

1 MR. MYERS: We'll fix that
2 problem.

3 MR. SIMPKINS: Okay. Bringing in
4 additional personnel or just reactivation of?

5 MR. MYERS: Right now we have
6 two classes going on. We'll make sure that our Davis-Besse
7 Plant is above industry standards or at industry standards
8 for SRO's. We'll make sure we have active SRO's in
9 departments like work control, emergency repair and
10 training, things like that.

11 For example, at our Beaver Valley Plant, we keep
12 five RO's by design in our training department, that are
13 part of Operations at all times. That's sort of the way
14 that we operated over at our Perry Plant when I was there
15 and that's sort of my expectation as Chief Operating
16 Officer, you know, that we will have active SRO's. That
17 may mean that we need more SRO's, so I'll develop those.

18 MR. PEARCE: Doug, let me see
19 if I can add something to what he's saying here.

20 What we did at Beaver Valley, I'm sure what we're
21 going to do here, is we took people out of the existing
22 organization and got them SRO's and put them on shift for a
23 period of time and then rotated them into different parts
24 of the organization in order to achieve that. That's
25 really what we intend to do.

1 When you say bringing in more people, it's not
2 necessarily more people, but upgrading the people we have
3 available in the organization, that we feel like have upper
4 mobility over time. And it's important to get that
5 credential in a lot of places in your organization, but
6 we're going to utilize the people that we have, that we
7 think are the best people that we have in the organization.
8 Get them the SRO, put them back out in different parts of
9 the organization after they have some Operations
10 experience. That's kind of the philosophy.

11 MR. MYERS: Both of those
12 things are true. At other plants, what we do, we got
13 people that we went and got SRO's and that are in
14 engineering, stuff like that. That is true. However, we
15 have specific organizations and we had a chart that we used
16 for like training, work control, outage management, quality
17 assurance, where we had people physically out of the
18 Operations group working in those groups at all times.

19 MR. SIMPKINS: Okay, that answers
20 my question. I didn't mean to have such a subtle
21 difference, but if you're going to be an Operations lead
22 organization, it's not somebody just having a license from
23 engineering on the Fix It Now Team, but somebody right from
24 the beginning that has the input back into the Operations
25 staff. So, okay, thank you.

1 MR. MYERS: Good.

2 MR. RODER: Thanks, Doug.

3 All right. Now, Restart Station Review Board, we
4 have developed a procedure that's been in place for quite
5 sometime now that does establish quorum requirements.
6 Those quorum requirements focus on Operations members,
7 Maintenance and Engineering. I am a Chairman for the
8 Station Review Board.

9 And our charter is essentially to take the condition
10 reports and corrective actions that Clark talked about, and
11 review every corrective action, every condition report, all
12 work orders, all modifications, and others. And we
13 categorize those again as required for restart or post
14 restart. There is a lot more categorizations in there, but
15 those are the two main categories.

16 We have used that list then and assigned owners as
17 the different departments. Those departments have used the
18 list that the Restart Station Review Board has generated,
19 and then they categorize all their condition reports and
20 corrective actions to a mode. That's established world
21 population of activities required for Mode 6 at this
22 point.

23 Independent of that, we have established a Mode
24 Restraint Manager. We have an experienced SRO and a team
25 put together the Operations Review for Mode 6. We

1 additionally have reviewed all condition reports,
2 corrective actions, work activities, surveillance tests,
3 and plant configuration documents to assure ourselves we
4 have met the requirements for Mode 6.

5 Currently, we're conducting plant walkdowns to
6 assure configuration control, equipment readiness and
7 housekeeping.

8 In fact, Jeff Cuff is here today. Jeff is my Mode
9 Restraint Manager. Jeff, you have a couple of things you
10 want to say?

11 MR. CUFF: Sure. I'm a
12 little nervous. I've taught a lot before, but I've not
13 spoken before committees. My name is Jeff Cuff. I'm Mode
14 Restraint Manager. I was assigned to this position in
15 early December, and I have eleven Operations personnel
16 working underneath me.

17 For the entire month of December, we had all eleven
18 people working on identifying Mode 6 restraints; anything
19 that would stop us from our judgment of loading fuel into
20 the reactor in a safe manner.

21 We came up with some 500 restraints in reviewing
22 condition reports, corrective actions, work orders, and
23 other documents, and we've gone to the level of detail we
24 acknowledged. In midDecember, we found surveillance
25 testing on our diesel generators that wasn't current.

1 That's led us the need to do special testing on our diesel
2 generators, so we'll have those available to us when we go
3 into Mode 6, put fuel inside the reactor.

4 Additionally with the diesel generators, we
5 identified a few days ago a condition report that stated
6 the floor drains in the room were not flowing the adequate
7 amount of water that we would expect. And our team pushed,
8 and yesterday they went down and cleaned out those drains
9 to ensure that if the fire deluge system were to actuate in
10 that room, all the water would be drained out through the
11 floor system, floor drain systems, and wouldn't affect
12 diesel operability.

13 So, we've been working with Mode 6, and once we
14 completed our checklist, we sat down; Mike said it was two
15 days; it was a grueling 20 hours that we spent going line
16 item by line item through that checklist. And through the
17 five hundred restraints we identified, we came up with two
18 additional items to add to the list; one was a radiation
19 element that failed to surveillance test the night before;
20 and the other one was another condition report the team
21 felt needed to be added to the list.

22 So, we've worked extensively on this list. Now we
23 are working to bring that list to completion and to close
24 each of those items to an operations standard that is
25 acceptable.

1 Questions?

2 MR. THOMAS: Quick question, if
3 you're done. In the last 4, 5 days, you've closed out
4 approximately 150 Mode 6 restraints. Could you briefly
5 characterize the significance of those mode restraints that
6 you closed down?

7 MR. CUFF: A lot of mode
8 restraints we closed out in the last two days have been
9 engineering evaluations. And we have had, Intercon has
10 been working extensively with us in the plant engineering
11 and in the design basis engineering.

12 They have been doing studies and evaluations for
13 us. They document those evaluations on what's called a
14 mode restraint form and then it is only one of three
15 operations superintendent level people that review those
16 mode restraint forms.

