And said you have a separate recall looking at the value added by QA. On a broader scale what about independent oversight in general? And I mean you have got the line management, and certainly that's where your focus has been. Did you look at -- When you have got -- I think somebody brought it up earlier -- ISIs, obviously I would say the role of QA, the off-site review committees, anybody in the industry, peer reviews things like that, were there indications coming in from them?

MR. MYERS: We have gone back and we have looked at the QA process. You know, I have personally reviewed some of the documents that QA had produced on the corrective action process. They told us that our root causes were not very good -- in 1999 I believe it was -- and that we had a lot of repeat situations and we weren't trending. As a senior team we didn't do much with that. They also indicated that the head was cleaned and thorough in 2000. It was obvious that the QA person never really went down at the head. So there are some issues there we're dealing with.

Same kind of thing, involvement and really validation and oversight. So there's some issues in the quality area that we have had to address, and Bill's addressing those now.

MR. LOEHLEIN: I think you're talking about the company's nuclear review board. You did look at that too.

MR. MYERS: We had Darrell Eisenhut come in and perform an assessment of that board. We will probably make some changes there. What's really interesting there is the board meets routinely. This is not uncommon. But typically we don't have the board meet at the plant or involved at the plant when you're using certain programs; for example, boron inspection programs. All these programs you don't bring the board in because you're too busy with outage, right? What we're thinking about is that would probably be a good time to bring some of the board members in and let them perform an assessment of the implementation of some of our programs. And I don't think too many people probably are doing that. That's

something we're evaluating now.

MR. DYER: How about ISEG and their role in looking at trends?

MR. MYERS: We don't have an ISEG.

MR. DYER: I thought earlier you did.

MR. LOEHLEIN: That was in 1987, I think. In years gone by there was an ISEG. There is not one currently.

MR. DeSTEFANO: Also basically ISEG really had a few shots from what we saw during this time period on these specific subjects. They had a few chances to have an impact on what was going on. And again in the earlier years they did that. And in the mid-'90s to late '90s actually their reviews concurred with what the station was doing. So it was not effective.

Just prior to 12RFO fueling outages, one example specifically, ISEG was asked about delaying, whether or not the decision to delay modification to the service structure was acceptable. At the time the proposal was to delay it to 14RFO. And they came back and asked -- You could tell they

felt uneasy about it. They asked are you sure you can't get it in 12 or 13 but ended up concurring with the fact that the modification didn't have to be done right now.

CHAIRMAN GROBE: So even ISEG had a production focus.

MR. DeSTEFANO: With the instance that we saw, yes. But they didn't pop up in our documents too often.

CHAIRMAN GROBE: I apologize. We're using an acronym here. ISEG is the independent safety engineering group. And the key word there is independent.

MR. MYERS: Right.

CHAIRMAN GROBE: I guess the next key word is safety.

MR. MYERS: Yes. One of the things that as ISEG went away at our other plant, what we did to improve that we thought was even better was the engineering oversight review board. Documents coming out of engineering, make sure they were very good. So when we were making the improvements in

the '96 timeframe at our other plants, that board was a real strong part of those improvements and the quality of our documents coming out of engineering. But that board was never implemented over there at the Davis-Besse plant until recently. We have it at both our Perry and our Beaver Valley plant now. This was the first time we installed it over there.

CHAIRMAN GROBE: Any other questions before we go on? Okay.

MR. LOEHLEIN: At this point I would like to conclude and turn it over now to Lew Myers who will talk about the corrective actions.

MR. MYERS: Thank you. When we had this event initially, somewhere in the May timeframe we decided to look at the events that are broad based, and we created the building blocks for a return of service plan to address systems, programs and organizations to support safe and reliable operations. Specifically we created a system health assurance plan that looks at a rigorous approach to system review similar to what has improved our performance at our

Beaver Valley station and late issue reviews and system reviews. We have implemented that now at our Davis-Besse plant, and we're walking down systems with operators, SROs, we're walking down with system mechanics, engineers and managers, you know? And what we're seeing is good teamwork beginning to develop there. And we're finding things, basic things. What I will tell you again later on is that program will probably -- that program will become part of our normal process. It's something we should be doing routinely all the time. And we didn't have the procedure in place or a process in place to ensure that we were getting consistent engineering reviews of our system, so we will put that into our normal processes as we go forward.

The management and human performance excellence plan was put in place to ensure a sustained safety focus. The first thing that we have done there is we created a new FENOC organization with more oversight and created my job as chief operating officer. Bill Pearce has

tremendous operational experience. And some of these issues that we're seeing with corrective actions quality were probably not fully implemented. That would be at a higher level now. So we will see that they get implemented. We're rebaselining our standards and scheduling management observations now to make sure there are managers in the field looking at stuff, activities that are going on.

