9 How are you at sign language?

10 MR. DEAN: Okay. Obviously we're having  
11 technical difficulties here.

12 CHAIRMAN GROBE: We have you now.

13 MR. DEAN: Okay. No, the only point I was  
14 going to make, Jack, was I thought what the  
15 licensee presented was fairly candid and fairly  
16 broad reaching in a lot of areas. I am really  
17 looking forward to actually getting through the  
18 report and getting into some of the details to, you  
19 know, have a full -- I guess a full understanding  
20 of the breadth of how extensive it is.

21 CHAIRMAN GROBE: Okay. Very good. Thank you.

22 MS. SCHAFER: Thank you. Could I ask my other

1 question?

2 MS. LIPA: Yes, go ahead.

3 MS. SCHAFER: Thank you. The other question I

4 have is simply this: Mr. Myers alluded to a

5 management incentive program that came in sometime

6 in the '90s that may have had something to do with

7 the abandonment of safety over a culture of power.

8 I wonder if the NRC plans to ask more questions

9 about that or we'll hear about that at future

10 meetings.

11 MR. MYERS: That's not what I said.

12 CHAIRMAN GROBE: Go ahead, Lew.

13 MR. MYERS: That's not what I indicated, I

14 don't think. You know, we managers have always had

15 incentive programs. A new company was formed in

16 the '97 timeframe, and the incentives changed

17 somewhat. I can't really sit here today and tell

18 you exactly what changed. But it's a bigger

19 company and there's some more corporate goals that

20 we didn't have before probably. I have been an

21 executive with Centerior Energy since '96 and then

22 with FirstEnergy since they were formed. And I can

1 tell you from my perspective the decisionmaking  
2 process that I have made over the years when it  
3 comes to nuclear safety has not been affected by  
4 the incentive program. It gets down to an  
5 integrity issue. As I commented again, this is  
6 just -- where we're at today is a technical  
7 embarrassment. I don't know if people heard that  
8 or not. But it's just a technical embarrassment  
9 and just not a place we want to be or I ever want  
10 to be again.

11 MS. SCHAFER: Thank you for the clarification.

12 CHAIRMAN GROBE: Are there any other questions  
13 on the phone lines, Operator?

14 THE OPERATOR: We do have one more question  
15 from John Mengles. You may ask your question.

16 MR. JOHN MENGLES: Hi, Jack. This question is  
17 really more for Jim Dyer. Jim, I think you  
18 mentioned that there was something going on with  
19 the NRC regional office between 1997 and 2000 that  
20 affected the amount of inspection or the quality of  
21 inspection maybe that you were able to do at  
22 Davis-Besse. Could you elaborate on that, please?

1 MR. DYER: Certainly. From 1997 through  
2 actually about 2001 there were a number of plants  
3 which we characterized as problem plants or watch  
4 list plants here in the region. Davis-Besse was  
5 not one of them. This was a time period where we  
6 had a number of -- I can think of, I think, Point  
7 Beach was a plant that we were following under the  
8 0350 process. The Clinton power station was one we  
9 were following under the 0350 process. LaSalle,  
10 Quad Cities, Dresden were all plants that we were  
11 following under the Manual Chapter 0350 process.  
12 As a result those plants were receiving an  
13 extraordinary amount of our attention. Also D.C.  
14 Cook. And because we were focusing on them, a lot  
15 of the other plants within the region were getting  
16 what I would call the minimum program. Davis-Besse  
17 was one of those plants. And as a result we did  
18 the minimum inspection program at that time -- that  
19 was referred to as the core inspection program --  
20 at the Davis-Besse facility in order to support a  
21 lot of the inspection activities at these other  
22 sites that I referred to. And so that's the nature

1 of my comment earlier.

2 MS. SCHAFER: Thank you.

3 CHAIRMAN GROBE: Operator, any other questions  
4 on the phones?

5 THE OPERATOR: At this time there are no  
6 further questions.

7 CHAIRMAN GROBE: Okay. With that we are  
8 adjourned. A couple of reminders. Folks that  
9 picked up visitor badges to be up here, make sure  
10 you turn those badges in. Please pick up a copy of  
11 our feedback form and fill it out and provide us  
12 any of your thoughts on how we can improve our  
13 meetings. And finally thank you very much to  
14 FirstEnergy for your comprehensive presentation.  
15 We're already passed the operator leaving the  
16 switchboard downstairs. So if you have a badge,  
17 turn it in to Christine, and we'll make sure it's  
18 taken care of. Thank you very much.

19 (Which were all the proceedings  
20 had at the public meeting of the  
21 above-entitled cause.)

22

1 STATE OF ILLINOIS )  
                          ) SS.  
2 COUNTY OF C O O K )

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4

5           I, MARLANE K. MARSHALL, C.S.R., a  
6 Notary Public duly qualified and commissioned for  
7 the State of Illinois, County of Cook, do hereby  
8 certify that I reported in shorthand the  
9 proceedings had and testimony taken at the hearing  
10 of the above-entitled cause, and that the foregoing  
11 transcript is a true, correct, and complete report  
12 of the entire testimony so taken at the time and  
13 place hereinabove set forth.

14

15

16                   MARLANE K. MARSHALL  
                      Notary Public  
17                   CSR License #084-001134

18

19 My commission expires:  
February 23, 2004.

20

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22

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