17 Then, that's some of the issues we've cleared off
18 the list. The other issues that were cleared off the list
19 were work orders that were in process of being worked. And
20 when those work orders are completed, so, for instance, a
21 valve was torn apart to repack that valve. You can not
22 refuel the reactor with that valve torn apart. Once that
23 valve has been ~~resembled~~ re-assembled and is in a condition where it
24 will hold water, my team has gone out and looked at those
25 valves, verified their integrity, and then we signed off

1 that work order as no longer being a restraint. That has
2 been the majority.

3 We did a walkdown last week of the main steam line
4 rooms to verify integrity of the main steam system and
5 utilized that to sign off a number of work orders revolving
6 around steam generator integrity for containment closure
7 issues.

8 MR. THOMAS: Of the remaining
9 150, 200, I know it may not be precise numbers.

10 MR. MYERS: Pretty close.

11 MR. THOMAS: But how many of
12 those would you characterize as significant issues?

13 MR. CUFF: There is currently
14 96 condition reports. Significant in those condition
15 reports, I would say there is, personal judgment on my
16 part; I would say there is probably about 30 to 40 -- 30 of
17 those condition reports that are significant, and the
18 majority of those condition reports are being closed out by
19 the outage that we're currently having on decay heat train
20 one and diesel generator number one. That's ongoing today
21 and through the next 3, 4 days.

22 MR. THOMAS: Thank you.

23 MR. CUFF: Any other
24 questions?

25 MR. RODER: Thanks, Jeff.

1 So, what we've created so far, I want to describe so
2 far, is two lists, if you will, or independent lists of
3 Mode 6 issues. And what Jeff described was the grueling 20
4 hours of review. The final Multi-discipline Team is what
5 we put together to review that. I was the chairman for
6 that team. We had Design Engineering Manager, Outage
7 Director, Maintenance Manager, myself, Mode Restraint
8 Manager, as well as several others that established or that
9 met for two days straight.

10 And we had plant engineer walk in with all of the
11 restraints on both lists and discuss those. So, we had a
12 collaborative effort with the plant engineer as the lead to
13 allow -- allowed the plant engineer to advocate positions
14 and describe the actual situation.

15 So, we also, we also met to understand clear
16 ownership, clear due dates, and exactly what was needed to
17 clear that restraint. So, we felt that was a very good and
18 thorough review; and we intend to, like the last bullet
19 says, we intend to have the same process for all of our
20 mode changes.

21 Even, in addition to that though, as a manager, and
22 as part of the manager team, I spent significant time on
23 the Restart Station Review Board, these different
24 multi-disciplined panels. And, that opportunity has served
25 to bring our manager team together and start to gel. And I

1 think that's one of the things that's going to put us in a
2 position to be an industry leader as we go forward.

3 And, what Bill is going to talk about is Safety
4 Culture, because that's extremely important point to, for
5 Safety Culture, that we are as a team really stepping up
6 and making sure we have thorough reviews and we're working
7 as a team to look at things from a diversity standpoint.

8 That's all of my presentation. Are there any other
9 questions?

10 MR. DEAN: Can I interpret
11 that last comment to mean that, Bill, you're going to
12 discuss what QA's observations have been over this process,
13 because I consider this to be a pretty key activity at the
14 site, that would be a good indicator of conservative
15 decision-making safety culture.

16 MR. PEARCE: We weren't
17 prepared, Bill, to address that particular issue today, but
18 we have watched -- in fact, the first morning they started
19 out, I watched it myself and sat in for a couple hours of
20 the reviews; and I thought it was very thorough.

21 We can get, we have been observing those issues as
22 QA Organization. And Steve, we don't have a report yet on
23 that, right?

24 MR. LOEHLEIN: No, we don't have
25 a report yet, but we have been monitoring that.

1 MR. PEARCE: For those of you
2 can't hear, Steve Loehlein is the QA Manager, and he said
3 that we do not have the report ready yet, but we have been
4 monitoring those issues and we will come to some conclusion
5 on the adequacy of the review.

6 MR. DEAN: It may be worth
7 while at our next meeting, maybe Steve can give us some ad
8 hoc comments now, but I would certainly be interested in
9 getting perhaps a more detailed assessment of observations
10 and insights the QA Organization has gathered in looking at
11 key evolutions like this.

12 MR. PEARCE: Certainly we can
13 provide that, Bill.

14 MR. LOEHLEIN: Steve Loehlein, QA
15 Manager.

16 I heard a lot about the Safety Culture, so I thought
17 I would put it a little bit in context. We have been
18 observing the mode restraint. In terms of Safety Culture,
19 there is a couple things that we observed so far. First of
20 all, when the station decided to start to get assembled and
21 talk about, well, what is it we've got to do for Mode 6;
22 there was a lot of the natural pressure that you see.
23 Okay, who's got what, and what do we got to do to get them
24 cleared.

25 So, I took that opportunity to ask the management

1 team, hey, who is covering these mode restraints, who is
2 the authority here. And Operations stood up, said, hey, we
3 control the mode restraints. So, it was clear from a
4 Safety Culture standpoint, the site was focused on
5 managing, getting and assembling the issues, but Operations
6 was in control of the decisions. So I thought that was a
7 good indication of some of the Safety Culture things we
8 were looking for.

9 MR. PEARCE: Can you give us
10 some not so good examples?

11 MR. LOEHLEIN: Some of the not so
12 good. I thought the not so good was I was the one who
13 brought that out rather than having the organization
14 recognize it on their own, but it's good to see that they
15 were aware that that was their role relationship.

16 MR. PEARCE: Okay.

17 MR. RODER: Thanks, Steve.

18 Other questions?

19 MR. GROBE: I don't think so,
20 Mike. Thanks.

21 MR. RODER: I would like to
22 introduce Dan Kelley.

23 MR. GROBE: Before we do
24 that, I think we need to do a time check. It's about 17
25 minutes to 5. I was trying to be complete by 5. I think

1 the most important of the remaining sections is the one on
2 Safety Culture. And I was wondering if you might consider,
3 we have the slides on the other topic areas, if we might
4 consider reading those and reviewing them, and if there is
5 additional information, next month we could pick that up,
6 but I would like to get into yours and Bill's.