The program compliance plan ensures programs that we have meet industry standards, that they have good procedures, we have got good ownership and we have got good implementation. Guess what? That's another program that we're using as part of the building blocks that we'll continue to use in the future. In fact, we will probably take that program -- the system program at our Beaver Valley and Perry plant, we're going to take that over to all three of our plants now. So that turned out to be a very good program. So these building blocks have been key, I think, already in returning the health and safety focus of our programs and systems at our Davis-Besse plant.

One of the things if you recall we did early on -- We have six building blocks: Reactor head resolution plan, program compliance plan, the containment health assurance plan, system health assurance plan, restart test plan and the management and human performance excellence plan. All that reports up to an independent restart overview panel that reports to Bob Saunders, Gary Leidich and myself. That panel consists of industry experts, the chairman, Buzz Cairns, Lou Storz who was there in the early '90s, Joe Callan, Chris Bakken from the D.C. Cook plant, and then Gere Witt from the community and Jack Martin are all on that panel. So we think that's a really top-notch panel.

What I want to tell this group here is it's our intention -- we will not -- until we feel these knowledge blocks are all in place to give us sustained performance, we won't even recommend to you that we be allowed to start up. So we are looking for this team to tell us that they're comfortable. That's what we're using them for.

The first area we talked about is a nuclear safety focus. We have already taken some pretty -- We didn't sit back and wait for this we saw some of these indications up front. We created this new senior management team at the upper levels, I myself and Bill Pearce, to give us more corporate oversight. But we also brought in a new senior team at the plant, proven aggressive managers, good performance. Randy Fast, our previous plant manager, has been the plant manager now at Davis-Besse. He came from Beaver Valley and before that South Texas. Good, strong leadership qualities. Bob Schrauder from our Perry plant, we brought him in. So we believe that this management team that we have in place now will drive the high standards we're looking for.

Implement the management and human performance excellence plan. We talked about supervisors and managers at Davis-Besse a while ago. We have a program called leadership in action that we use to develop for succession planning of our future supervisors and leaders. We are going

back and looking at that program. Are there some key elements missing? Maybe we will make some changes to that. Like in decisionmaking but in general, you know, it appears to me more than anything that that plan has not really been involved in our Davis-Besse plant -- that program hasn't. We have a bunch of people qualified but -- For instance, at our Perry plant we just completed a recall of all the supervisors. We were talking about five classes at our Beaver Valley plant. Last year at our Davis-Besse plant we didn't teach any. So we have got a bunch of people through initially but just sort of put on the shelf, it appears.

One of the things we're getting ready to do is a case study. When you talk about case studies you think we're going to come out and tell everybody what happened. That is not the intent of this program. The intent of this program is we're going to go through the timeline that we have on this event with each group, okay, and then we're going to go through the root causes and how that

group could have affected the root causes. So we're customizing it to a particular group. Then we're going back and looking at the standards. Each group has standards, you know, at our plants. We're finding those standards are really fairly good and consistent, but we have lost them. So we're going to rebaseline those standards. At the end of that training session -- that case study we're going to give a test. We're going to make sure that you understand the requirements, and then we will move forward from there. That's where we are heading on this case study. Not only that you understand this event but you understand the requirements. And we will move forward. We already have new standards of implementation in our engineering group that we're pleased with.

CHAIRMAN GROBE: Before you go on -- I apologize for interrupting -- but you can do this case study and rebaseline standards and do a test and people can answer the test correctly and successfully. But until you assess people to those standards, I am very concerned about this incentive

program and the disconnect between the various levels in the organization.

MR. MYERS: We understand that. If you look at all the standards, we have some management models that we use very similar to Exelon. We are looking at some of the Exelon and other utilities. Right now we are looking at the attributes that we have versus the attributes they have. In some cases we find ours are better; other cases not as good. We will baseline every one of our supervisors and managers to the right standards. That's what ownership, for instance, is supposed to do. So once we establish that you understand, we will be monitoring how effectively you implement those standards through the ownership for excellence program and a management observation program. You caused me to lose my place. Let me keep going.

After we do that, Jack, we have a program that I think Christine knows about that we use both at Perry and at Beaver Valley. It's the management observation program, a computerized program where

you can trend observations. And we don't use that program at Davis-Besse. We're bringing it over to Davis-Besse now. It's got these key attributes built into it. If we schedule management observations with supervisors like we're going to and we collect this data, we can tell how effective the supervisors are being at implementing the standards that we expect in the field, you know. And we're going to implement that program more strongly here than we have at any of our other plants. We're going to schedule managers here. So that's the intention at the Davis-Besse plant.