7 MR. MYERS: That's fine.

8 MR. GROBE: Okay.

9 MR. MYERS: All that work you
10 did. (laughter)

11 MR. KELLEY: That's okay.

12 MR. GROBE: They are good
13 looking slides.

14 MR. MYERS: Moving on to
15 Safety Culture, one of the things we want to talk about
16 today a little bit is both Safety Culture and Safety
17 Conscious Work Environment. You notice we separated
18 those. So, I'll talk some about Safety Culture. Then,
19 Bill is going to take over on Safety Conscious Work
20 Environment.

21 Our desire, I wanted to talk about Safety Culture
22 and Safety Conscious Work Environment and the many actions
23 we've taken to-date; and then finally, we would like to
24 give you some of the taste, if you will, some of the
25 activities we are going to be talking about at the January

1 30th meeting with NRC, which is more of an in-depth
2 detailed meeting of where we're looking at and how we're
3 going to report back on Safety Culture.

4 There is a new methodology we just decided to use.
5 I don't want to call it new methodology, but it's new for
6 us. Performance Safety and Health Assurance has been
7 contracted, that's a company, to implement a new safety
8 methodology.

9 With us today, we have Sonja Haber, who is a Ph.D.
10 She's specialized in Safety Culture throughout the last 15
11 years. I have a couple notes here. Doctor Haber has been
12 consulting in nuclear performance for over 25 years. She
13 has worked extensively with the Nuclear Regulatory Agency
14 for one. We won't hold that against her. She's worked
15 with several of the utilities. That's good. She's worked
16 with the U. S. Department of Energy, the Canadian Nuclear
17 Safety Commission and the International Atomic Energy
18 Agency.

19 For the last 15 years, she specialized in Safety
20 Culture, and she has a methodology that we're going to use
21 as an independent process at our plant to provide our
22 management team some feedback on other activities we might
23 take from a Safety Culture standpoint.

24 With that, I would like to have Doctor Haber step
25 up.

1 DR. HABER: Thank you.

2 Good afternoon, I'm Sonja Haber.

3 As Mr. Myers said to you, I've been working in the
4 area of Safety Culture for some time. In particular, I
5 have worked with the US NRC. I have worked with Department
6 of Energy, and probably most recently with the
7 International Atomic Energy Agency in Vienna, which is
8 doing a lot of the recent work in this area.

9 The methodology that we're proposing to use here at
10 Davis-Besse; I want to tell you a little bit about the
11 development of that and why we think it's the appropriate
12 one.

13 The research behind that methodology was actually
14 funded by the US NRC for almost ten years, in the late
15 1980's and through the mid 90's. It was then adopted by
16 the Canadian Nuclear Safety Commission that benchmarked all
17 of their facilities, their nuclear facilities, using the
18 methodology. It's also been utilized in several European
19 plants and it's been used in former Soviet Union countries
20 with Soviet designed reactors as well.

21 And the concepts that are promoted by the
22 International Atomic Energy Agency are those that are
23 really a lot of apprentices of the methodology. So, I
24 think it meets a lot of characteristics that everybody is
25 looking for in trying to instill Safety Culture.

1 Basically, without going into too much detail, I
2 just want to point out that one of the strengths of the
3 methodology we receive feedback on and we believe is true
4 is that we use multiple methods to look at the different
5 behaviors that influence Safety Culture. And what I mean
6 by that, is that we have what's called convergent
7 validity. We don't just use one tool or one instrument to
8 measure or observe a behavior, but rather usually a minimum
9 of four.

10 I'll just give you a little example. If you think
11 that decision-making is an important behavior for Safety
12 Culture, and I think we would all agree to that, then we
13 will use things that involve interviews, observations,
14 survey techniques, to look at decision-making. We won't
15 just rely on one particular tool, but we'll get information
16 from several tools. Then, the results that we can present,
17 we feel, will be much more reliable and valid with respect
18 to that behavior.

19 I don't really want to spend too much time on the
20 details, other than to say that there are safety
21 characteristic that really the international community and
22 the nuclear industry do agree upon, and those are the ones
23 we'll be using and we would be looking at the behaviors
24 that influence those characteristics.

25 So, we will report back with respect to the absence

1 or presence of those characteristics here at Davis-Besse.
2 We'll look at the areas of strengths, where things are
3 moving on, where programs are in place, and the areas still
4 in need of improvement with respect to the Safety Culture
5 characteristics. And we'll try to get some idea of the
6 progression or the trending of those characteristics,
7 perhaps from where things were to where things are today.

8 MR. MYERS: Thank you. Sonja
9 will be reporting to Fred Giese, the Human Resources
10 Manager. The reason for that, as we finish this, we want
11 to take any lessons learned and fold that back into the
12 process for, for personal development, which is our
13 Leadership in Action Program. So, that was a natural place
14 to put that.

15 I would comment once again, the report that you will
16 be writing will be from her, their company, it will be used
17 by our management team and it will be completely
18 independent. We look forward to getting that report, ~~to~~
19 ~~further~~ convergent validity. That's a new term for me, I want to try
20 to figure out how to use that more often.

21 Since our last meeting, we have taken some actions
22 in FirstEnergy. First thing that we did is we've, we've
23 approved a policy with Bob Saunders. And that policy
24 defines what we at FENOC are going to use a definition for
25 Safety Culture. It's in the slide.

1 Safety codes. We're defining that assembly of
2 characteristics and attitudes. It's a group of
3 characteristics and attitudes. This is pretty hard for a
4 bunch of engineers; characteristics and attitudes in the
5 organization and the individuals.

6 So, it's how we as managers, myself as Chief
7 Operating Officer, VP of the site, we affect the
8 organization. And then, how do the individuals' behaviors
9 and attitudes, how do they respond, which establishes as
10 overriding priority toward nuclear safety activities. And
11 that these issues receive the attention warranted by their
12 significance.

13 Because every activity we do is not real safety
14 significant. Some of them have low significance as far as
15 safety and some of them have very high. So, it's important
16 that we understand the difference.

17 The next thing we did was, we defined Safety
18 Conscious Work Environment as employees willingness to
19 raise safety, raise issues and management's response to
20 those issues. Key definitions in my mind.

21 Next thing we have is a Safety Culture model that
22 we're using. Starts out with very basics, with a corporate
23 level, that we call Policy Level Commitment. That's in the
24 management organization of Bob Saunders, myself, and Gary
25 Leidich. And it starts out with a statement of policy; we

1 have completed that.

2 Management values at Davis-Besse are clearly
3 understood now. And the FENOC values are in all the
4 meeting rooms, at all of our plants. And we've shared
5 those values with all of our employees. We're making sure
6 that they're consistently understood.

7 Next level is the management commitment. That has
8 to do with the managers sitting at this table and the
9 managers at our plant. And, if you go look at the
10 management commitment, there is things that you look for,
11 now that you have the value and policy statement; for
12 example, clear responsibilities and cohesiveness of the
13 organization, and a daily emphasis on safety based on that
14 policy.

15 Then you go up and reflect on the individual
16 commitment, and you go out and monitor the drive for
17 excellence by the employees. They clearly understand we
18 want this polar crane meeting the highest industry
19 standards, you know, or do we have questioning attitudes
20 when we find degradation and material condition like Boron
21 on the reactor vessel head.

22 All of those things and characteristics are in
23 place, and it's possible to say that you have a good Safety
24 Culture. So, we'll be monitoring those types of
25 characteristics. So, that's sort of the model that we're

1 using.

2 We talked about some of the actions that we've
3 completed. We've completed our policy on Safety Culture.
4 That's done now. I've shared some of that with you.

5 The FENOC vision, mission and values are clearly
6 visible at our plant now. You all asked that question at
7 one of the meetings, and I articulated the values, and then
8 I went back and looked. At our other plants, it's a lot
9 more visible than it is at this one, so I think you see
10 good improvement there.

11 The Business Plan. We've gone back and revisited
12 our Business Plan a couple of months ago, our senior team,
13 and made sure the plan is focused properly on safety, and
14 it was very clear and crisp.

15 Our Incentive Program. Bob has looked at our
16 Incentive Program. I was with him not long ago. We
17 revamped our Incentive Program somewhat to make sure we're
18 focusing properly not only on safety, but reliability on
19 people. And we have those incentive programs, I think,
20 properly balanced. I'm pretty excited about some of the
21 things we did.

22 FENOC Corporate Organizational Structure. When we
23 started out here at the Davis-Besse event, there was not a
24 Chief Operating Officer and there was not a corporate
25 organization. We didn't have a corporate organization in

1 place with good program and process owners. That alone
2 could probably have prevented this issue.

3 Additionally, we created the Executive VP of Quality
4 Oversight that now reports to our board. You know, one of
5 the problems we had was our quality organization folding up
6 into our plants from a Safety Culture standpoint, became a
7 part of the Safety Culture. This independence we have now
8 we think is a long term improvement in Safety Culture that
9 will help us out in our plants.

10 And finally, the dedication of our CEO. Let me talk
11 about that. We're the fourth largest utility in the United
12 States and our CEO has been in our plant four times since
13 this shutdown. You know, that's I think pretty unique.
14 And, each time he came there, he came one night and had two
15 meeting with our employees and spoke to our employees for
16 about four hours, until 7, 8:00 at night, emphasizing,
17 emphasizing his commitment to the plant and to nuclear
18 safety. And to me, that's the basis.

19 From a management standpoint, I want to talk about
20 that for a moment. I think management technical competence
21 is important. We talked somewhat about Operations
22 involvement in the organizations. Let's go to the slide
23 for a second. I have an Org. chart over here I put
24 together.

25 One of the things we have done, we have a number of

1 managers in the Org. chart. We rotated and promoted some
2 people to management positions. One of the things I would
3 say, if you look on our Org. chart now, there is 22
4 managers at our site, that's including the directors and
5 myself. All but three of those people are previous SRO's,
6 have certifications. So, that shows you our commitment,
7 the technical competence of our managers.

8 Not only are all but three that have SRO's, or
9 certifications; if you go look now, the top management team
10 across the board has 160 years of significant good
11 operating experience. And down below us, is another 160
12 years or so. I haven't added that up.

13 So, we think now that we not only have a senior
14 management team that we talked about in place, that we feel
15 good about, but the management team at our site, we begin
16 to feel real good about that too. And you heard them talk
17 about some of the teamwork. I want to tell you, in the
18 last month or so, I've seen this management team come
19 together to do some pretty unique things that I'm pleased
20 with.

21 From a management involvement standpoint, we got
22 strong management involvement now. In our restart
23 activities, monitoring program that we have in place is
24 serving us well, management observation program down below;
25 and, finally, the standards that we set for our management

1 ownership.

2 You know, we've anchored some of those standards.

3 One of the things you have to do with management standards,

4 it's okay to just go out and talk, but you have to anchor

5 them in your business, the way you do business, very

6 specific. And one of the things we've done, for example,

7 is the Corrective Action Review Board. You know, that was

8 a very low level review board. It's now got a director

9 that runs the review board and assigns managers. We talked

10 about that earlier, it's on the review board, rather than

11 just low level people.

12 So, it's impossible for us to sit here and say we

13 don't know what's in the Corrective Action Program. I mean,

14 we're reviewing those things every day at the management

15 level. So, we have that ownership and responsibility.

16 From an individual commitment standpoint, we've

17 taken several actions also. We evaluate our supervisors.

18 We told you that we would evaluate key supervisors in our

19 plant. We brought in an industrial psychologist to help us

20 with that, and we've completed it. Not only did we do

21 that, we went a step higher to evaluate our managers. Then

22 we went a step higher to evaluate our directors. Then they

23 evaluated me, and I survived.

24 Then we went a step higher than that. Bob said, you

25 know, we should also do that at our other plants and at his

1 level also. So, now we think we have a very good baseline
2 of data on ways to improve our management team based on
3 their feedback.

4 The new safety consciousness has been added in
5 our yearly appraisal process with all of our people.
6 That's part of our Leadership in Action Program. We've
7 added two new competencies based on this event, each
8 person's yearly appraisal that will affect how they're
9 rated.

10 Town Hall Meetings continue, and meeting with, 4-C's
11 Meetings continue. We think we're, I'm taking good
12 corrective actions there, I think, and getting good
13 feedback. Monthly All-hands Meetings have been, I think,
14 positive.