We have already completed the safety conscious work environment survey and assessment. You know, as you might expect how the plant is, this was a very proud bunch of people. I meet with them. And I'm going to talk about my four Cs. I do four Cs meetings. I have a contractor talk. The organizational effectiveness person brings in a group of people. And what we do is about twenty at a time. The idea is there the contractor -- they can talk to this person in confidence. So when I

see the question I don't know who it came from. Then we go in and -- I get all the questions, and we go in and try to answer the questions and then feed that back in our newsletters and stuff. We have started that meeting now. And it just amazes me the people at Davis-Besse, they will tell you they know the standards, they know that the management hasn't been as strong as it used to be. I am not even going to tell you some of the things they tell me here. But it's really interesting the feedback that I get there. And I do believe that we're beginning to see some good ownership of this problem. And they're also beginning to see those management walk-downs and management in the field and system walk-downs being effective. So we will continue those things.

And then finally I told you earlier the ownership for excellence program evaluates our managers and directors. And we will get all this done, and then we will have them evaluate the first line supervisors using the management observation program.

The next thing we talk about here is corrective action. I told you that we just finished -- we're finishing as we speak review of the corrective action program. We have been very proud at all of our plants of our corrective action program. In fact, we think that -- my belief is at our other two plants we have really taken that on and made a lot of progress fixing problems through corrective action. We have seen some real enhance-ments now that we can make to that program, and we will go back and look at this review and try to make some changes to the program. Overall, though, I go back and say again a lot of problems we saw at Davis-Besse are just implementation problems, the right criteria for a CR that's written by an employee and then taking that CR seriously and doing root causes or apparent causes or quality reviews.

How do you measure the effectiveness of a corrective action program? What I am accustomed to is we have a corrective action review board. And right now we have that being chaired by the plant

manager. It should always be chaired by a director. That was not the case before. It didn't have performance indicators, and we were not looking at anything except higher level root causes. We weren't looking at apparent causes. One of the things we will do is we will go down and we will get this board to start looking at lower level stuff to make sure that that's properly classified. So I think we do that at Beaver Valley already, don't we?

MR. LOEHLEIN: Of course. I haven't been on it for a while. I used to be on it. I have been at Davis-Besse for six months. Lew, you know where I have been for six months. But when I participated in a corrective action review board at Beaver Valley, our standard was to look at a lot of lower level condition reports for determination, not just high level stuff.

MR. MYERS: In our engineering reports we're going to improve our trending of equipment failures. And then finally we're going to be performing -- Bill Pearce is going to be performing routine

assessments now to make sure that we're properly classified, CRs as they're written, and doing the right type of assessment.

CHAIRMAN GROBE: What you just described, Steve, is that proceduralized either in a self-assessment procedure or in the corrective action review board charter?

MR. LOEHLEIN: I think it goes back to the fact that we have upper level standards in the sites. What we need to work on and what we have in this program compliance plan is each site has taken what you might call a different level of rigor in how they're going to approach the corrective action review board. I know when I was on it at Beaver Valley and in my maintenance superintendent role that we met every week, and we went over quite a number of condition reports and at what level we looked at them. When I got to look at this at Davis-Besse, I found out their pattern really was to meet once a -- I think once a month and look at primarily higher level things. So the company or the FENOC-level common process

procedure allowed probably too much flexibility in how that board operated at each plant because we had different standards for what we looked at. And that's the point of getting all three sites together in reviewing this and getting us all on the same page.

MR. MYERS: Now that I am chief operating officer I can fix some of these inconsistencies. What I am accustomed to more is that our senior management team reviews all the Category 1 CRs and all the corrective actions. That's done at a much lower level at Davis-Besse. And since that's done on a lower level, the apparent causes stuff aren't getting reviewed at all. We're going to strengthen those types of things.

MR. WRIGHT: May I ask one question? When you say you're rebaselining and going to go back and look at what the practices are at the different facilities and implementing the program where there was a lot of a flexibility within the program, is the result coming out of that going to be a consensus of where we should be, or is that going

to be looking at what is the most conservative approach that one of our three sites have taken and go with that until shown otherwise that that is too conservative or you don't need to be that way?

MR. MYERS: We're a little better than that. This team we brought in, this latent issues review, is a very broad-based team, and they're making specific recommendations and improvements to our corrective action program. We'll probably take a lot of those improvements -- maybe not every one -- and make them a part. So I think the approach we're taking is a little stronger than that. We have really got a good team looking at the corrective action programs at Davis-Besse. I have already seen some very eye-opening flexibilities, you know. So we will take those issues and tackle them. Does that answer your question?

MR. WRIGHT: It says that you are looking at it in a different way. We'll have to wait to see what the results are.

MR. MYERS: Okay. Where was I? Page 43. Another thing that we have to make sure that we

address is that repeat conditions are treated as significant conditions. If we see repeat conditions, we're going to strengthen our program and make sure we elevate those. That's not as clear as it should be now. We're going back now as we go through the system and the program reviews and looking at some longstanding problems that we had at the plants and seeing if they should be elevated to significant issues. We're quality reviewing that and doing our system reviews and program reviews. That's ongoing.

One of the things that we don't do is we don't require -- we haven't required root cause type training for apparent causes. And we could probably really improve our program a lot if we did that. We're going to do some type of root cause training for those people that are doing apparent causes. It has not been a requirement at all in our program. That came out of these reviews I was telling you about, the latent issues reviews. That's better than reviewing any of our sites. I would call that improvement overall.

We're going to define and implement the required training. We're going to develop a training program that defines and implements the training consistently across our sites for root cause. That's not very clear either. So we have got some people that use Kepnor-Trego and we use MORT. We're going to have maybe a variety of techniques to make sure we have that variety of techniques at each one of our sites.

And then finally -- I pretty well talked about everything -- implement an effective site-wide equipment trending program. I think there's some real improvements we can do. We have a quarterly report from engineering on the trending of our systems. But because we haven't done a good job at saying here's how we walk-down our system, here are system health reports, I think we're getting not consistent messages from our system engineers. We're going to go back and strengthen the way that we look at our systems making sure that we're looking at trending, for instance -- that might be an issue we're looking at -- and make

sure we have specific criteria for the systems engineers to use. They don't have that criteria. Remember I told you a while ago we did not have a walk-down procedure for systems? We need to strengthen those things. We will do that.

Under technical rigor, you know, I talked about rebaseline the standards and expectations for each FENOC group. We're doing that as we speak. Establish an engineering assessment board to reinforce standards. We have established a very good engineering assessment board. We're figuring out how to make that a permanent part of the way we do business as we speak. So that we have got some ideas in mind of putting a permanent manager there that's just in charge of the engineer assessment board. So we're going to really strengthen that board and bring it over to the Davis-Besse plant and probably make it better than the ones that we have at the other two plants as a matter of fact. So I am looking forward to that.

We have already approved a procedure -- What we found at Davis-Besse is we have a business

plan that talks about the hierarchy of documents and our priorities. And our priorities at FENOC -- and you need to listen to this clearly -- is safety first, people second, reliability third and cost fourth. That's our priorities. And that's been pretty consistent over the years since I have been at FENOC. And what we find at Davis-Besse that I am not used to is a bunch of policies and documents that are not in line with the way we do business. It's almost like they figured out a way to maintain status quo over the years. So I am going back and revisiting those policies and documents. And what we did the other day is we approved a new nuclear operating procedure that -- We never had anything that clearly defined the hierarchy of documents. And what you will see now is we have a policy at one of our plants different than our FENOC policy, and it's going to have to come to the senior teams at FENOC to get approved. So we have got to make sure that we don't have these documents out there that don't get the same priorities that we have as an organization. We found some of that. It's

there and alive, some older documents, sending the wrong message to our employees.

I told you that we're going to make permanent in our processes the system walk-downs. That program has been -- Through experience we found out we didn't really even understand the bounds of the program for the system engineers. We have got that all scoped out. And we're not walking down systems. And what we're finding is that we're not using it at any of our plants. We're walking down systems with multi-discipline teams of SROs, maintenance, managers and the system engineer, and we're finding some really interesting things. And we don't have that at any of our plants, and we probably -- we're going to go fix this process so it's consistent across all of our plants.

And then the program reviews I talked about a while ago you will find very enlightening also.

Procedure compliance. Procedure compliance is something that I have been talking

about since I have been in nuclear power it seems like. You know, we're going to come out of this -- we're committed to coming out of this restart with what we think is the best boric acid program in the country. We should have that after this. And we have gone back now and taken our procedures and turned them into nuclear operating systems at our two sites that use boron. We have a nuclear operating standard now, and it fully meets 99-0701 I guarantee because I reviewed it myself.

We're going to go back and reinforce the standards and expectations for procedure compliance throughout the sites and the need for proper work-practice rigor. Some of the things we have seen here and some of the work orders we have signed off and the amount of information that's in those work orders we need to improve more at our Davis-Besse plant. This was the same problem we had at our other PWR a few years ago where we didn't have much rigor in our work orders and rigor in our process. And we have improved that. We need to strengthen it here also.