15 Also it strengthened the questioning attitude, we
16 think, of our employees with our Management Monitoring
17 Program. We've got several examples of, we've watched
18 prejob briefs that weren't as thorough as we thought they
19 should be, procedures not being used properly. We think
20 we have greatly strengthened the prejob briefs, the
21 improved ownership in the plant, and demonstrated the
22 willingness to drive work activities to meet industry
23 standards.

24 I think the polar crane, the cavity seal, the
25 containment when we had the standdowns there; those were

1 tough. They cost us weeks in scheduled time, but we've
2 proved we would take those weeks if needed to get the job
3 done correctly. To me, that's Safety Culture.

4 With that, I would like to let Bill talk a few
5 moments about the Safety Conscious Work Environment.

6 MR. PEARCE: Okay. Thank you.

7 MR. GROBE: Bill, what I want
8 to do is defer my questions. The information, I agree with
9 you, Lew, that you initiated a large number of actions to
10 address the Safety Culture issues at the plant. The
11 Management and Human Performance Action Plan, I think I got
12 the title right, had a lot more activities in that you have
13 due dates between now and let's say the end of April.
14 Those due dates don't seem to be aligned with restart
15 decisions on your part.

16 So, one of the things I'm interested in, maybe for
17 the, either prior to or at the January 30 meeting is trying
18 to get confidence that we understand what actions you plan
19 on completing before restart, what actions you're not going
20 to accomplish until after restart.

21 Then, also, how do you plan on measuring your
22 success in these areas, and how you're going to factor
23 those measurement tools into your restart decision-making.

24 MR. MYERS: One of the things
25 that was interesting in this new methodology is, it doesn't

1 tell you, you have the best Safety Culture, it tells you
2 that you're in line with what they've seen elsewhere. So,
3 that's going to be one of the tools we're going to have,
4 use to help the manager monitor our success; is it working
5 or not. Also gives us some trends. Additionally we have
6 some performance indicators. So, we'll be glad to talk
7 about that January 30th.

8 MR. GROBE: The two brief
9 statements I made about one minute is probably a two-hour
10 conversation, so we'll defer that to the 30th.

11 MR. MYERS: That would be
12 good.

13 MR. PEARCE: Okay, my name is
14 Bill Pearce. I'm the Vice President of Oversight for
15 FENOC. Let me reiterate first of all the definition of
16 Safety Conscious Work Environment, which is the subject I'm
17 going to speak on.

18 That part --

19 MR. GROBE: Bill, I think your
20 microphone is not working.

21 MR. PEARCE: I'll start over
22 again. My name is Bill Pearce. I'm Vice President of
23 Oversight for FENOC. I'm going to talk about Safety
24 Conscious Work Environment.

25 Let me start that out by reiterating the

1 definition. "That part of a Safety Culture addressing
2 employee willingness to raise issues and management's
3 response to these issues."

4 I think you'll see that in what we're doing here.
5 First of all, we've got, somewhere we've got a picture.
6 There we go. We've got a picture, and we put this picture
7 together to try to depict what Safety Conscious Work
8 Environment is about. It's a piece of Safety Culture, but
9 it's only a part.

10 And first of all, let me talk about the foundation;
11 and the foundation, you can't read it there, but it says
12 basic principles. And there is a list of basic
13 principles. What that's about is, in Leadership in Action,
14 when we train our supervisors, there is a standard set of
15 basic principles that are taught and reinforced throughout
16 their supervisor career. These are kind of the foundation
17 of how we treat people and how, how we expect people to act
18 in some regard.

19 Let me read those to you, because they are the basis
20 of what goes on above. "Focus on the situation, issue or
21 behavior, not on the person." "Maintain self-confidence
22 and self-esteem of others." "Maintain constructive
23 relationships." "Take initiatives to make things better."
24 "Lead by example."

25 And that's the foundation of, actually of a Safety

1 Conscious Work Environment, because treating people in that
2 manner is, you know, kind of the basic peaks.

3 Then, there is four pillars. And I'm going to
4 describe each of these pillars individually, but these four
5 pillars support a strong Safety Conscious Work
6 Environment. The first pillar is Management Support, and
7 Worker Confidence. And what we've done in that regard is
8 we issued a FENOC policy, signed by Bob Saunders, on Safety
9 Conscious Work Environment; what our expectations are for
10 the organization about Safety Conscious Work Environment.
11 And it's important to have a policy level, high level
12 policy statement on what we expect from people.

13 Next, very important I think, is Lew, the site Vice
14 President has been met with approximately four hundred
15 employees in groups of about 15 people each to reinforce
16 the management support of Safety Conscious Work
17 Environment. Each one of those, he discusses Safety
18 Conscious Work Environment with groups and employees along
19 with other issues. And, the main thing that we should get
20 out of that is establishing a relationship between the
21 highest level in the organization at the plant and the
22 working level of people and telling them that he really, he
23 wants to have issues raised and that he values those issues
24 when they are raised.

25 I think that was a very important thing to do.

1 Believe me, Lew is a busy guy, and to take four hours a
2 week of his time to do that, you can see the level of
3 importance that he gives to that.

4 MR. DEAN: Excuse me, Bill.

5 In that area, when you talk about meeting with employees,
6 given the large contingent of contractor employees still at
7 the site; does that include contractor employees in that?

8 MR. PEARCE: We have not gotten
9 to the contractor employees yet. Although, we did train in
10 the next area, we did train the contractor supervisors on
11 Safety Conscious Work Environment. And that's what I'm
12 going to talk about next, as a matter of fact.

13 We trained managers and supervisors on Safety
14 Conscious Work Environment. Let me talk a minute about
15 that. We used expert legal counsel to do that.

16 We brought some people in that have dealt a lot with
17 the issue of Safety Conscious Work Environment and the
18 legal issues around that, and let them train our
19 supervisors and managers. They did it through a set of
20 case studies where they discussed what had happened at
21 other facilities and what is the rights and wrongs about
22 how to deal with that issue.

23 And there is, we had discussion of our legal
24 obligation, but more importantly, there was a lot of
25 discussion about what are the right things to do and how to

1 deal with that issue. So, all our managers and supervisors
2 had training in that issue.

3 In addition, we've started training our operators by
4 the same folks. As they're going through ~~recal~~ requal cycle,
5 we're starting to catch them and train all the operators in
6 Safety Conscious Work Environment. And that's the first
7 pillar.