I told you about the management observation program. We're going to implement the same observation program we have at our other plants. It's a computerized program. Was the prejob brief good, were the parts there, was the contingency planning good, was the right safety culture there. There's attributes for all those things. And was the procedure usage proper too. We're going to implement that program at our Davis-Besse plant where we already have it at our other two. I have gone back and reviewed based on this event all the stuff in the program, and the program looks pretty healthy to me from what I have seen. I did that a couple weeks ago. And then we're going to start scheduling with a weekly schedule managers to be in the field with the supervisor and document our performance. We think that will help our safety culture. Once again I believe if we had had more management involvement in the field and higher standards, we wouldn't be here today. Somewhere we lost that, and we're regaining it now.

And once again at our morning meetings

we're stressing procedure compliance pretty much daily and weekly, and we're looking for CRs as an indication of procedure compliance issues every day. We're trying to focus on that.

CHAIRMAN GROBE: Before you go on -- I apologize for interrupting. Before you go on to 46, you say reinforce standards and expectations for procedure compliance and the need for work-practice rigor. The root cause focus on page 34 focuses only on boric acid control. What is your sense of the extent or condition of this procedural compliance question?

MR. MYERS: Widespread.

CHAIRMAN GROBE: Operations, health physics, maintenance?

MR. MYERS: Yes.

CHAIRMAN GROBE: Okay.

MR. MYERS: We have seen our operability reviews have been a little lax. That's the reason I brought Mike Ross in at the system right now to really focus on operations, make sure we have the high standards. When we saw this in root cause, we

started looking across the board. We see it elsewhere also.

CHAIRMAN GROBE: Okay.

MR. MYERS: Once again we talked about the hazard analysis. I had trouble with this too, Jack. But what I call it is decisionmaking. And we use this document called Tech 19 that incorporates some of the INPO philosophy, industry philosophy on decisionmaking. It also is a tool we use when we have equipment problems to sit down and -- The first thing before we go to work is we sit down and we go through this to make sure we're asking all the tough questions. Do we meet our licensing basis? Do we need to go into 50.59? That process is not in effect here. That program is not in effect at our Davis-Besse plant. That's another item right now that we haven't yet turned into nuclear operating procedure. We need to implement that program at Davis-Besse.

And once again I put here that we're doing corrective action benchmarking. I think the benchmarking we have got is we have got a ton of

people in the plant right now from other utilities that are pretty much industry experts that are doing that latent issues review of our correction action process. That's really been an eye-opening experience. And we will continue to go out there to Morgan Price and some other plants after that. We will be making some changes to our corrective action program. I could give you some specific changes if you want them, but we need to make some changes there.

I told you a while ago that the new reactor pressure vessel head is on site. We're looking at the design -- that's one of the corrective actions -- and making sure that that head is ready to be installed. A boric acid corrosion control program is being designed to include control of our drive nozzles like they should. We developed a training program already on the boric acid monitoring. You know, if we would have used our -- We found out as we were going through the inspections that we were qualifying people as VT-2 exam. What we should have been doing is what

do we want them to be able to do and developing a training program for that specific talent. And we have developed that program now, and it looks pretty good. We have got people out doing walk-downs, and training appears to be very thorough. So we're happy with that. But making sure people are properly trained on the boric acid procedures is very important. And once again our intention is to come out of this issue being one of the industry leads in boric acid.

Some of the problems that we found as we were going through this issue too is you find corrective actions in the boric acid group that were left for a couple years without resolving. So timely corrective action is something we're going to address also.

And then we talked about the realignment of the incentive program. We'll talk to FirstEnergy about that. We're going to look at possibly some changes there.

And then finally I told you a while ago that we found the policies that were different

somewhat at Davis-Besse that we have at FirstEnergy. Well, we're going to strengthen those policies, you know. Operations' involvement is very important and a management presence in the field is very important. And we're going to -- Bob Saunders, I know, right now is looking at a policy for FENOC that he's going to put out addressing his expectations for a nuclear safety culture. So that's something we didn't have in place. We're going to make that very clear to make sure nothing disagrees with that. I don't think it was as clear as it could have been.

I told you a while ago we made several changes across the site already. We created Bill Pearce's job, the ex-plant manager from Beaver Valley station. Strong operational focus. He's now the vice-president of oversight. He reports to the president, and he also reports directly to the board. The chief operating officer. They made me the chief operating officer. Then we brought in Gary Leidich. Those were all, I think, positive moves that allow us to have more oversight. We

brought in Mike Ross to strengthen our operations group on operability concerns. There were a lot of issues here that we saw in this event where ops was really not very existent in asking hard questions when we wrote the CRs. So we're going to fix that. We have a new plant manager, Randy Fast. We think he has a strong maintenance and operations background, and we think he'll add the right safety focus to the plant. Mike Stevens now is the director of maintenance. Mike came to us from -- he worked in energy at Exelon, and he's been with us a couple years as a maintenance director there. Bob Schrauder we brought over from Perry. He used to be the plant manager at Perry and is a proven leader with our organization. And finally Jim Powers was the engineering director at Perry, and he's over with us at Davis-Besse now as the engineering director. We think that he has the right standards and will help us drive this new safety culture in the plant. So we have made a lot of changes already, I guess, is the message.

CHAIRMAN GROBE: Lew, you have Randy Fast as a

light blue. When did he come to the organization?

MR. MUGGE: He started in January of this year. I think the graphic is wrong.

CHAIRMAN GROBE: Just prior to the outage?

MR. MYERS: Just prior to the outage, yes.

CHAIRMAN GROBE: So he's a dark blue.

MR. MYERS: Randy Fast experienced some of the South Texas plant. That was a pretty interesting turnaround. And also he went to the Beaver Valley plant and performed well down there. He was our maintenance director there, so we brought him over as plant manager here. We believe that's a good move for us.

MR. THOMAS: Before you do your summary, can I ask a question?

MR. MYERS: Yes, sir.

MR. THOMAS: First is will all people who are tasked with classifying reports and apparent cause evaluations be trained?

MR. MYERS: That's our intent.

MR. THOMAS: Second question is two of the root causes you presented require significant

process changes by your staff; namely, addressing symptoms rather than causes and lack of adequate technical rigor. Could you comment briefly on specifically what's being done to accomplish this process?

CHAIRMAN GROBE: Let me broaden that just a little bit. I really appreciate that. You embarked on a multifaceted program -- return to service program.

MR. MYERS: Right.

CHAIRMAN GROBE: And you embarked on that program with a variety of people, some from your organization, some from outside your organization. One of the first areas that we inspected was activities that you were accomplishing in the containment area and found some inadequacies in the qualification of the people doing inspections, inadequacies in the training of the people and your training programs, and then went into the field and found some observations that we were able to make that your staff had looked at the same equipment and did not make. And I think that goes right to

the question that was just asked a moment ago. Since then you have completely redone the training program, brought in a bushel basket of new inspectors, and trained them to your standards and you are reperforming those inspections in containment. What are you doing to make sure that all of the people that are implementing this restart program -- and they have been working on this for a couple months now -- have the standards and expectations that you expect and are not continuing to operate with the same focus of technical rigor and standards that existed prior to the outage? Is this the same question you asked?

MR. THOMAS: Pretty much.

MR. MYERS: I will tell you we don't have that fixed. We're working on that, but we don't have it fixed. I think the first thing that's helping drive that as we speak now is the engineering assessment board looking at the products coming out of engineering. That's a very strong board. And once again we intend to keep that as a permanent part of our process. That ensures that the documents coming

out of engineering have got the right rigor. And we'll monitor -- We have got performance indicators and things that are rejected, things that we're having to add a few comments to and stuff like that so we can monitor the quality of the information coming out of there.

Another key element that I think is good management has been our corrective action review board. The corrective action review board at our other plants looks at a lot of lower level items, conditions with apparent causes. And we give feedback directly to the managers and directors, and we monitor how many are rejected by that board. So we're driving the right standards down to the group by name. And we have strengthened that here already.

There are some things that we need to do yet in understanding the ownership for excellence program as part of our leadership in action. It doesn't appear to be effectively used at our Davis-Besse plant. And also I would tell you that there is some -- probably some new sections we need

to add to that training to make sure that our supervisors and managers are meeting the right standards of quality, you know. So I don't think there is an easy answer to what you just asked, but once again our leadership in action program is designed to develop the right type of supervisors and managers to produce the quality that we're looking for. And I don't think that's been implemented over there at Davis-Besse. I don't know if I answered your question or not.

CHAIRMAN GROBE: I think you have answered my question it's a work in progress. The problem is that we are going to need to be able to make a decision, and you're going to need to be able to make a decision that the plant is in a condition that's adequate for restart at whatever point in time you get to that decision point.

At our last public meeting at Oak Harbor, one of the items I asked -- I asked two items I hope we're going to be covering next Tuesday at our next public meeting at Oak Harbor. One of those was to get greater clarity on these various boards

that you have, independent assessment boards, and what influence they have from people that are not part of the old Davis-Besse culture and what kind of things they're finding. And then secondly the exact same question with Bill Pearce's organization.

MR. MYERS: Bill will be speaking at that meeting.

CHAIRMAN GROBE: Okay.

MR. MYERS: And I can tell you our rejection rate right now in our board's pretty high. Pretty high.

CHAIRMAN GROBE: Okay. On this graphic I think we have established if you make Randy dark blue that everybody from the director level up is new to their position. And I think four of those people -- three of them are new to FirstEnergy. Mike Ross is new to FirstEnergy, Randy and Mike Stevens are new to FirstEnergy. Is that correct?

MR. MYERS: No, I don't think that's correct. Randy has been with FirstEnergy for about two to three years.