8 The second pillar is the Corrective Action Program
9 process. And, Dave Gudger talked about that at length. I'm
10 not going to go through all the actions we have taken, but
11 there is two key aspects I want to reinforce.

12 One, is it's extremely important to have problems
13 identified by people and have them effectively resolved.
14 The important aspect of that is, the second thing about it
15 is, it's important that employees feel that when they
16 identify problems, that management is going to care enough
17 about the problem to get them resolved. And if the
18 management doesn't get problems resolved, then they're not
19 going to bring problems up very long, if they feel like
20 it's a futile effort. So, those two aspects are key in the
21 Corrective Action Program.

22 That's why I personally am so pleased to see the
23 management team getting together and looking at the
24 corrective actions, that are being taken on an individual
25 basis in the Corrective Action Program, and ensuring

1 themselves that we're doing the right things. So, I think
2 that's a good thing.

3 The third pillar is Employee Concerns Program. What
4 the Employee Concerns Program, for those of you that might
5 not be familiar with it, it's a program that we have in
6 place, so that if an employee has a concern and the normal
7 line management hasn't resolved his concern or her concern,
8 they can take it to an independent group and give that
9 concern to the group; and hopefully, we'll get it resolved
10 with that program.

11 We revamped the program. We had a program in place
12 prior to this within FENOC, but we've revamped the program
13 the latter part of last year, actually. We got the new
14 program in place. We brought in a new experienced manager
15 that's had experience getting this program off the ground
16 at other sites. We've got him now getting ours off the
17 ground.

18 He reports directly to me, the Vice President of
19 Oversight. And we did that to have that program be
20 independent of site management. That's been one of the
21 issues we had previously here is, when we only had the site
22 management was responsible for employee concern problem.
23 If a concern was brought up, it was investigated by someone
24 out of site management. And it kind of made people feel or
25 not trust the program, because you know, if you have people

1 out of management trying to review what it may even be
2 about, some of the concern may be about those individuals,
3 so it caused some distrust. So, we tried to remove that.

4 Under the Confidentiality. Confidentiality is an
5 important feature of an Employee Concern Program; and it is
6 because sometimes the concerns that we may have as
7 individuals might be about our supervisor or manager. And,
8 that's kind of hard to go get them resolved for you
9 sometimes.

10 So, Sometimes employees ask, they want their concern
11 to be kept confidential. They have reasons to do that and
12 we want to make sure that we respect that, and we maintain
13 that confidentiality.

14 Then I got a mistake here. It says, four full-time
15 independent investigators, it should just say just four
16 independent investigators, because we don't keep them here
17 full time. They're contractors, and that's the advantage
18 of them at the moment is we can bring them in and out as we
19 need to do investigations. They're not part of our normal
20 staff. They maintained independence and they can do an
21 investigation for us and give us some feedback.

22 And Bill, it's under this area, that you asked
23 earlier, about the CR process, and how the CR process might
24 be related to the Employee Concern Program; is that
25 correct?

1 MR. DEAN: Correct.

2 MR. PEARCE: The way I would
3 see that, is the Program Manager for the Employee Concern
4 Program reviews the condition reports and so does the
5 Quality Assurance Manager. And, they look for evidence of
6 things that have been brought up previously in the Employee
7 Concern Program. And, that's kind of the process that we
8 use to make sure that we're seeing repetitive issues that
9 are coming out of the system.

10 I think at least partially answers your question;
11 doesn't it?

12 MR. DEAN: Yeah. I guess the
13 other part I was looking for, relationship between those
14 types of issues that emanate through the Employee Concerns
15 Program, how do those translate back then into Corrective
16 Action Program or is it an independent program?

17 MR. PEARCE: Actually, I have
18 some data, but I don't want to go into that, in the
19 interest of time.

20 MR. DEAN: No, I don't need
21 to get into a lot of detail on that.

22 MR. PEARCE: There is pretty
23 good congruence between that. In fact, a lot of the
24 condition reports, or a lot of the things we end up in the
25 Employee Concern Program have already surfaced at some

1 level in the condition reports system. And, in fact, some
2 of those issues that go on to the NRC have shown up in both
3 of those before they ended up at the NRC.

4 So, there is a pretty good congruence in that
5 regard. The issues that are being brought forward are
6 being put in the Corrective Action Program.

7 MR. DEAN: I guess I would be
8 interested, and maybe part of this discussion would be
9 better to wait until we get together on the 30th of
10 January, but I would be interested, you said you revamped
11 your program. I guess I would be interested if there was a
12 particular model that you used? I know there has been
13 some plants in the past that have been at the cutting edge
14 in terms of designing and implementing employee concerns
15 programs.

16 MR. PEARCE: Well, we did look
17 at a lot of models and we didn't pick any particular one.
18 I think we used the buffet method. We chose the ones we
19 thought were the best aspects of models that were out
20 there, and we got advice from who we considered to be the
21 experts in those areas to make those decisions.

22 The next --

23 MR. DEAN: Not to interrupt,
24 but if you could be prepared on the 30th, I would be
25 interested in at least having some discussion on the 30th,

1 in terms of what was it that you felt was inadequate or
2 needed improvement out of your preexisting and what have
3 you done to enhance the program.

4 MR. PEARCE: I certainly can do
5 that. I'll be prepared to do that.

6 MR. DEAN: Okay.

7 MR. PEARCE: And the last
8 pillar is kind of unique thing, or something that has been
9 at a couple other plants at different levels. We're using
10 it, and we put it in place here. It's called the Safety
11 Conscious Work Environment Review Team.

12 What we did there, was we put a charter together.
13 We wanted a group of people to review any action that we're
14 taking at the site dealing with any type of discipline
15 issue or something that we're doing with someone like a
16 demotion or some negative behavior toward individuals.
17 And, we put this team together to review all those actions,
18 and to make sure that there are not issues going on where
19 we're taking inappropriate action or even that there might,
20 the person might receive an inappropriate action, because
21 of some safety issue or some issue that they brought
22 forward.

23 The team's made up of top level managers at the
24 site, Human Resources and the Legal Department. And the
25 team, one of the examples I was going to talk about is;

1 recently, when we were getting ready to do, you know, we
2 did, as you talk about earlier, we did quite a large
3 contract reduction at the site. Well, this review team,
4 before we did the contract reduction, actually got
5 together.