CHAIRMAN GROBE: Who has?

MR. MYERS: Randy. He was at Beaver Valley before.

CHAIRMAN GROBE: Oh, okay.

MR. MYERS: Mike Stevens we hired at Perry initially. They have been here for a while.

CHAIRMAN GROBE: So everybody above that line is new to Davis-Besse, and one of them, Mike Ross, is new to FirstEnergy.

MR. MYERS: And the maintenance manager also is new to FirstEnergy.

CHAIRMAN GROBE: Okay.

MR. MUGGE: Peter Roberts.

CHAIRMAN GROBE: I wanted to get a better understanding of new to position below that line. How many of those folks below that line that are new to their position came from outside of the Davis-Besse organization?

MR. MYERS: Bob Peters came from Salem. Pete Roberts -- I am sorry -- he came from Salem. Robert Pell, he came up from South Texas as the ops manager, and we combined chemistry and HP. He was

the chemistry and HP manager at South Texas. He is now the chemistry and HP manager. He has been here for a year or so. But he's from outside our organization. And then I can't read the others.

MR. MUGGE: Dave Nelson came from Tennessee Valley.

MR. MYERS: Okay, yes. Pat McCloskey was from the organization. John Grabnar was from Perry.

MR. DeSTEFANO: Roder is from Davis-Besse.

MR. MYERS: Roder is from Davis-Besse.

CHAIRMAN GROBE: Okay. So only a couple of the dark blue below the director line are actually reassignments within Davis-Besse.

MR. MYERS: That's right.

CHAIRMAN GROBE: Okay. And the ones that aren't new to their position, did you do some sort of evaluation to determine that that's an adequate alignment?

MR. MYERS: We haven't done that yet. We will. One of the things I said is we're going to reassess -- we're going to assess the directors and managers to their position, each and every one of them.

CHAIRMAN GROBE: And that'll be done prior to restart?

MR. MYERS: Yes.

CHAIRMAN GROBE: Other questions?

MS. LIPA: Yes, I had a question. We talked earlier that you were planning to submit your report this week or next week.

MR. MYERS: Right.

MS. LIPA: One of the things that I was wondering is whether there will be in that submittal a correlation between the root causes you have described here and the corrective actions so we could see how it matches up.

MR. MYERS: Yes.

MS. LIPA: Also if it's clear from the submittal which ones will be corrected before restart.

MR. MYERS: No. First answer is yes, second answer is no.

MS. LIPA: How do we determine your plans before restart?

MR. MYERS: The corrective actions we will take before restart will feed into our 0350 process

and be identified in the restart.

MS. LIPA: Restart action plan?

MR. MYERS: If you look back and look at our drawing with the 0350 process, there are some items that are management items, some will be part of 0350, and some will not be part of 0350. And we identify those as just restart items. So they will be documented as a corrective action for restart.

MS. LIPA: Okay.

CHAIRMAN GROBE: You're talking about the center building block, the restart action plan?

MR. MYERS: Right.

CHAIRMAN GROBE: So they'll get screened through the criteria in that?

MR. MYERS: Yes.

MS. LIPA: So we'll have to look at that separately after this report is sent to us.

MR. MYERS: Yes.

MS. LIPA: Okay.

MR. MYERS: It should be pretty easy.

MR. WRIGHT: Following on with that thought, the effectiveness, you know. What criteria you're

going to use to judge that it's effective enough at some point to say that you can restart, is that part of in some way a trending or looking at that? That's part of the restart action plan assessment?

MR. MYERS: You know, we just finished this report this week, but we have already developed some performance indicators that we're using. And we have sent those to you to look at the health of our products and our programs. So, for example, as we go through the program reviews, if we find something in our level one screening that we're doing that doesn't have good ownership and doesn't meet the requirements or that implementation looks for, then that program will require latent issues review. And we would either make a determination through that restart review it's something that we can change now and fix it or is it something that we have to do before start-up. So each one of the programs will get that type of screening. So we're trying to use that process we're talking about in everything we do so it's consistent. Did I answer your question there?

MR. WRIGHT: Partly anyways. I guess I am looking at it saying that works well for things that you identify that you have to do, you know, change this, fix this, do this. I guess the second half -- and maybe you answered it and I didn't understand -- was once you fix this and do that and adjust this, how do you know that that now is giving you back what you want?

MR. MYERS: For example, let's talk about our engineering assessment board. We have got like four performance indicators where everything on there we look at, we grade it and we monitor that. In our 0350 process we would expect to have some criteria that says that we feel that the perform-ance -- the engineering product we're seeing is adequate before we'd recommend restart. And that would be part of that process. So for every item that goes in there, we monitor it. So if ten items come in, three of them are set, you know, four of them require minor adjustments and five of them or something may be rejected. So we'll know all that. So when we get to the performance, looks like it's

good, of the engineering products coming out, then we'll be able to tell you we're ready to restart. That would be a criteria in our building blocks.