6 We reviewed the contracts that were out there, and
7 how our contractors who were going to reduce their people;
8 what was the methodology that they used to make sure there
9 would be, you know, we reviewed that to see that there
10 would be no discrimination or retaliation, or no perception
11 of discrimination or retaliation.

12 In addition, this team recommended that we do exit
13 interviews. And we exit interviewed every person that
14 left. We asked each one of them, did they have any safety
15 concerns that they wished to give to us. And actually, we
16 got out of several hundred people, we got four issues that
17 we brought into the Employee Concerns Program to look at.

18 So, I think this team did a good job at looking how
19 we did that and gave us feedback. So, this team
20 actually -- actively looks for issues which may even give
21 the perception of discrimination that's going on within the
22 organization.

23 They look at promotions, transfers, you know, a lot
24 of different things, trying to glean anything that might be
25 going on at the site that we might ought to intervene in,

1 to make sure that we're not having something that would
2 keep people from, or make people feel like we didn't value
3 them finding problems and bringing them forward.

4 That's it, unless you have some questions. I think
5 Lew wanted to conclude.

6 MR. DEAN: Just a quick
7 question. In terms of this review team's activities, you
8 mentioned the contractor reduction effort. Prior to that,
9 there was some, a number of personnel actions that were
10 taken. Were they involved in anything with those, or was
11 this team formed subsequent to that?

12 MR. PEARCE: It was formed
13 subsequent to that.

14 MR. GROBE: Okay, Lew, could
15 you wrap up?

16 MR. MYERS: First I would
17 like to wrap up on Safety Culture. I think this Safety
18 Conscious Work Environment is an extremely important area.
19 We think we've seen improved performance. Our senior team
20 has 160 years of successful operation under our belt. We
21 sort of know what good plants look like; and we've seen
22 some signs that we think are good, especially in the
23 management areas. That's not to say we don't know what
24 we're doing. We're not the PhD's, so we went and got us
25 one. But we feel good about where we're going. We're

1 going to continue our employee meetings. We're going to
2 continue with our oversight of our employees. We're going
3 to continue with the management assessments. And then
4 finally we have the independent assessments we're going to
5 do. We know this is an important effort for restart, and
6 we're going to make it good for all of us there.

7 Finally, are you ready for me to just close the
8 meeting?

9 MR. GROBE: That would be
10 great.

11 MR. MYERS: That would be
12 good. Our desired outcomes today, we're showing we're
13 making progress.

14 I would like to talk just a second, I'll talk a
15 little about Dan's presentation. We brought our fuel
16 assembly with us. It's a very important part of fuel
17 load. So, with the public here, we took the reactor core
18 out, put it in the spent fuel pit. We sift all the fuel
19 assemblies to make sure they're leak free. We looked at,
20 as you move fuel assemblies around, there is structures
21 designed to take wear. We visually inspected our fuel
22 assemblies. We looked for debris. We cleaned debris. We
23 put in a lot of efforts. We sent one fuel assembly back
24 for reconstruction. We have it back now as a new assembly,
25 where we found a grid damage on.

1 We brought this demo up here with us, so anybody
2 that wants to look at this afterwards, I guess Dan would
3 spend some time with them.

4 MR. KELLEY: Sure.

5 MR. MYERS: Sure, that would
6 be good. And with that, I did that presentation.

7 Once again, we think we're making good progress with
8 restart. I think we demonstrated that today. We try.

9 Our plan for core reload I think is good. We've had
10 a lot of Ops. involvement. We don't want to make a mistake
11 and find something that we missed that causes us to reload
12 the core any more than you all want to see us do that or
13 public wants to see us do that.

14 So, we've had thousands of activities, thousands of
15 contractors and thousands of questions. We've gone through
16 those pretty well.

17 We tried to show some unique things today. The Leak
18 Rate Program is going to be unique to the industry. We
19 think it's going to set a new standard.

20 We think the upgrade that we're making on the
21 cavities, the sumps, all the unique things. And, I think
22 what that will demonstrate is the right Safety Culture for
23 our plant, and for our employees. And we'll also ensure
24 that the public has a plant in here, that it's not only a
25 good plant, but meets, it's excellent from an industry

1 standpoint. Thank you.

2 MR. GROBE: Thanks a lot,
3 Lew.

4 Instead of taking a break, I think Bill and I will
5 just step down in the front and entertain any questions or
6 comments from the public. Okay? So, don't get out of
7 your seats. Thank you.

8 (Off the record.)

9 MR. GROBE: Okay, excellent.

10 The way we usually conduct this, is first I invite
11 any representatives of local public officials, or in this
12 case we had some public officials here today, so that's
13 great. I think we lost the Mayor of Port Clinton, so
14 that's unfortunate, but I appreciate your patience. It was
15 a bit of a long meeting.

16 We normally try to limit comments to a couple of
17 minutes, so that other people can have an opportunity. So,
18 please come forward, state your name, and we're eager to
19 hear your comments or answer your questions.

20 MR. ARNDT: My name is Steve
21 Arndt, President of the Board of Ottawa County
22 Commissioners. And, I've been a County Commissioner now
23 for 14 years. And, I have had a few observations I would
24 like to share with both the NRC as well as management from
25 FirstEnergy.

1 D-B has been able to enjoy a very fine reputation,
2 being one of the best run nuclear plants, not only in the
3 nation, but also rated right up there in the top tier in
4 the world. One of the downfalls of that particular -- is
5 it not on?

6 (microphone)

7 Is everyone able to hear me back there or should I
8 restart? Start over?

9 (audience responded - no.)

10 MR. ARNDT: Good. In order to
11 hold to the two minutes, I should probably just pick up
12 where I left off.

13 One of the observations that I have seen is that
14 the downfall of having that reputation, I know the
15 employees were quite concerned of falling into what they
16 call complacency. Well, we also raised the issue a number
17 of times with management, one of the successes of D-B was,
18 a lot of talent we found leaving D-B and joining forces in
19 other facilities. That was a downfall. And unfortunately,
20 we ended up just exactly where fear was, many of the
21 employees was, that we had fallen into that complacency.

22 I'm glad to see Mr. Saunders here. I'm glad to see
23 the management team that FENOC has represented or has
24 recognized is necessary to put back in place at D-B. I can
25 tell you one of the things as a County Commissioner and as

1 an elected official, you get a very strong sense of where
2 the community is at. They don't hesitate to seek out local
3 officials. We can not hide. We live in that community.

4 And I can tell you the confidence in the community,
5 the confidence in those frontline employees, and those
6 supervisors is still there, they will meet this challenge.

7 They have the management team there at D-B now. They are
8 willing to, and ready to step up to the challenge of
9 getting Davis-Besse back into the forefront of not only
10 national, but as a world example. And we look forward to
11 seeing that come, in a not too distant future. Thank you.

12 MR. GROBE: Thanks for your
13 comments, Steve.

14 MR. WITT: I'm Jere Witt,
15 County Administrator, and also a member of the Restart
16 Oversight Panel. I have one question and one comment.

17 The one question is, Jack, and I have been fortunate
18 enough to have been part of that Restart Oversight Panel to
19 see many of the things that have happened over the past six
20 months. And, my one question is, if you could characterize
21 maybe for the public that's here, the meaning of that new
22 head, and the other improvements that have been made over
23 and above what would possibly even have been required from
24 a mechanical standpoint for the plant?

25 MR. GROBE: Sure. Why don't

1 you make your comment while I think about that.

2 MR. WITT: Okay, fair
3 enough. My comment would be, also as part of that
4 Oversight Panel, I've been closely involved with this issue
5 of Safety Conscious Work Environment and Safety Culture;
6 and was involved from day one and given free reign by
7 Mr. Myer to go in and talk to employees to help determine
8 what some of the problems were. And there certainly were
9 problems to start.

10 But I've also been able to glean information of how
11 that's improving, from my perspective. And I know that you
12 can talk until the cows come home about benchmarking and
13 all those good things, but the proof in the pudding, I
14 believe, comes from what you're seeing happening at the
15 plant. And what I believe will happen in the future from a
16 Safety Culture standpoint.

17 And, I've seen great improvements, and not just from
18 a management standpoint, but all the way from the top to
19 the bottom. I think those improvements will continue.
20 And, I think as a representative of Ottawa County, I want
21 to be there to ask those questions to make sure they
22 continue in the future.

23 And, I frankly have confidence in this group of
24 employees, and I think the public has confidence in this
25 group of employees that is there now, and will continue to

1 only get better.

2 MR. GROBE: Okay, thanks

3 Jere.

4 The question you asked, was the, for me to put a
5 context on the hardware changes, I think, that have been
6 made at the plant. Let me talk first just a little bit
7 about the reactor head.

8 It's entirely possible that FirstEnergy could have
9 pursued the option of repair of the old head. I'm not sure
10 if the technical challenges were such that it would have
11 been overwhelming. It certainly was a technical
12 challenge. But FirstEnergy chose, and quite frankly, Lew
13 Myers drove this issue, chose to replace the head. And, I
14 think when you look at Safety Culture, that clearly was
15 going above and beyond.

16 You all have heard Lew talk for the last several
17 months. It seems like a long time. But, and I think there
18 is no question that Lew has the right Safety Culture. And,
19 he and the current management team drove other issues, like
20 the sump, not only repairing the damage and deficiencies in
21 the old sump screen, but just taking it out and putting in
22 a new one that should be substantially better.

23 We can talk about a lot of other issues that Lew and
24 the team have taken on. The important aspect of that for
25 me is not only Lew's Safety Culture and the Senior

1 Management Team's Safety Culture, but I've talked
2 previously about alignment down to the firstline
3 supervisors. Those are the folks that are in the field
4 every day, day in and day out; supervising the work that's
5 going on, inculcating it to the workers, ensuring that they
6 have the proper safety focus, that they're doing work at
7 high quality level; coaching them, training them to
8 continuous improvement.

9 And, those are the issues that are a little bit
10 harder to understand and measure. And those are the things
11 that we're looking forward to how FirstEnergy is going to
12 in some more reproducible way get a sense of the culture at
13 that level, such that it's not driven from the top, but
14 it's an endemic part of the organization.

15 Bill, do you have any other thoughts?

16 MR. DEAN: No.

17 MR. GROBE: Did I answer your
18 question?

19 MR. WITT: Yes, thank you.

20 And I would only add to that, Jack is, I believe that
21 culture is there, and I believe that you have a group of
22 employees that have worked under tough conditions for a
23 year now, that have worked hard. I think, you know, I have
24 some idea of what they put into this, but probably not
25 close to what they really have. And I want to say from

1 Ottawa County's standpoint, we appreciate that, and look
2 forward to many future years.

3 MR. GROBE: Okay, thanks,
4 Jere.

5 Any other local officials? Yes, sir?

6 MR. ANDERSON: My name is Bart
7 Anderson. I'm the School Superintendent here in Port
8 Clinton.

9 Ladies and gentlemen, I speak today upon our good
10 neighbors, Davis-Besse Nuclear Power Station. Today, I
11 want to speak to several points, but I want to stress just
12 one; that's peace of mind. And as a neighbor and a partner
13 in our community, Davis-Besse has never thrown caution
14 to the wind of the students that I represent.

15 I want to have a very clear issue right now, that I
16 believe there is maintenance plan that's scheduled to
17 restart the plant, that I have comfort, confidence and no
18 reservations but to support. And I shall continue to
19 support FENOC's efforts to bring this plant on line.

20 Ladies and gentlemen, I believe that there is
21 complete and total peace of mind in your public school
22 system with regards to our good neighbors at the
23 Davis-Besse Nuclear Power Station. I want that to be
24 absolutely clear. Thank you.

25 MR. GROBE: Okay, thank you

1 very much.

2 Okay. Open it up to any other comments or questions
3 from members of the public.

4 We do have a follow-up meeting at 7:00, which I
5 anticipate there may be a number of members of the public
6 which will choose to come back to that meeting and ask
7 questions or comments.

8 Last chance. Okay, very good.

9 Thank you very much. We'll see you at 7.

10 (Off the record.)

11 ---

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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 24th
10 day of January, 2003.

11

12

13

14

Marie B. Fresch, RMR

15

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

16

17

18

19

20

21

22

23

24

25