MR. DYER: Lew, what is your criteria to make sure the engineering oversight board has the right set of values and thresholds in the conduct of their business?

MR. MYERS: What we did for that criteria is we gave them a charter they're using, and the charter is pretty specific. And we brought in the people we brought in from outside, looked at their resumes and qualifications extremely well. Most of them if I gave the list of names I think you would probably know them. Good strong people on that board.

With that, in summary I would like to finish by saying our CEO of FirstEnergy is Pete Berg, and he sort of set the standards in every meeting we have been in so far in returning Davis-Besse back to service in a safe and reliable manner and doing the job right the first time. I guess what I would say again today is we think this

root cause is pretty thorough, we worked hard on it, we're proud of it. And we know we have got a lot of work to do, but we're committed to meeting that challenge. Thank you.

CHAIRMAN GROBE: Any others? Anybody? I have some thoughts I would like to share. Before I do that, the NRC staff in headquarters, I would be interested in whether or not there are any questions from the NRC staff in our headquarters offices.

MR. RICHARD JURGAN: There's one. I am Rich Jurgan, NRC inspector with fuel cycles. I just wanted to know -- One of the possible contributing causes to a situation like this could be lack of communications either between departments or up and down the management chain. I am dealing with a plant that has a safety-conscious work environment issue, so I am kind of attuned to those communications issues. In this analysis did you specifically look at that, or were you able to come up with conclusions as to the state of interdepartmental and vertical communications at the plant if there

were any weaknesses or maybe strengths?

MR. LOEHLEIN: I will answer that based on my understanding, and I will get some help from the other members of the team that are here if I need it. I think that I would say about our investigation that we were able to assess certain things real well from what was there in the way of the record both in interviews and in things like condition reports. Some of the things we couldn't assess as well are in areas like communication, and it's because of the way the organization failed in other ways. The condition report process told us that every level of the organization was involved. There were lots of them. Different levels of the organization, different departments all had a crack at a number of these issues. So in terms of communication among them we have seen those cases. Whether or not that was a factor or not would be less critical because they all had a part in it. We make a point in the report of how many supervisors, how many individuals, how many people in different management were involved in these

different condition reports. So from that perspective we knew lots of people were involved. But the communication links themselves, I don't think we really have a lot to say about it. Mario, do you have anything to add in the way of clarity?

MR. DeSTEFANO: I would echo that up and down the organization the right people got involved and were participants in the decisionmaking. The weaknesses that we did see in the few instances that we got a chance to see it was between departments. That's the only place we saw weaknesses with communication.

MR. LOEHLEIN: Right. Maybe really along with that where you would expect a department to seek help from someone else. Because it goes back to the safety culture. If you are in an area that you don't think you know everything about this, you want people to question well, can I answer this, do I understand it enough to write what the cause analysis is or should I seek help from others. We didn't see that tendency in the people that participated in these issues.

MR. JURGAN: Thank you.

MR. MYERS: I can tell you more information. The employees will tell you that over the years the teamwork between departments has diminished and they have become somewhat isolated.

MR. LOEHLEIN: Silo.

MR. MYERS: Silo is a good word. You hear that from some of the feedbacks you are getting on walk-downs and the four C meetings I have.

CHAIRMAN GROBE: Bill, do you or any of the staff at headquarters have a question?

MR. WILLIAM DEAN: Yes, this is Bill Dean and Anthony Mendiola here at headquarters. I had one question. And that relates back to an earlier slide where you talked about a safety-conscious work environment survey. And then the discussion took us somewhere else and we never really came back to that. Are there any results or observations regarding what that survey told you?

MR. MYERS: Yes. Okay. We looked at the survey. And if you look we did a survey in 2000, early 2000 and, I think, one in 1999, I think, was

the time. And the survey from 1999 to 2000 showed improved performance in all areas. The survey we recently did shows declining performance in all areas back to the 1999 timeframe. And so, you know, it's at a level that, you know, I would say I would call a concern. So we're really trying to address that survey in many of our meetings and to our employees, that they have the right to come forward with issues and not be fearful. The survey we just did, we just got the results back this past week. But we had an all hands meeting yesterday where we specifically talked about the results of it to all of our employees, about that survey and their rights as employees. So with the site being shut down, I would say that our employees are, you know -- The employees there are very educated, they have had good performance in the past at the plant, the plant ran well for a long time. And they're somewhat in shock since this happened. And whenever the plant is shut down and all the stuff that's going on, morale tends to decrease. So what we've got to do is try to keep that morale up and